



WOMEN SELF HELP GROUPS IN INDIA

Commerce

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ABSTRACT

This paper is presented only research India has around 1.2 crore SHGs, 88% of them all-women. SHG success stories include Kudumbashree in Kerala, Jeevika in Bihar, Mahila Arthik Vikas Mahamandal in Maharashtra and recently, Looms of Ladakh. The SHG Bank Linkage Project (SHG-BLP), launched in 1992, has become the world's largest microfinance project. A self-help group (commonly abbreviated SHG) is a financial intermediary committee usually composed of 12 to 25 local women between the ages of 18 and 50. Most self-help groups are in India, though they can be found in other countries, especially in South Asia and Southeast Asia. A SHG is generally a group of people who work on daily wages who form a loose grouping or union. Money is collected from those who are able to donate and given to members in need.

Members may also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are linked with banks for the delivery of micro-credit.

KEYWORDS

INTRODUCTION

Self Help Groups -What are SHGs?

Self-help Groups (SHGs) are informal associations of people who come together to find ways to improve their living conditions. They are generally self-governed and peer-controlled.

People of similar economic and social backgrounds associate generally with the help of any NGO or government agency and try to resolve their issues, and improve their living conditions.

The emergence of Self Help Groups – Origin and Development in India

- The origin of SHGs in India can be traced back to the establishment of the Self-Employed Women's Association (SEWA) in 1972.
- Even before, there were small efforts at self-organising. For example, in 1954, the Textile Labour Association (TLA) of Ahmedabad formed its women's wing in order to train the women belonging to families of mill workers in skills such as sewing, knitting, etc.
- Ela Bhatt, who formed SEWA, organised poor and self-employed women workers such as weavers, potters, hawkers, and others in the unorganised sector, with the objective of enhancing their incomes.
- NABARD, in 1992, formed the SHG Bank Linkage Project, which is today the world's largest microfinance project.
- From 1993 onwards, NABARD, along with the Reserve Bank of India, allowed SHGs to open savings bank accounts in banks.
- The Swarn Jayanti Gram Swarozgar Yojana was introduced in 1999 by GOI with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the National Rural Livelihoods Mission (NRLM) in 2011.

Evolution Stages of Self Help Groups in India

Every Self-help group usually goes through 3 stages of evolution stated below:

1. Formation of group
2. Funding or Formation of Capital
3. Development of required skills to boost income generation for the group

Many self-help groups are formed with the assistance of Self-help to promote agencies.

The various types of Self-help promoting agencies are stated below:

1. Non-governmental agencies
2. Government
3. Poverty management programmes

4. State & commercial banks
5. Microfinance institutions
6. SHG Federations
7. SHG leaders/Entrepreneurs

Functions Of Self Help Groups

- They try to build the functional capacity of poor and marginalised sections of society in the domain of employment and income-generating activities.
- They offer collateral-free loans to sections of people that generally find it hard to get loans from banks.
- They also resolve conflicts via mutual discussions and collective leadership.
- They are an important source of microfinance services to the poor.
- They act as a go-through for formal banking services to reach the poor, especially in rural areas.
- They also encourage the habit of saving among the poor.

Need For Self Help Groups

- One of the chief reasons for rural poverty is the lack of access or limited access to credit and financial services.
- The Rangarajan Committee Report highlighted four major reasons for lack of financial inclusion in India. They are:
 - Inability to give collateral security
 - Weak credit absorption capacity
 - The insufficient reach of institutions
 - Weak community network

It is being recognised that one of the most important elements of credit linkage in rural areas is the prevalence of sound community networks in Indian villages.

- SHGs play a vital role in giving credit access to the poor and this is extremely crucial in poverty alleviation.
- They also play a great role in empowering women because SHGs help women from economically weaker sections build social capital.
- Financial independence through self-employment opportunities also helps improve other development factors such as literacy levels, improved healthcare and better family planning

Problems Of Self Help Groups (SHGs)

- Need for extending this idea into the poorest families, which is not necessarily the case at present.
- Patriarchal mindset prevailing which prevents many women from coming forward.
- There are about 1.2 lakh branches of banks in rural areas as opposed to 6 lakh villages in the country. There is a need to expand banking amenities further.
- Sustainability and the quality of operations of such groups have

been questionable.

- There is a need for monitoring cells to be established for SHGs across the country.
- The SHGs work on mutual trust. The deposits are not safe or secure.

Way Forward for Effective Self-Help Groups

1. The Government should create a supportive environment for the growth and development of the SHG movement. It should play the role of a facilitator and promoter.
2. SHG Movement should be expanded to Credit Deficient Areas of the Country – such as Madhya Pradesh, Rajasthan, States of the North-East.
3. Financial infrastructure should be expanded (including that of NABARD) by adopting extensive IT-enabled communication and capacity building measures in these States.
4. Extension of Self-Help Groups to Urban/Peri-Urban Areas – efforts should be made to increase income generation abilities of the urban poor as there has been a rapid rise in urbanization and many people remain financially excluded.
5. Government functionaries should treat the poor and marginalized as viable and responsible customers and as possible entrepreneurs.
6. SHG monitoring cell should be established in every state. The cell should have direct links with district and block level monitoring system. The cell should collect both quantitative and qualitative information.
7. Commercial Banks and NABARD in collaboration with the State Government need to continuously innovate and design new financial products for these groups to meet their needs.

Self Help Groups in India Kudumbashree in Kerala

The Kudumbashree project was started in Kerala in 1998, as a community action to eradicate poverty. It has become the largest women-empowering project in India. There are 3 components namely, microcredit, entrepreneurship and empowerment. Kudumbashree is a government agency.

Mahila Aarthik Vikas Mahamandal (MAVIM) in Maharashtra

SHGs in Maharashtra were unable to cope with the growing volume and financial transactions and needed professional help. Community managed resource centre (CMRC) under MAVIM was launched to provide financial and livelihood services to SHGs. CMRC is self-sustaining and provides need-based services.

Many self-help groups, especially in India, under NABARD's 'SHG Bank Linkage' program, borrow from banks once they have accumulated a base of their own capital. This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups, the bank can serve small rural depositors while paying them a market rate of interest."

According to a report from 2006, NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members, that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. A study conducted by S Chakrabarti in 2004 said that organization like SHG can be an effective tool for "allevating poverty". "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra-Pradesh, Tamil Nadu, Kerala, and Karnataka. These states accounted for 57% of the SHG credits linked during the financial year 2005–2006.

Advantages

- An economically poor individual gains strength as part of a group.
- Besides, financing through SHGs transaction costs for both lenders and borrowers.
- While lenders have to handle only a triple SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG minimize or travel (to and from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.
- Where successful, SHGs have significantly empowered poor

people, especially women, in rural areas.

- SHGs have helped immensely in reducing the influence of informal lenders in rural areas.
- Many big corporate houses are also promoting SHGs at many places in India.
- SHGs help borrowers overcome the problem of lack of collateral. Women can discuss their problem and find solutions for i

Self Help Groups can help in widening women's labour force participation: Economic Survey 2022-23

The transformative potential of SHGs has been exemplified by the key roles played by them during the COVID-19 pandemic, survey says

With 75% of women workers in rural India employed in agriculture, there was a need to upskill and create employment for them in related sectors like food processing, and Self Help Groups (SHG) can play a pivotal role in this, the Economic Survey 2023 has said. The survey said that the transformative potential of SHGs has been exemplified by the key roles played by them during COVID-19 pandemic. SHGs led from the front in producing masks, sanitisers and protective gear. They also created awareness about the pandemic, for example the 'Patrakar Didis' of Jharkhand delivered essential goods like floating supermarkets in Kerala, ran community kitchens like the Prerna canteens in Uttar Pradesh, and supported farm livelihoods.



The Economic Survey noted that SHGs have had a positive effect on women economically, socially and politically, empowering them through various pathways. Image for representation purpose only.

Sources the hindu January 31, 2023

It noted that SHGs have had a positive effect on women economically, socially and politically, empowering them through various pathways such as familiarity with handling money, financial decision-making, improved social networks, asset ownership, and livelihood diversification.

The survey said that demonstration of their resilience and flexibility during crises, including the pandemic, needs to be thus regularized for long-run rural transformation.

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