



## Self-Help Groups: an Innovative Initiative for Development of Rural Women of Odisha

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### ABSTRACT

SHGs are initially formed on the foundation of the accumulated endowment of bonding social capital already existing in the community. The social capital produced by the SHG as it matures through creation of new ties and linkages, strengthens the community's cooperative capacity to the achievement of group government. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the government bureaucratic officials changes and they become more responsive to the needs of the community. In this way, SHGs which were originally established to produce economic benefits for members eventually became an associational framework for collaborative actions that produce public goods.

### Introduction

Self-help groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the poor in our rural areas. The self-help group is a small body formed by the people for meeting their specific objectives, particularly credit.

In self help groups it is assumed that all poor households need to save and have the inherent capacity to save small amount regularly; easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures, the poor are the best judge of their credit needs and are good users and re-payers of credit when formed in group. A notable feature of SHG is that before its linkage with any financial institution, credit discipline is imbibed among the member by way of SHG with banks has improved the socio-economic condition of its member by way of positive impact on income, saving, and self-confidence. The impact is more pronounced in the case of SHGs linked through NGOs. Odisha has linked 77,588 SHGs with bank credit of Rs.12,748 lakh by the end of March 2008. All 9 Regional Rural Banks, 17 District Central Co-operative Banks and 35 Commercial Banks in the state took part in SHG bank linkage programme. Contrary to the national scenario where Commercial Banks took lead role in SHG Bank linkage programme in Odisha the RRBs took the lead in the linkage process by supporting 56% of SHGs with 57% of credit followed by the Commercial Banks. Keeping this notion in mind and the potentialities of SHGs in the state of Odisha, the present study was conducted.

### Objectives of the Study

The specific objectives of this study are as follows

- To study the system of implementation of SHG-Bank linkage programme in Northern region especially Mayurbhanj and Balasore districts.
- To study the extent of credit outreach against its requirements, its utilization, repayments, benefits and sustenance.
- To study the system that SHG members follow in handling savings, lending and other related aspects such as SHG-bank linkage programme, borrowing from banks, account keeping and process of graduation.

**Study Methodology:** The study relied on primary data collected from the field and the secondary data collected from the Department of State Social Welfare Board, Mission Shakti, Gramya Bank, Co-Operative Bank, State Bank and UCO Bank etc. The study covered 40 villages, 27 Gram Panchayats and 20 blocks and 140 (70 per each district) of two districts Mayurbhanj and Balasore of Odisha.

### Study Outcomes :

SHG bank linkage programme, started in India in 1992, has been accelerated only since the twenty-first century. Odisha linked 77,588 SHGs with bank credit of Rs. 12,748 lakhs by the end of March 2010. All the nine Regional Rural Banks (RRBs), 17 District Central Co-operative Banks (DCCBs) and all Commercial Banks operating in the State took part in SHG bank linkage programme. However, contrary to the national scenario where Commercial Banks took the lead in SHG Bank linkage programme, in Odisha the RRBs took the lead in the linkage process by supporting 56% of SHGs with 57% of credit followed by the Commercial Banks and the DCCBs. The Northern region in Odisha suffers from inadequate development due to inherent lack of institutional framework, non-availability of good infrastructure and poor presence of active NGOs. The Northern region continued to receive attention from development planners in the Central as well as State Government. However, this region has made a considerable progress in recent years in social and economic empowerment through SHG bank linkage programme.

With the sample SHGs and all their members in Mayurbhanj and Balasore district an attempt was made through this study to assess the extent of impact of SHG bank linkage programme on the life of the socially and backward people of Northern region. Small size of SHGs was preferred; one third groups were having 10 members. The rest of the groups maintained size from 12 to 20. It was believed that small group was easy to handle; understanding among members would be better with small group; and it was easier to congregate smaller size members than a larger size from a close proximity. Poor people were definitely attracted to the programme. In Mayurbhanj 80% of members were under BPL category and in Balasore it was 82%. Unorganized rural mass

came to live in an organized manner, discovered their strength and courage to strive against all odds. The magic of group approach embedded lots of confidence in them; the linkage with bank stimulated them to think positive for savings and investments. Members were regular in attending meetings and groups were to hold meetings. About 82% SHGs were holding meetings once in a month in Mayurbhanj while 75% were holding it every month in Balasore. All decisions were decided in the meeting, most of them were unanimous decisions. While the average monthly savings of a group ranged from a minimum of Rs 95 to a maximum of Rs 8000 for Mayurbhanj, on an average a member was saving Rs.45 per month. In Balasore the savings of different SHGs varied from Rs 5 to Rs 50 per month per members. Apart from cash contribution towards thrift the members of different groups were practicing saving of rice. The sample SHGs of Mayurbhanj district had total savings of Rs 8.27 lakhs at an average of Rs 11,815 per SHG. In Balasore district, the sample SHGs had total savings of Rs 7.89 lakhs at an average of Rs 11,270 per SHG.

The corpus of different groups ranged from a minimum of Rs.4300 to a maximum of Rs.62000. While the average first loan under direct linkage was Rs. 14,688 under indirect linkage it was just Rs.5700. The rate of interest varied between 24% and 60% per annum for borrowings from the corpus. However, the interest for the credit from bank loan was 12% per annum in 92% SHGs and 24% per month for others. Augment of corpus was the reason for higher interest rate. However, members felt, the interest was much cheaper as compared to that charged by money lenders. The average borrowing was Rs.852 per member. While half of the borrowing members used full or a part of their borrowings for consumption purposes including medical expenses about 19% used to repay the loans/borrowings from village moneylenders. The reason for repayment of old debt was converting high interest loan to a soft loan. This way they could reduce the interest rate from 96-120 per cent to 24-36 per cent per annum. Recovering the valuables mortgaged with the moneylenders and making themselves free from the burden of debt were also the instigating factors for repaying the loans from moneylenders. While another 17% have utilized either full or a part of their borrowings on taking up small business or trading activities, about 39% members had prioritized agriculture while using the bank credit. About 49% of the members taking up business activities were engaged in sabai grass business. It was mainly because of lack of market avenues for other activities and also the members were not aware of the scope of other business ventures. Since consumption was the urgent need for most of the members, asset creation was not a priority among them. However, addition of animals was the maximum in asset creation among the members. Members also had purchased draught animals and farm implements. Under small business 10% members prepared or purchased kiosks, trolleys, and bicycles, got their houses repaired and add some furniture into their life. 2% from the SHGs bought some farm land. Repayment of loan from corpus was regular; the urge to sustain the group was the hidden force for regular repayment of loan. All the SHGs availing second bank loan had repaid their first loan in 8 - 15 months' time. Anticipation of a higher loan amount provoked many groups to repay the loan well in advance of the scheduled period. In Balasore about 3% of landless laborers had taken up activities like small business, animal husbandry, kiosks, agriculture etc. 1/3rd of small and marginal farmers which comprised of 27% of SHGs could go for additional crops like vegetable, maize, rice cultivation, etc.

12% of the members stopped emigration since 2001-02. Small business opportunities, engagement in both farm and non-farm sector and accessibility of credit for consumption and investment needs kept back the members and their family members from migration. About 26% members could learn reading and writing their names after joining SHG.

As per the report of Mission Shakti as many as 8,9194 families in Mayurbhanj district and 6,8563 families in Balasore district

got benefited from the SHG Bank linkage programme. Around 67,430 persons in Northern region could get on time proper medical attention and many of them had received life saving treatment only with the financial support from SHGs. About 47,598 persons stopped emigrating from their native places in the Northern region.

Continuity with group was very strong among members. Hardly one left the group without any serious reason. In Mayurbhanj, only 3% of the members out of the 70 sample SHGs left the group due to death, 4% shifted residence to another village, 3% of the members got married, 11% did not pay back the loan and dispute with other members was 4%. In Balasore, in case of a member leaving the group on death or marriage, a family member of the concerned was allowed to join the group. Breaking a group into two groups or switching over to another group was 15%. Sometimes groups inducted a few BPL members to make the SHG eligible for SGSY loans. In case a member refuses to pay back the loans availed for a prolonged period, the members take decisions to expel her from the group.

The entire sample SHGs of both Mayurbhanj and Balasore were women groups. The members were pretty happy after formation of group mainly because they were no more confined to the boundaries of the kitchen. In an orthodox and highly conservative social pattern prevailing in rural parts of Odisha women usually did not enjoy any power in decision making even in family matters. However, the SHG movement empowered the rural women with dignity, identification, recognition and respect. They were able to borrow, invest and earn. The male members and other members of the family changed their attitudes towards the women folk with the SHG movement taking off in rural areas. Quite often the male counterparts of SHG members were helping the SHGs in accompanying them to banks, meeting places at block or district headquarters, and also in production and marketing activities. The SHG members were admired in the family when they could arrange money from the group at times of exigencies like serious health hazards of any family member, purchasing farm inputs like fertilizer, pesticides, draught animals, etc. An income support to the family was always welcomed. Thus, the family members extended full cooperation to the SHGs.

The women members were able to come out of the conservative attitude. They earned the guts to speak to a stranger with much confidence, attend meetings and also certain members, especially the office bearers of SHGs, were able to address a gathering of members at meetings, put forth their problems and aspirations before the visiting officials from different government and non government organizations. The groups, particularly the older groups, took up initiatives for fighting for social change, especially against alcoholism, dowry problems, cleanliness on village roads, village ponds, etc., health care programmes, literacy mission and others. Most groups were successful in their movement for eradication of alcoholism from their villages. Quite often all the SHGs in a village were joining hands together to make rallies against sale of liquor, demand for construction of roads, portable water supply, electricity, regularity in mid-day meals in primary schools and pre-primary teaching centers through anganwadi, dowry tortures, distribution of iron and calcium tablets to adolescent girls and pregnant women, literacy mission, etc. The groups which had not started such action were relatively new groups and were located at remote parts. The members stressed on literacy mission and took interest in learning alphabets, signature, reading and writing their own names only after joining SHG. Even the elder members aged 40 years and above, also learned writing their names to show their solidarity with the group. The SHGs were in a movement to attain 100% literacy among their members.

Institutional agencies including banks, government departments and NGOs had apportioned their diligent efforts to promulgate SHG Bank linkage movement in all corners of the northern district. SHG movement has got wide acceptance

among the socially and economically backward people. There has been a movement towards development. It made them feel moving from a state of deficiency to sufficiency.

The study feels it pertinent to suggest the following recommendations Mayurbhanj and Balasore district has over 1.64 lakhs families living below poverty line out of which about 35% might have been brought under the coverage of SHG Bank linkage programme. Out of 26 blocks in the district the programme is yet to be widely spread in 7-8 blocks. There is further scope for formation of SHGs. Concerted efforts from government departments, nongovernment organizations and banks is essential for widening the SHG Bank linkage programme. Under indirect linkage, NGOs are charging a higher rate of interest of about 18%- 36% per annum while the bank rate is between 8.5 and 11%. Secondly, under indirect credit the NGOs have been lending small amount of credit to SHGs, which often deter the enthusiastic members to take up some economic activities. Further, NGOs are hesitant to release the groups for direct linkage with the bank even after second or third dose of credit. Harmonious coordination between Banks and NGOs can definitely strengthen the SHG Bank Linkage movement.

Most of SHG members are uneducated and ignorant about the systems of linkage with institutional credit. They are also unaware of the empowerment process. A more careful supervisory role, especially by the financing banks and SHPIs, may make things better. Monitoring by banks is crucial since SHGs are the future clientele of the banks and SHG bank linkage movement can contribute for doubling credit in next couple of years. Maintaining separate passbooks for loans and savings may be a better approach. These passbooks enable the groups to know about their savings balance and credit outstanding position at any point of time.

SHGs are maintaining records in their own convenient way in plain register. Redesigned registers would help the groups to maintain their records in a more systematic manner. Some SHGs have opened savings accounts in more than one bank as also multiple savings accounts in the same bank. Banks may discourage groups to open account simultaneously in multiple banks, because this may give rise to healthy competition among banks. Banks may concentrate to promote SHGs in their own service area. This will also facilitate for sponsoring groups for government sponsored programmes like SGSY, etc.

In many cases the SHGs were enthusiastic to take up economic activities but then found to be lack of ideas. The line departments may design micro enterprises, diversification of activities, value additions in locally available resources/raw materials, market network for produce, etc. for the SHGs. More number of entrepreneurship development training programmes may be arranged for the SHGs members. More importantly, SHG movement has become a cardinal game for many. Agencies like Banks, NGOs, Mission Shakti claim having formed sizeable number of SHGs. This might be due to fixation of time bound physical target for formation of SHGs. But, unless the healths of SHGs are sound enough to sustain against all barriers and limitations, the sole objective of the movement may be diluted. Thus, quality, health and sustainability of SHGs should also be given importance in addition to formation of SHG.

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