CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION

The Self Help Group (SHG) movement is currently seen as cost effective means of forestalling some of the adverse effects of the socio economic changes that are radically altering people’s lives. The SHG methodology has been instrumental in bringing rural households out of the exploitative relationships with the moneylenders.¹ While microfinance and micro enterprise has been the core function of the SHG groups, they have also provided a platform for taking up social issues affecting the position and condition of women (Srinivasan, 2009: 65). Women’s SHG movement in India has moved beyond the economic aspect of microfinance and financial intermediation to include social transformation of marginalized village and urban communities. It is a sisterhood movement that has led to women’s economic and social empowerment (Microfinance Task Force Report of State of Maharashtra, 2009).

Since its inception, the movement has successfully mobilized women, long confined to the household into collectives, and propelled them into community oriented activities. Participation in the movement has given women the power to share, negotiate and mediate their private and public worlds. This strategy for empowerment of women is envisaged in development literature as the means to realize some of the development targets of the Millennium Declaration adopted by the countries of the world during the UN Millennium Summit in September 2000 (Poonacha, 2008: 3). Prior to formal NGO (Non Government Organisation) or government interventions, it was the informal support systems (chit fund, informal loans and savings group) that poor self-employed women had devised in various parts of the world to support each other. These informal support systems helped them through financial shortfalls and unplanned expenses such as ill health or death. Drawing from these survival strategies many NGOs (e.g. Woman’s Development Society, Annapurna Mahila

¹ Studies have pointed out that microfinance helps not only in induced savings but also results in decreased dependence on informal sources of finance such as the exploitative moneylenders. (Khandekar 1998). This view is however critiqued on the ground that microcredit forms a very meagre share of the outstanding debt of households and villagers already have large ancestral informal borrowing and saving practises (Guérin Isabelle, 2014)
Mandal) experimented with various credit and savings plan with an objective to enable access to some formal financing/resource pool for women (Parthasarthy et al., 2011: 8).

From its incipient roots in women’s coping strategies, the movement grew out of the attempts by women’s organizations to empower women economically and socially. The SHG movement in India has evolved out of various government programmes as well as international initiatives. The changes in national policies for development can be traced to the recognition in development literature that development plans fail without the active participation of the intended community (Satish, 2001: 54). The SHG movement is an initiative that seeks the active participation of intended community in their own development. Against this backdrop the study focuses on the SHG movement initiated by the Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra. To appreciate the importance of this very cost-effective strategy for women’s empowerment, this chapter begins by delineating the background for the SHG and the rationale for its growth. It then focuses on the early experiments of organising the poor women in SHGs in India. It further examines some of the State and NGO programmes that have been successful and then touches upon the SHG programme in Maharashtra which is spearheaded by MAVIM.

1.2 BACKGROUND AND RATIONALE FOR GROWTH OF SHGS IN INDIA

The roots of the SHG movement can be traced to the informal support systems (chit funds developed by poor women. In India the microfinance concepts have existed since 1904, when the Cooperative Societies Act was passed for ensuring production credit loans for farmers through primary credit societies. The basic philosophy of the cooperative movement was “Self Help and Mutual Help” and “Mutual Aid” and “Each for All and All for Each”. The formation of long-term cooperative credit institutions to meet investment needs of farmers started in 1928 (Karmakar, 2008: 37). The Indian cooperative credit structure meant to empower families in all sectors (agriculture, processing and small industry, artisanal activity including handlooms and handicrafts, marketing and various types of services). This highly ambitious programme suffered over a period of time when the more dominant and powerful members of the community took the reins of power within these institutions for

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2 The Cooperative movement was basically organized against money lenders to rescue farmers from the clutches of poverty and indebtedness. The need for agricultural credit through cooperatives was felt because of rural indebtedness. The Cooperative movement works on the cardinal principles of democracy and follows the norms of social justice and equality between members.

http://www.universityofcalicut.info/SDE/co_operative_theory.pdf
their personal gains. The original purpose of the cooperative movement of bringing together small borrowers to create viable production units got sidetracked with political interference and regulation (S.U, 2007: 349).

The search for alternative structures started as far back as the 1970s. Between 1972 and 1974, Self-Employed Women's Association (SEWA) set up a bank owned by small women entrepreneurs. This initiative was a major breakthrough in the rigid institutional barrier that excluded smaller borrowers from formal sector financing. Governmental initiatives of the 1970s after the Fourth Plan addressed the credit needs of small and marginal farmers and agricultural labourers taking the individual family as the basic borrowing unit. Subsidised lending with an aim to promote integrated sustainable income generation activity was initiated under Integrated Rural Development Programme (IRDP) and to augment this, certain other programmes too were rolled over a period of time such as, training provided through Training of Rural Youth for Self-Employment (TRYSEM). Other schemes introduced with the larger goal of reducing poverty were schemes of 'Ganga Kalyan' and million wells schemes (MWS) which provided irrigation assistance to the farmers and tools for artisans through Supply of Improved Toolkits to Rural Artisans (SITRA). All these programs either had subsidy components or were developed on certain assumptions that poor cannot save. Inadequacies inherent in running programmes focused on individual households called for shift to a group-based approach (S.U, 2007: 350).

There was a need for an alternative, decentralized model of development which would cater to the needs of women. It is in the context of the existing development deficits and the failure of the government schemes reaching the rural poor that the decentralized models developed by organizations like SEWA in Gujarat and Annapurna Mahila Mandal in

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3 SEWA initiated by Ela Bhatt was modelled on Gandhian ideologies of reaching out and providing opportunity to the poor women self employed women who worked as petty vendors. The objective of SEWA was providing banking services to the poor women employed in the unorganised sector in Ahmedabad, Gujarat. Shri Mahila SEWA (Self employed Women’s Association) Sahakari Bank was set up in 1974 by registering as an urban cooperative bank. Since then the bank has been providing banking services to the poor self employed women working as hawkers, home based workers, domestic helps (GOI, 2008 Second Administrative Commission ninth report)

4 PremaPurao a trade union leader of the CPI, first became aware of the problems of Khanawalis (women who provided home cooked food to textile workers) in year 1973 during a textile strike. The Khanawalis continued to feed the workers despite the fact that the workers could not pay back. They would pawn their jewellery and utensils to feed the workers and thereby showed solidarity in the men’s struggle. Dada Purao husband of Prema tai a CPI activist and bank trade union leader came up with the idea of providing bank loans to the Khanawalis through the scheme of Differential Rate of Interest (DRI) (Everett and Savara, 1984)
Maharashtra seemed a viable alternative. The various international programmes such as the Grameen Bank in Bangladesh also justified the importance of this model of development. The Grameen Bank, set up by Professor Mohamud Yunus in 1976 to make microcredit accessible to the poor has also influenced the SHG programme in India. Thus while the indigenous attempts were initiated by women’s organisation for starting SHGs, the movement was also shaped through the influence of international programmes like Grameen (Microfinance Task Force Report of State of Maharashtra, 2009: 12).

Since 1985 the SHG movement has developed through government interventions. The SHG strategy was accepted for the first time in the annual plan for 2000/01. Following which several important steps were taken by the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI) and leading NGOs, as well as by multilateral agencies, particularly IFAD (International Fund for Agricultural Development). The SHG strategy is an important component of the Government’s overall thrust to mitigate poverty and has been included in every annual plan since 2000 (Fernandes, 2007: 3).

1.3 EARLY INITIATIVES OF ORGANISING WOMEN INTO SHG

While a group approach has been a developmental concept actively pursued by development practitioners for many years, the focused formation of SHGs under the microfinance framework was initiated only in the late eighties by a few NGOs as an exclusive idea (Satish, 2001: 65). These include the following

1.3.1 SEWA Bank

The first organised initiative in this direction of women’s collective was taken in Gujarat in 1954 when the Textile Labour Association (TLA) of Ahmadabad formed its women’s wing to organise the women belonging to households of mill workers in order to train them in primary skills like sewing, knitting embroidery, typesetting and stenography etc. In 1972, it was given a more systematized structure when Self Employed Women’s Association (SEWA) was formed as a Trade Union under the leadership of Ela Bhatt. She organised women workers such as hawkers, vendors, home-based operators like weavers, potters, papad/agarbatti makers, manual labourers, service providers and small producers like cattle rearers, salt workers, gum collectors, cooks and vendors with the primary objective of (a) increasing their income and assets; (b) enhancing their food and nutritional standards; and (c) increasing their organisational and leadership strength. The overall intention was to
organise women for full employment. In order to broaden their access to market and technical inputs, these primary associations were encouraged to form federations like the Gujarat State Mahila SEWA Cooperative Federation, Banaskantha Development of Women and Children in Rural areas (DWCRA), Mahila SEWA Association etc (GOI Second Administrative Commission ninth report, 2008).

1.3.2 Annapurna Mahila Mandal (AMM)

In Mumbai Annapurna Mahila Mandal took up another pioneering work in the micro credit/finance sector. It was promoted by Prematai Purao in Mumbai in 1975 and got registered under the Societies Registration Act. At that time, the main objective of the AMM was to free the mill workers from the clutches of the money lenders and to boost their confidence by organising and providing financial support from banks to them. Under Differential Rate of Interest (DRI) scheme of the bank, loans were directed to the ‘Khannawalis’ (home cooked provided by women) through AMM which acted as the micro credit delivery institution (Everett and Savara, 1984: 272).

1.3.3 Working Women’s Forum (WWF)

A similar endeavour by another organisation in the South India was taken up by Working Women’s Forum (Satish, 2005: 1732). Dr Jaya Arunachalam promoted WWF in 1978 to relieve the poor, especially women from hunger, indebtedness and invisibility. The aim of WWF was to create a responsive bottom up participatory development model that could offset the dependency, welfare, charity and patronage approach to poverty alleviation. Dr Jaya Arunachalam and her team of grass-roots political activists formed the women organisation so that the specific problems faced by women could be addresses through a participatory model. Indian Cooperative Network for Women (ICNW) was promoted in 1981 by WWF as a credit network for fostering social and financial independence of women through micro/small enterprise development and extending loans to these women at a low rate of interest. ICNW is an MFI (Microfinance Institution) registered under Cooperatives Society’s Act and is operating in the urban slums and rural areas of South India (www.workingwomensforum.org)

1.3.4 Friends of Women’s World Banking (FWWB) India

The FWWB India, a non-profit organisation was set up in 1982 as an affiliate of Women’s World Banking. During the initial years, the activities of the organisation were
limited to providing loan guarantees to poor women of the State of Gujarat only. In 1989 the by-laws of the organisation were modified in order to enable it to function as an apex private financial institution and to expand and extend micro credit support and network microfinance institutions in India as a part of the global network of microfinance movement that is how the revolving loan fund of FWWB India was started in 1989. It also conducts research and documentation on sector issues, impact/assessment studies with the objective of disseminating the findings of these studies and research with the community. FWWB has launched Livelihood and Enterprises Development Program (LEAD) under which it extends support to organisations working in micro-enterprise development for economically disadvantaged women entrepreneurs (Dasgupta, 2010: 12).

1.3.5 BAIF (Bhartiya Agro Industries Foundation)

Bhartiya Agro Industries Foundation was established in 1967 as charitable trust by Manibhai Desai, a disciple of Mahatma Gandhi. It was later renamed as BAIF Development Research Foundation. BAIF has its headquarters in Pune. It considers each below poverty line (BPL) family as the unit of development and has a multi disciplinary village cluster development approach for socio-economic development. It promotes peoples organisations for programme implementation and lays an emphasis on the empowerment of women and community health for a better quality of life (Microfinance Task Force Report of State of Maharashtra, 2009: 25).

1.4 POLICY FRAMEWORK FOR SHG PROGRAMME

The SHG movement for the empowerment of women has evolved out of various initiatives since independence to realise the constitutional goals of gender equality. After independence, the model of economy adopted by the newly emerging state was a mixed economy. It comprised an attempt to graft on to a capitalist economy certain aspects of a socialist state (Desai, 2016: 203). The development plans that were framed also went through a process of change.

1.4.1 Change in the development plans

The concept of women’s development from the First to Fifth Five Year Plan (1951 – 78) was mainly welfare oriented. Development planning focussed welfare oriented programmes and looked at women in the role of nothing more than ‘beneficiaries’. Women got shunted in the name of development and in fact development policies negatively
impacted women. From the Sixth Plan, there has been a shift to the development approach and attempts were made to integrate women into the process by adopting a multidisciplinary approach with a three-pronged thrust on health, education and employment. The Seventh and the Eighth Plan witnessed the formulation of several important policies and measures that provide the groundwork for the current policies aimed at women’s empowerment. The trend of Women in Development (WID) continued through the Seventh and Eighth Plans too. Several plans and policies were rolled out during this period whose main aim was in the development and empowerment of women (Poonacha, 2009: 75). Rashtriya Mahila Kosh (RMK) was followed after the Eighth Plan to address the credit needs of asset less poor women. Mahila Samruddhi Yojana sought to empower women by institutionalising their savings so that they can have greater control over household resources.

### 1.4.2 Changing National Policies for Women’s Development

The ‘Towards Equality Report’ (1974) was the first of its kind report which proved the declining status of women in India and the numerous problems faced by the women. The report was in response to the United Nations request for a report in preparation for the 1975 International Women’s Year aimed at focusing on gender equality globally. Some of the

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5 Neera Desai states that as the thrust moved from welfare to economic betterment of women, there was an increasing need felt that the government and NGO’s must work in tandem in the various programmes affecting women. She states that women’s development includes various facets such as employment generation, better working conditions as well as equal remunerations. However she laments that many of these programmes fell short of the objectives of women’s economic development. Commenting on the policies she states that states that most of the progressive development policies have meant one step forward for men and two steps backward for women (Desai and Patel 1985: 49 -50).

6 The National Credit Fund for Women or the Rashtriya Mahila Kosh was set up in March 1993 as an independent registered society by the Department of Women and Child Development in the Government of India’s Ministry of Human Resource Development with a corpus of Rs. 310 million. It is a national-level apex micro finance organisation promoted to reduce the gap between demand and supply of credit and extend micro finance services exclusively to women. The objective of RMK is socio economic betterment of the poor women through micro credit with a focus on income generation or asset creation. Normally the credit delivery is through SHGs. It acts as a wholesale credit organisation for channelizing funds from government and donors to retailing intermediate microfinance organisations.

7 It raised some fundamental questions regarding the contradictions that appear when policies aimed at achieving gender equality have to be pursued within the existing social structures, which rest on unequal power and resource basis. The report observed that legal reform, education and political rights had failed to benefit the large masses of women affected by problems of poverty, powerlessness, over-work and illiteracy.

8 The issue of women’s development through empowerment of women, has been endorsed in International forums such as the Mexico, Nairobi and Beijing. These forums have exerted as pressure groups to include women’s socio-economic development in national policies and programmes. Thus Global based institutions have directly helped to galvanise interest based movement activism (Katzenstein, Kothari and Mehta 2001: 258).
other policy documents that have increasingly focussed on the question of women’s development include the *Sharamshakti Report* of the National Commission on Self Employed Women and Women in Informal sector (1988) and the National Perspective Plan for women NPP (1988-2000). The documents drafted by Core Group Experts advocated holistic approach to development of women and addressed a whole gamut of issues facing women in the unorganised sector; the documents also made a number of recommendations relating to employment, occupational hazards, legislative protection, training and skill development, marketing and credit for women in the informal sector (Shashi, 2007: 9). It advocated the strengthening of grassroots democracy through the Panchayat Raj Institutions (PRI) and integrating women in the decision-making process. Some of the other important measures to address gender issues included the establishment of the National /State Commission for Women the All Women Police Station and Family Counselling Cells (Poonacha, 2009: 75).

Development of women through the process of empowerment women became one of the prime objectives of the Ninth Five Year Plan. Called Gender and Development (GAD) approach it calls for recognition of women’s contribution inside and outside the household. In order to achieve the objective the approach was to create an enabling environment for women where women could freely exercise their rights within and outside the home as equal partners along with men. It also adopted ‘Women Component Plan’ as one of the major strategies and directed both the Central and State Governments to ensure not less than 30 percent of the funds/benefits are earmarked in all the women’s related sector. National Policy for the Empowerment of Women (2001), the National Health Policy (2001) and National Agriculture policy (2000) brought gender into the policy framework. These policies initiate appropriate structural, functional and institutional measures to empower women build their capacities (Poonacha, 2009 and Shashi 2007). Building on the strength of the Ninth Five Year Plan, the Tenth Five Year Plan continued to encourage the SHG mode to act as the agents of social change, development and women empowerment. While strengthening SHG initiatives, policies and schemes the Eleventh Plan was set to increase women’s awareness, bargaining power, literacy, health, vocational, and entrepreneurial skills. It also prioritized on providing training, capacity-building inputs, and the creation of backward-forward linkages, which are essential to generate sustainable livelihood opportunities. Given the scale of the phenomenon, it highlighted the need to review the SHG interventions and ground realities to determine how SHGs may better serve the interests of poor women, and suggest changes required in overall SHG policy frameworks (Eleventh Plan , 2008 :185).
1.4.3 Changes in the Financial Sector

Other set of institutionalisation changes which helped in strengthening the movement were as follows: The first was the nationalisation of banks in 1969; the second was the opening of large number of branch branches in rural areas and the third was the introduction of a mandatory system of priority sector lending. In spite of all these measures, a stock-taking exercise in 1975 revealed that the poor still lacked access to credit. The rural branches of commercial banks had not been able to effectively reach out to the poor. Hence the government introduced a new network of government owned Regional Rural Banks (RRB). However the problem persisted. The RRBs and cooperative banks were catering to the farmers, whereas vast number of landless, migrant labourers and illiterate women were left out of their reach (Khandelwal, 2007 and Dasgupta 2010). This prompted the need for alternative strategies.

1.5 NEED FOR ALTERNATIVE DELIVERY MODEL

The need for alternative delivery models was influenced by many factors, chiefly among them where the failure of the poverty alleviation programs and the need to make a bottoms up approach in the process of development. The pioneering attempts of women’s organisations and the success of microfinance model of Grameen Bank in Bangladesh as well as the successful pilot programmes jointly carried by MYRADA (Mysore Resettlement and Development Agency) an NGO and NABARD, the apex bank of agricultural rural development, in the field of microfinance were some of the other reasons for the thrust towards microfinance. The SHG based bank linkage programme with its focus on women’s empowerment, attempted to address the inadequacies of the earlier programmes and implement the learning’s from successful experiments carried on national and international platforms (Microfinance Task Force Report of State of Maharashtra, 2009: 12).

NABARD’s joint exercises with MYRADA and its independent research studies revealed that the existing banking policies, systems, procedures, deposit and loan products were not well suited to meet the most immediate and urgent needs of the poor. The studies revealed that the poor really needed and deserved better access to these services and products rather than cheap subsidized credit. Against this background, another need that was felt was for alternative policies, systems, procedures and a delivery mechanism which could fulfil the requirements of the poorest of the poor especially the women members of such households.
The emphasis was empowerment and on improving the access of the poor to microfinance rather than just dishing out micro credit (Dasgupta, 2010: 21). The National Commission on Self Employed Women and Women in the Informal Sector (1988) and the World Development Report (1991) expressed the need for mediating body between the self employed women and financial institutions (Poonacha, 2005: 2).

1.5.1 Learning’s from the previous programmes

Special poverty alleviation programmes, such as the IRDP, DWCRA, Employment Guarantee Scheme, TRYSEM failed to attain the policy development objectives. In all these programmes, the policies concerning credit through the banking system were hitherto pursued on certain assumptions such as (i) poor have no capacity to save and ii) poor need subsidy linked poverty alleviation credit programmes. The policy framework that grew out of these assumptions did not contribute to the self-sustained growth of the rural credit system and it also did not adequately serve the rural poor. The above policy framework resulted in excessive target orientation, improper selection of clients and projects as well as leakages (Microfinance Task Force Report of State of Maharashtra, 2009: 12). Programmes like IRDP had a supply led approach rather than demand based, it was implemented with the assumption that entrepreneurial skills are natural and market linkages where not given a thought (Satish, 2005: 1731).

1.5.2 Grameen Bank

Another landmark in the history of microfinance movement in India is the successful adaption of Grameen Bank movement of Bangladesh and the learning obtained there from. Grameen Bank that began as a pilot project in 1976 has transformed itself into the world’s first bank for the poor in 1983. It started a revolution in the banking and micro finance sector. Many development organisations were influenced by the Grameen Bank model and promoted the Joint Liability Group (JLG) as a solidarity group and collateral for credit delivery system (Bauer et al, 2012 : 1119, Khandelwal, 2007 : 1127).

1.5.3 Adaptation and experimentation by NGO’s

In 1990’s a large number of NGOs, mainly from the Southern States of India, were engaged in providing microfinance services to the poor and the marginalised as a strategy for poverty alleviation and women’s empowerment program. Initially most of these MFIs organised by NGOs were funded by donor support in the form of Revolving Fund and
Operating Grants. Village development groups were piloted by various NGOs in India in the mid-1980s notably by MYRADA. These groups, through mutual consensus, worked towards providing access to credit to their members. MYRADA taught the group members the importance of cultivating weekly savings and giving loans to each other from their savings. These groups were called credit management groups (CMGs). MYRADA staff provided training on how to organize meetings, set an agenda, keep minutes and other areas vital to successful business ventures. The members were linked together by a degree of affinity based on relationships of trust and support; they were also often homogeneous in terms of income or of occupation. In 1987, they were renamed as self help groups (Tanka, 2012: 186).

1.5.4 NABARD

NABARD which had been formed in 1983 as the apex bank for agriculture and rural development, had the task of finding ways and means to strengthen the credit delivery system to the unbanked poor and to bring about an improvement in recoveries of loans given under rural credit programmes. It was in 1987 that the NABARD conducted a series of research studies independently and in association with MYRADA, a leading Non-Governmental Organisation from Southern India. Forming small groups and linking them to bank branches for credit delivery has been the most important feature of the growth of the SHG movement in our country. The SHG-Bank linkage programme was started as a test project in 1989 when NABARD, sanctioned Rs.10.0 lakhs to MYRADA as seed money assistance for forming credit management groups. In the same year, the Ministry of Rural Development provided financial support to Professional Assistance for Development Action (PRADAN) a non government, non profit making organisation to establish Self-Help Groups in some rural pockets of Rajasthan. On the basis of these experiences, a full-fledged project involving a partnership among SHGs, Banks and NGOs was launched by NABARD in 1992.

On the basis of this action research in 1990 the RBI accepted the SHG strategy as an alternative credit model. In 1992 NABARD issued guidelines to provide the framework for a strategy that would allow banks to lend directly to SHGs. Based on this initial experience, the SHG Bank Linkage Program was launched in 1992. The rapid progress achieved in SHG formation, which had by then turned into a massive empowerment movement for women across the country, laid the foundation for emergence of MFIs in India
In 1995, acting on the report of a working group, the RBI streamlined the credit delivery procedure by issuing a set of guidelines to Commercial Banks. It enabled SHGs to open Bank Accounts based on a simple inter-se agreement. The scheme was further strengthened by a standing commitment given by NABARD to provide refinance and promotional support to Banks for credit disbursement under the SHG – Bank linkage programme. (Tanka, 2012).

1.6 STRATEGIES AND POTENTIAL OF THE SHG PROGRAMME

Empowerment of Women is the cornerstone of the movement. The movement seeks to address issues of gender, caste and ethnic inequalities and challenge the deeply entrenched power structures which are ingrained in the fabric of the Indian society. The national and international laws have laid the foundations of women’s rights, justice and equity. Guided by these principles the movement ushers in empowerment by enabling women to negotiate their socio economic spaces using their collective strength. Thus the movement seeks to organize women into Self Help Groups and through their collective strength empower women to demand their rights (Poonacha, 2008: 1). The success of the programme depends on the capacity of the facilitative organisation to network with various government departments to bring together a convergence of services to women. These services include investment in socio economic infrastructure, trade facilitation and business development services. It also requires enabling mechanisms by which women can access their right to basic health care, safe drinking water, law and order and other services that directly impact their families and communities (Parthasarthy et al, 2011 : 9).

Some of the needs that can be addressed through the movement are as follows

(i) Reduction of women’s productive/reproductive drudgery by enabling women to access community of resources of fuel, fodder and water

(ii) Developing Women’s capacities by strengthening functional literacy

(iii) Enabling women to participate in the decision making process of the community (by developing their leadership capacities and ability to negotiate with the PRI

(iv) Addressing issues of violence against women (by enabling women to understand the existing criminal/justice system and building linkages with the police vigilance committees (Poonacha, 2008 : 4)
Apart from the SHG programmes some other models of credit delivery which grew parallel to the SHGs were micro financial institutions. Some of the models of micro credit delivery are discussed below

1.7 DIFFERENT MODELS OF MICRO CREDIT DELIVERY

Several registered societies and trusts have started group based savings and credit activities with donor funding since the 1980s. Towards the end of 1990s, others began to replicate the Grameen model, financed initially by donors but later increasingly by apex financial institutions such as Small Industries Bank of India (SIDBI), FWWB and RMK. During the 1990s several medium and large MFIs converted themselves into Non Banking Finance Company (NBFC), making it easier for them to attract investments in the form of shareholders equity. (Dasgupta, 2010: 8) In 1996 BASIX, a new generation of MFI, was promoted by Vijay Mahajan with a mission to ‘promote a large number of sustainable livelihood projects including those meant for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. They were the first to highlight profit and non profit dimensions of microfinance delivery. They started two companies, one for profit and NBFC providing credit and the other a non profit company providing technical assistance and support services. With the passage of the Mutually Aided Cooperative Society (MACS) Act, the number of cooperatives registered under this Act including SHG Federations took roots and flourished mostly in the southern states and gradually spread to other states where MACS was legally introduced. During 2003-05 there was a rapid growth of MFIs SKS, SHARE, Bandhan, GrameenKoota and many more large MFIs came into existence (Dasgupta, 2010: 10).

A wide range of institutions (Micro Finance Institutions in different legal forms) deliver variety of financial services including credit, savings, insurance to the poor, it is estimated about 1000 NGO-MFIs are undertaking financial intermediation in India. MFIs are broadly subdivided into 4 categories of organisational forms viz. NGO MFIs, non-profit Section 25 NBFC MFIs, Cooperative MFIs and for Profit NBFC MFIs. (Rao, 2010 : 59) These however include a handful of commercial MFIs which account for the bulk of the outreach. Most of these MFIs are result of NGO activities which have received support from Micro Finance wholesalers such as SFMC (SIDBI Foundation for Micro-Credit), RMK, FWWB, CASHE and Rashtriya Grameen Vikas Nidhi (RGVN) and other financiers including several public/private commercial banks including State Bank of India, ICICI
Bank, HDFC Bank, Citibank (Microfinance Task Force Report of State of Maharashtra, 2009: 13). Different operating models adopted by these MFI’s:

I. SHG Model
II. Joint Liability Model
III. Individual Model

1.7.1 SHG Model

The SHGS are promoted by Self Help Promotional Institutions (SHPIs). A SHPI can be an NGO, Financial institution, government agency/department, philanthropic organisation or an individual. SHPI’s promote and nurture the SHGs till they become independent and self sustainable entities. The aim is to organise the poor and marginalised community for encouraging thrift and use the SHG platform to address various issues of the community at large. The NGOs basically undertake social intermediation and technical support in the form of organising groups, creating social awareness, capacity building, training conducting exposure visits, creating linkages, leadership development, helping in record keeping, credit management, developing management information systems, monitoring and evaluation of the micro credit activities. The SHG Bank linkage programme uses three models to link SHGs with banks which are as follows

- **SHGs formed and financed by banks**: The Bank acts as a SHPI it takes up the work of forming and nurturing the groups, opening their savings accounts and providing loans.

- **SHGs formed by NGO’s and Formal Agencies, but directly Financed by banks**: NGOs and formal agencies in the field of microfinance act only as facilitator. They facilitate organising, forming and nurturing of groups and train them in thrift and credit management. Banks give loans directly to these SHGs.

- **SHGs Financed by Banks Using NGO’s and MFI as Financial Intermediaries**: In areas where the formal banking system faces constraints, the NGOs are encouraged to approach a suitable bank for bulk loan assistance. This is used by the NGO for on lending to the SHGs. In areas where a very large number of SHGs are financed by bank branches, intermediate agencies like federations of SHGs are coming up as links
between the bank branch and member SHGs (Microfinance Task Force Report of State of Maharashtra, 2009: 15)

1.7.2 Joint Liability or (Grameen model)

Joint Liability Group (JLG) was devised by Grameen Bank. It is an informal group comprising preferably 4 to 10 individuals coming together for the purpose of availing bank loan either singly or through the group mechanism against their mutual guarantee. The JLG members would offer a joint undertaking to the bank that enables them to avail loans. The JLG members are expected to engage in similar type of economic activities. Intended borrowers involved in similar occupations and residing in close vicinity form a JLG. In India Basix was the first to promote a JLG as a credit delivery model. But it never emphasised that the group members should belong to the same occupation. (Microfinance Task Report, Maharashtra, 2009: 14)

1.7.3 Individual Model

This is a normal traditional credit delivery system where MFI is directly linked with the individual for extending financial services and charges for the same. In this model the individual can avail of the loans directly from the micro-financial services. The loan repayment is the responsibility of the individual member and group pressure does not exerted in repayment of loan. (Microfinance Task Force Report of State of Maharashtra, 2009: 14)

Though these alternatives have been focusing on the rural poor by enhancing the access to microfinance services, the MFIs also face serious regulatory challenges that could ultimately undermine their impact in reaching quality microfinance services to a large number of India’s poor. (Microfinance Task Force Report of State of Maharashtra, 2009: 14)

1.7.4 SHG vs Joint Liability group

The SHG Bank Linkage has been the predominant model of microfinance delivery in India. While the Joint Liability or the Grameen model is highly appreciated in third world countries, the criticism of Grameen Bank system dwells on the much higher rate of interest that the bank levies on loans to its poor clientele. Scheduled Banks provide loans directly to SHGs in India at the rate of around percent. However the Grameen banks as well as MFI’s in India counter this criterion with the argument that they provide doorstep banking to the poor,
which comes at a cost. The scheduled banks have tedious paperwork and a bureaucratic mindset in their functioning, which is much more costly to the poor, in terms of delay and frequent trips to the banks. The limitation of the SHG model is that it is project driven and promoting NGOs are known to abandon the groups once the programme funding ceases.

While Joint Liability Groups can be more effective for men’s groups, as there is no pretence of being a support group, women’s Self Help Groups have been so successful in India precisely, because they are not just means of getting credit without collateral, but also offer services of a support group and empower women by the virtue of their membership of the women’s collective. The Women’s Self Help group is a sisterhood movement that has lead to women’s economic empowerment. More importantly it has promoted freedom from gender based violence spearheaded the anti-arrack/liquor campaigns, enhanced women’s literacy entry into grass-root political spaces in Panchayat raj as well as forays into development in the water supply and cleanliness and sanitation campaigns, health, watershed and water conservation, supervision of the management of village schools and variety of other developmental interventions (Microfinance Task Force Report of State of Maharashtra, 2009: 14)

1.8 FACTORS INFLUENCING SHG MODEL OF DEVELOPMENT

It is apparent through the review that the SHG movement has grown exponentially. To understand what has led to the upscale, it is necessary to highlight the role of the donor agencies and state entry.

1.8.1 Role of donor agencies

The role of donor agencies and their contribution in spreading the Self help bank linkage cannot be overlooked. Many bilateral, multilateral agencies and private foundations such as IFAD, World Food Programme (WFP), UNDP, World Bank, Department for International Development (DFID), Ford Foundation, Sir Ratan Tata Trust (SRTT) and Humanistisch Instituut voor Ontwikkelingssamenwerking (HIVOS – Humanist Institute for Development Cooperation ) have contributed to scale up the linkage programme and supported the emergence of many institutional models having SHGs at their base (Ghate, 2006 cited in Tanka, 2012 : 31).
1.8.2 Government foray into SHG programme

As in all developing countries, in India, development was considered to be the government’s responsibility and it started several subsidy-linked credit programs where it had a major role in identifying of the borrowers and in disbursement of credit and subsidy. The results of these programs were not positive. Experience has shown that the non-involved people has led to an attitude of total dependence on administrative efforts. This was true in credit programs for the rural poor and to overcome this, government started adopting participatory approaches to rural development, particularly the SHG approach.

The entry of the government into the self-help group movement was through the Rashtriya Mahila Kosh which started funding NGOs for forming and nurturing SHGs. Later, the Indira Mahila Yojana came into existence, which also facilitated the group formation and nurturing process. With the failure of a number of anti-poverty programmes and success of SHGs and its linkage programme, the government of India launched Swarnajayanti Gram Swarozgar Yojana (SGSY) in 1999 as a key poverty alleviation programme which provided credit and capital subsidy through SHGs as a priority to help BPL populations improve their economic condition. The scheme aimed at encouraging group-based activities (though individuals were also assisted) by providing skill-building support, credit linkages, subsidies and market linkages. Programmes such as IRDP, TRYSEM, DWCRA, SITRA, MWS, etc., were integrated into one single programme of SGSY, which also incorporated the learning accumulated by the implementation of all these programmes. Seventy-five per cent of funds allocated under the scheme are provided by the central government and the remaining by the state governments. At the same time, SHGs attracted the attention of state governments, who undertook, through departmental initiatives, a major programme of SHG promotion.

Notable among the state governments was Andhra Pradesh, which provided incentives for SHG formation under the Podupulakshmi programme. These initiatives had in turn been inspired by successes achieved by experiments such as at Chevella and particularly in undertaking anti-liquor programmes in 1990s. The women’s departments of several states were also active in SHG formation. The IFAD project involving the Tamil Nadu Corporation for Development of Women (TNCDW) was a particular case in point, which first provided the resources for SHG promotion to a large number of NGOs in Tamil Nadu. Similarly, women’s empowerment was a major thrust of the Maharashtra Rural Credit Project (MRCP) undertaken by Mahila Arthik Vikas Mahamandal (MAVIM) in 12 districts of Maharashtra,
also with support from IFAD. Government of Kerala implemented Kudumbashree project in 1998 with support from IFAD. The UNDP–South Asia Poverty Alleviation Programme (SAPAP) project in Andhra Pradesh was succeeded by the World Bank-supported Velugu project in 2002 in two phases, the latter phase of which is being currently implemented as the Indira KranthiPatham (IKP) programme (Satish, 2005).

1.9 SUCCESSFUL INITIATIVES BY STATE GOVERNMENT

Some of the very successful SHG programmes are found in Southern India. The movement, due to state support and NGO action, spread rapidly in Andhra Pradesh, Tamil Nadu and Kerala. Some of the flagship programmes in these states are the Indira KranthiPatham (Velugu) programme in Andhra Pradesh, the MahilarThittam programme in Tamil Nadu and the Kudumbashree programme in Kerala. The government of Andhra Pradesh has provided a generously proportioned space for women SHG in its strategy for poverty alleviation and women empowerment (Galab and Rao, 2003: 1274).

The success of the state run initiatives can be seen from the transformation of SHG into apex bodies such as federations. When the number of SHGs increases it becomes difficult to interface with each group directly. At this stage, SHPI starts thinking of setting up an apex body that can act as an intermediary between self and the SHGs. These apex institutions aggregate savings from SHGs and borrow funds on its strength from external agencies, public/private sector banks or other financial institutions. Federations act as intermediaries between financial institutions and SHGs. The objective of federation building has generally been to scale up the SHG programme and enhance the collective bargaining power of the members.

Nair (2005) has suggested that there are five predominant benefits of federating SHGs
a) Creation of economies of scale
b) Reduction of transaction costs
c) Reduction in default rates at all levels
d) Provision of value-added services such as special loan products, insurance services, etc.
e) Reduction in the cost of promoting new SHGs

Federations play an important role in SHG capacity building and conflict resolution - both internally and externally (Nair 2005 cited in Tanka 2012: 69). Besides that, in order to
achieve decentralization of the programme and enable local leadership to emerge out of the SHG programme, federation structure is adopted

1.9.1 The Indira Kranthi Patham (Velugu) programme of Andhra Pradesh

The Indira Kranthi Patham programme of Andhra Pradesh is the largest poverty alleviation programme in the world being implemented by the Rural Development Department of the state, through the Society for the Elimination of Rural Poverty (SERP). The first phase of the programme covered the six poorest districts in a five year period from 2000 – 2005 to upscale the SHG promotion programme. The success of this programme lead to the second phase in the remaining sixteen districts. In 2005 the Government of Andhra Pradesh, merged the Velugu programme and the SGSY programme into the Indira Kranthi Patham (IKP). The programme used a participatory method of identification of the poor by the village community itself in order to effectively targeting the poor. It has generated women’s entrepreneurship and leadership. (Microfinance Task Force Report of State of Maharashtra, 2009 : 19)

The IKP has also successfully rolled the federation structure in Andhra Pradesh. The structure is as follows. The SHGs initially began with 20 mandals (subdistricts) in three districts. The SHG in each mandal are federated into a Mandal Samakhyya (MS), and are registered under the APMACS Act. This model has been scaled up under the World Bank funded Andhra Pradesh Rural Poverty Reduction Project (APRPRP) in Andhra Pradesh covering all the rural areas in the state. IKP is a state-wide poverty reduction project to enable the rural poor to improve their livelihoods and quality of life through their own organizations. It aims to cover all the rural poor households in the state with a special focus on the 30 lakh poorest of the poor households. It is implemented by SERP, Dept of Rural Development, and Government of Andhra Pradesh. SERP is an autonomous society registered under the Societies Act, and implements the project through District Rural Development Agencies (DRDAs) at the District level. IKP presently is funded by the APRPRP and Government of Andhra Pradesh. There are 1,06,75,321 members in 9,49,066 SHGs, which are exclusively for women. A total of 36,391 Village Organizations (VOs), 1099 Mandal Samakhyas (MS) and 22 Zilla (district) Samakhyas have come into existence in the 22 districts. Though initially the bank loans to SHGs were to be the primary source of loans; presently the VOs and MS rotate the Community Investment Fund as a revolving fund for lending to SHGs. A few of the well-functioning VOs have received bulk loans from banks. Plans are afoot to
grade and link Mandala Samakhyas to the banks for bulk loans. IKP implements several social security schemes of the government for insurance, pension, etc., through the MS (MSRLM, 2014:134)

1.9.2 Mahalir Thittam programme of Tamilnadu

The Mahalir Thittam programme has up scaled the SHG programme in Tamilnadu and is being implemented by the Tamilnadu Women’s Development corporation. The corporation was transferred to the Department of Rural Development and Panchayat Raj of the state government with effect from 20 July 2006. The SHG promotion programme was started in the state in 1989 in an IFAD supported project covering Dharmapuri district and later extended to more districts. The programme has succeeded in organizing the SHGs in the villages into clusters and evolved a federal structure at the Panchayat level. This mode of establishment of SHG federations has contributed towards their autonomy (M Deivam, 2008:158).

Government of Tamil Nadu pioneered the SHG institutional development with the creation of Tamil Nadu Corporation for Development of Women (TNCDW) and implemented the IFAD-supported project from January 1990 till 1998. It was the first project to mainstream the SHG strategy in a state-sponsored programme. After the end of the IFAD project the state government continued to fund a similar project, Mahilir Thittam which was progressively extended to the entire state by the year 2002 through a network of NGOs. Nearly 441,000 SHGs have been promoted by TNCDW through various projects. Before the IFAD programme ended, federations were considered necessary for improving strength and sustainability of SHGs and the groups were organized into Cluster Level Federations (CLFs). Vazhndhu Kaatuvom, a new project, conceived by the Government of Tamil Nadu and funded by the World Bank, is being implemented now. The major focus is on the poor with special focus on the ultra-poor through support for productive activities and investments using the Community-driven Development (CDD) approach. In this project, NGO involvement has been neutralized (MSRLM, 2014:134).

The state government in order to further strengthen the movement has now formed federations of SHGs at village panchayat, block and district levels. Panchayat Level Federations (PLFs) have been formed in all the 12,618 village panchayats in the state. However, they are largely not vibrant. In order to accord legal status to the PLFs and
facilitate them to access bank credit the government has ordered registration of all PLFs under the Tamil Nadu Societies Registration Act, 1975. A detailed action plan has been drawn up to restructure all the PLFs in the state over a period of three years in a qualitative manner. The government is also encouraging banks to provide bulk loans to facilitate the well functioning of PLF

1.9.3 Kudumbashree programme of Kerala

The Kudumbashree State Poverty Eradication Mission of Kerala was launched in 1998 by the Government of Kerala with the support of the Central Government and NABARD. Aimed at eradicating poverty in a span of 10 years, the programme envisages the creation of neighbourhood groups comprising 10 to 40 women identified through community participatory techniques and non monetary indices. These women are given capacity building training and supported in their micro enterprise formation activity. The programme has won several national and international awards, including the UNDP award for innovation in 2002 and the Prime Minister’s award for Public Administration in 2007 (Shah et al 2007 : 1363).

Kudumbashrees are Neighbourhood Groups (NHG) that send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS) which completes the unique three-tier structure of Kudumbashree. There are 194,000 lakh NHGs, over 17,551 ADSs and 1061 CDSs (in rural and urban areas) in Kudumbashree2. This model focuses more on community participation and convergence through NHGs, ADS, and CDS. The bank loans are raised directly by the NHG or as bulk loan through the CDS—the direct linkage of NHG with the banks is the predominant model. The government acts as a proactive facilitator of the Kudumbashree programme, by deploying a mission team of those interested and committed to the institution. The focus areas include promotion of micro enterprises, food security, minimum needs fulfilment, child development, destitute development, etc (MSRLM, 2014 :134).

1.10 GENESIS OF THE SHG PROGRAMME IN MAHARASHTRA STATE

Credit delivery in the rural parts of Maharashtra has been accelerated with diversification of agriculture. Various credit cooperatives, commercial banks and RRBs are the major formal financial institutions in the state. Because of the failure of the formal financial sector in reaching out to the poor, informal segments based on the concept of self-
help started springing up by mobilizing capital and savings and using these resources at a micro scale for various activities (MSRLM, 2014: 46).

Several NGOs came up either as facilitators or intermediaries in the SHG-bank linkage model. NGOs like Chaitanya and BAIF in Pune and Annapurna Mahila Mandal in Mumbai pioneered the SHG movement in the state by setting up women’s collectives that catered to the women’s saving and credit needs. Chaitanya spread its network in 1993 in Pune district. BAIF established in 1967 as a charitable trust adopted a multi disciplinary village cluster development approach for socio economic development. The work of BAIF is also expanded in other states. The SHG movement truly expanded in Maharashtra with the launching of the Maharashtra Rural Credit Project (MRCP) in 1994 with the funds from IFAD.

1.10.1 Maharashtra Rural Credit Project (MRCP)

MRCP was launched in 12 districts of Maharashtra. NABARD was the main implementing agency and the Rural Development Department of the state government implemented the women’s empowerment component through MAVIM – the state women’s development corporation. Under MRCP, an innovative approach for credit planning and management was implemented in 800 villages with people’s participation through Village Development Assembly and Village Development Councils by the Branch Managers/Field Officers of selected commercial banks. It also laid emphasis on savings mobilisation and making savings as the basis of lending. (Microfinance Task Force Report of State of Maharashtra, 2009: 22)

1.10.2 District Rural Development Agency (DRDA)

The DRDA or District Rural Development Agency was formed in 1980 to oversee various poverty alleviation programs of the Ministry of Rural Development at the district level. It is DRDA’s responsibility to coordinate with key stakeholders of the program like the PRIs, the NGOs and other government entities for the efficient implementation of the program. Through various schemes and programs, the DRDA has promoted SHGs and federations in the state. The SHGs of BPL women were promoted by the DRDA through the Gram sevaks or by appointing the NGOs to form the SHGs. The DRDA also implemented other programmes of the GOI such as Indira Awaz Yojana ((Microfinance Task Force Report of State of Maharashtra, 2009: 27).
1.10.3 Tejaswini - MAVIM

MAVIM implements a non subsidy based SHG promotion programme for poor women, MAVIM has a field office in each district and promotes SHGs under programmes funded by GOI (Swayamsiddha, SGSY). GOM (SCP, TSP and IMY programmes) directly as well as through NGOs contracted by it. These programmes have been merged into the IFAD supported Tejaswini programme which was launched in August 2007. MAVIM has recognised that a support from an apex level body to the SHGs is necessary for efficient functioning and thus the CMRC or Community Managed Resource Centre at the block level was formed. It is a federation of 150-200 SHGs formed in a cluster of around 20 villages within a radius of 20 to 25 kms trained manager and an accountant (Microfinance Task Force Report of State of Maharashtra, 2009). The detailed federation structure is explained in chapter 4 on CMRC framework. Table 1.1 below indicates the outreach of the SHG bank linkage programme in Maharashtra.

<table>
<thead>
<tr>
<th>TABLE 1.1</th>
<th>OUTREACH OF SAVINGS AND CREDIT THROUGH SHGs IN MAHARASHTRA (NABARD, 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDICATORS</td>
<td>2011</td>
</tr>
<tr>
<td>Total no of SHGs</td>
<td>760161</td>
</tr>
<tr>
<td>Total savings (crores)</td>
<td>647.79</td>
</tr>
<tr>
<td>Average savings per SHGs</td>
<td>8521</td>
</tr>
<tr>
<td>Total number of groups accessed loans (lakh)</td>
<td>0.63</td>
</tr>
<tr>
<td>Average loan per group</td>
<td>67354</td>
</tr>
<tr>
<td>Total loan outstanding (crores)</td>
<td>1045</td>
</tr>
<tr>
<td>Gross Non Performing Assets (NPA) (crores)</td>
<td>81.62</td>
</tr>
<tr>
<td>% of NPA</td>
<td>7.8</td>
</tr>
</tbody>
</table>

(Source: MSRLM Report on SHGs and livelihood, 2014 : 47)

1.10.4 Chaitanya

Chaitanya is the pioneer in Maharashtra for community based microfinance model. It facilitated the formation of SHGs at the village level and SHGs from 150-200 villages were federated and managed entirely by the rural women. It focuses on the village level SHGs for
all core developmental activities. These federations have good linkages with various banks and the well capacitated SHGs are linked to these networks for better functioning and livelihood promotion. As of January 2013, Chaitanya\(^9\) has facilitated the setting up of fifteen federations in seven districts of Maharashtra; eight federations in Pune district, one federation each in Ahmednagar, Nashik, Satara, Sangali and Nandurbar districts, and two federations in Dhule district. The organisation aims to form federations in all the districts of Maharashtra very soon. Diagram 1.1 gives the three tier structure followed by Chaitanya.

\[\text{DIAGRAM 1.1}
\]
THREE TIER NGO STRUCTURE OF CHAITANYA

\[\text{FEDERATION}
\]

\[\text{CLUSTERS}
\]

\[\text{SELF HELP GROUP (SHG)}
\]

1.10.5 Other NGOs

The Samyuktha Mahila Samiti was conceptualised as a federation of SHGs that were formed under the WOTR or Watershed Organisation Trust in 1996. NGOs channel loans to SHGs through SMS, which also deals with advocacy and networking. Similarly, the federation Samuhik Mahila Bachat Gat Parisar Sangh deals with not only advocacy but also marketing and branding of the herbal products made in the member SHGs. DHAN foundation, BAIF, and the Nageshwara Charitable Trust (NCT) are other key agencies that promote SHGs, federations and livelihood collectives in the state.

\[^9\text{Gramin Mahila Swayamsiddha Sangh (GMSS), perhaps the first federation of women’s groups in India, was promoted in 1991 by Chaitanya. GMSS was registered in 1993 under the Societies registration act, 1860 and Bombay public trust act. Since then GMSS has been working with a mission to build institutions which are owned and governed by rural poor women and to ensure their access to efficient financial services. Besides offering financial services, GMSS is also involved in a number of social projects for tackling domestic violence against women through legal counselling and other support services}^\]
1.11 NEW DIRECTION THROUGH MSRLM

The Swarnajayanti Gram Swarojgar Yojana, better known as the SGSY programme, was restructured into the National Rural Livelihoods Mission by the Government of India in 2010. This reconfiguration has been a result of recommendations from stakeholder consultations with state governments, civil society organizations, bankers and academicians among other. The Maharashtra State Rural Livelihoods Mission (MSRLM) has been launched in Maharashtra in July 2011 as a registered organization under the aegis of the National Rural Livelihoods Mission (NRLM) – Aajeevika - endeavors to impact rural poverty through a range of comprehensive and strategic livelihoods interventions in a time bound manner. The Mission aims at eradication of rural poverty by building sustainable institutions of poor and ultimately leading them to sustainable livelihoods. The conceptualization and design of the MSRLM goes beyond income generation activities and employment programs to include capacity building, financial inclusion, social mobilization and marketing services as equally important elements of livelihoods enhancement. The exponential growth in the livelihoods sector as a whole, both rural and urban, combined with experiences and learning from earlier programs such as the IRDP, SGSY, etc. has led to a shift in the envisioning of the mission from an agency-beneficiary equation/relationship to a more holistic and equal partnership with the poor/communities. Building and strengthening institutions of the poor, putting in place dedicated support structures for such institutions and drawing upon their skills, knowledge and desire to overcome poverty lie at the core of the mission. To begin with ten districts have been identified on the basis of, ranking on the Human Development Index (HDI), Integrated Action Plan (IAP) districts, geographical location etc. that include Gadchiroli, Wardha, Yavatmal, Osmanabad, Jalna, Ratnagiri, Nandurbar, Solapur, Thane and Gondia as the pilot districts for the National Rural Livelihoods Project (NRLP). 36 blocks have been identified based on criteria such as percentage of SC/ST, number of BPL families, number of SHGs formed in the block under various schemes and better financial management track record/ better co operation from Banks, etc. The mission will engage poor and marginalised communities intensively in these ten districts, whereas the remaining 23 districts in the state will be covered under a non-intensive intervention strategy in a phased manner.
The Mission is implemented through structure comprising a State Mission Management Unit, District Mission Management Unit and Block Mission Management Unit. The mission envisions poverty elimination through social mobilization, institution building, financial inclusion and the creation of several models of sustainable livelihoods so that each poor family is able to secure incremental annual income. (www.umed.in)

The MSRLM Five Tier Model

The Federation structure promoted by MSRLM is similar to SERP model. All the SHGs at the village level are organised as Village Organisation (VO), then the VOs form cluster level federations, then block level federation and then district level federation successively. Currently, the VOs are formed and initial stage of cluster level federation formation takes place. At the VO level, 1-2 Community Resource Persons (CRPs) and one Village Organisation Assistant (VOA) work along with 3 office bearers (President, Secretary and Treasurer) and executive committee members. Diagram 1.2 indicates the proposed structure.

1.12 FRAMEWORK OF THE STUDY

The discussions so far have given background of the SHG movement, the factors that influenced its growth. It has examined the successful initiatives by various state governments,
delineated the growth of the program in Maharashtra and also discussed the formation of various kinds of federations. The very scale of the SHG programmes and the involvement of various stakeholders in the programme make clear the importance of the SHG strategies. Development literature sees the SHG programme as the panacea for eradicating poverty and at the same time empowers women—a point reiterated in international donor agency reports and national policy document.

The SHG movement seeks to build women capacities and provide them with the required expertise to tackle their economic and social needs. Some of the key goals of the movement are to reduce productive/reproductive drudgery by enabling women to access community resources of fuel, fodder and water, strengthening functional literacy, enabling women in decision making process and address issues violence against women. The realization of these seemingly simple goals through training and mediation with government departments, financial institutions and NGOs require a large group of dedicated development workers.

The development literature is silent on the contribution of the women development worker at the grass-root level which has the responsibility of forming and nurturing these women SHG. The successful implementation of the entire program rests on these women workers who liaise with the village women and the larger community. They are the backbone of the program. The State agencies rejoice in the success stories and credit itself, for the success of the program when they see tangible empowerment be it through a micro enterprise or a social change. In the midst of the success stories of program or of the women beneficiaries, the role and contributions of the development workers and their process of experiencing transformation is completely overlooked.

The work of the development worker is challenging. They have to win the trust and confidence of the SHG members. It is a process of transformation of an average rural woman into a dynamic leader of a movement with considerable possibilities. As the success of the programme rests on these development workers, there is a need to continuously train and sensitize them to the multiple needs of women. They have to struggle to convince the people

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10 Millennium Declaration adopted by the countries of the world during the UN Millennium Summit in September 2000 as cited in Poonacha, 2008

about the programme and develop in women their capacity of self-reliance (Parthasarthy et al, 2011). The development of the movement is also a process of personal growth. The process of enabling others to voice their rights becomes an affirmation of the self. The aim of this study is to acknowledge and document the role of the development worker (known as sahayoginis in Maharashtra). The idea is to examine their work load, responsibilities and their personal life situations so as to gain insights into their personal and professional life. The research is an attempt to find more about of this invisible workforce, who toil relentlessly with the SHG women members to make a positive difference in society. The study is conducted on sahyoginis of MAVIM in Maharashtra. The study attempts to answers some of the following questions

1.12.1 Research Questions

1. What is the socio economic background of the Sahyogini? How well has the induction and training program equipped them to handle their on job demands and work load?
2. Being at the bottom of the organization pyramid have they faced powerlessness or gaps in communicating their views to the top management?
3. With heavy work load and difficult travel infrastructure, how do the sahyoginis manage family expectations and commitments? What are the major professional challenges? Who are their support systems?
4. How has the role of a Sahyogini transformed into a process of self development and empowerment of self and is there a change in the social status in the family and society?
5. What can be considered as major achievements and contributions on fulfilling the role of a Sahyogini? What are the things that they are proud of and what are the changes that they would like to have in their job.

1.12.2 Rationale of the study

Sahyoginis are the backbone of the SHG program. It is necessary to understand them and their contribution which will help in assessing their sphere of influence. It is hoped that the study will help in analysing the support systems required by them as well as the support system created by them. It will help the policy makers and NGOs in devising policies to safeguard their interest as well as take a note of their capabilities while devising poverty alleviation or developmental programmes which they wish to run through SHG. The study will also be a medium to voice their opinions and view point which has not been noticed in
any literature so far. In order to give them their due importance in the SHG movement as well as society, it is essential to bring out their personal and professional struggles and record their lived experiences as woman. It seeks to understand the ways in which the work also empowers the Sahyoginis

1.12.3 Chapter Scheme

Chapter 1: Introduction

It gives background of the SHG movement, specifying the role of women’s organisations, policy initiatives, experimentations carried by NGO’s which helped in the evolution of the movement. The influence of the Grammen model of Bangladesh and donor agencies also provided a thrust to the movement. The scale however was achieved only when state agencies entered the foray of SHG movement. With the backing of NABARD and RBI policy thrust strengthened the SHG bank linkage model. The Genesis of SHG in Maharashtra was through IFAD funded MRCP as well as the early initiatives taken by the NGO Chaitanya in this direction. MAVIM became the implementing agency for MRCP and the many central and state schemes were subsequently merged into Tejaswini programme which was started in 2007 in all the districts of the state. With the advent of MSRLM the SHG programme in Maharashtra is envisaged to get a new direction.

Chapter 2: Review of Literature

This chapter examines different research studies conducted on the SHG programme in India. It focuses on different studies that studies indicate the growth of the movement, the impact of the SHG program on the lives of women and debate on the strategy as an effective tool for poverty alleviation and empowerment. It indicates the overlapping agendas of state governments and NGOs in this space and finally looks, at the empowerment of women. The review indicates that while there are studies on village level women workers such as the health workers, the crèche teachers and the gram sevika, there has not been adequate focus on the role of the sahayoginis. This study is an attempt to fill this lacunae. It focuses on the sahayoginis, appointed under the SHG programme conducted by MAVIM and examines their personal and professional lives.

Chapter 3: Research Methodology

Beginning with a discussion on the impact of feminist research on social science, the chapter points to the rationale for the growth of feminist research methods in researching the
lives of women. In doing so, it raises a crucial point if there can be a research method that is uniquely feminist? It points out that there is a preference for qualitative methods in feminist research, because of the need to listen to women’s muted voices. Feminist research techniques also emphasize empathy with the respondents and self-reflexivity. Based on the principles of feminist research, this study has used in-depth interviews, focused group discussions and oral history methods to uncover the lives of sahyogini’s.

**Chapter 4: Ethnographic Background of the Region and field experiences**

The 70 respondents who were part of the study were drawn from different regions representing the rich cultural diversity of Maharashtra and also areas with poor HDI indicators. The additional criteria for the selection of the respondents in each region were the number of years that they have worked for the programme. The need to describe the ethnographic background of the districts from which the respondents have been selected is because of the assumption that the context of their work is important to note the efforts that they have to make to meet the development targets of poverty alleviation and women’s empowerment.

**Chapter 5: MAVIM and Community Management Resource Centre (CMRC) : Structure and Operational Framework**

MAVIM is an umbrella organization which has a presence on all the 35 districts of Maharashtra. It functions through a complex web of networks with government departments, the district offices, banks, and NGOs. In order to achieve decentralization of the programme and enable local leadership to emerge out of the SHG programme, MAVIM has adopted a three-tier organizational model. Each SHG in a given village is made a member of the village-level cluster (VLC) that are linked to CMRC located in the Taluka. The CMRC is managed by an advisory body drawn from among the SHGs in the area. The reason why the organizational structure of the CMRC is looked into, is because the sahayoginis report to the CMRC. Therefore the organizational structure of CMRC was considered necessary to understand the professional lives of the respondents. The chapter gives details of the operational controls in place, as well as the values, mission, administrative management and process of monitoring.

**Chapter 6: Findings: Professional Work Life Dimensions of the Sahyogini**

This chapter highlights the professional work life of the sahyogini, detailing the process of recruitment, induction, training, the challenges that they face and how they
overcome them. It indicates their relationship with the authorities and their expectations from
the organization. The findings indicate the inner strengths and management skills required to
fulfil the function of working in the grassroots. It indicates how their work role enables them
to develop confidence and skills.

Chapter 7: Findings: Personal Life Dimensions of the Sahyogini

The chapter indicates the early life struggles that the sahayoginis have undergone to
acquire education and economic independence. It sheds light on their family background and
the transformation of their personalities, their vision for the future. Is this silent process of
transformation empowerment? Rather than present a theoretical discussion on empowerment,
it was felt that the process could be effectively presented through their own words and
experiences.

Chapter 8: Findings: Intersecting Boundaries: The Personal and Professional Lives of
Sahyoginis

Through the oral narratives of three sahyoginis, this chapter portrays the lives of three
sahyoginis. These women have shown exemplary courage in their personal and professional
lives to create a niche for themselves within the SHG movements. These women come from
very vulnerable backgrounds and were born to families of agriculture workers or small
farmers. They have also worked as farm labourers. Given this background, they are able to
empathize with the SHG women and take pride in the change they make to these women. The
narratives indicate the permeable boundaries between the personal and professional in the
lives of development workers.

Chapter 9: Summary and Conclusion

This chapter summarises the study as well as the findings. It also critically questions
the pitfalls of a decentralised approach of the organisation and how the sahyogini can fit in
the new role which she is envisaged to take up. The concept of empowerment as understood
from the sahyogini is also discussed.

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