CHAPTER 2
REVIEW OF LITERATURE

2.1 INTRODUCTION

The Self Help Group (SHG) movement in India started as an alternative model of credit delivery in rural India. 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 (Poonacha, 2008: 4). The SHG movement is part of the microfinance program. Microfinance is a generic term which includes a range of financial services such as micro credit, savings, micro insurance, remittance. Some of the terms, like micro credit and microfinance are used interchangeably; however, there is a distinction between the two. While microfinance includes both credit and savings, microcredit implies lending (small loans).

In recent years, microfinance has grown at a tremendous pace and has a significant outreach. The two most prominent means of delivering microfinance services in India are as follows: 1) through linkages established between banks and Self Help Groups; and 2) Microfinance Institutions (MFIs) (http://www.iibf.org.in).1 The boundaries that demarcate these two models are blurring, as commercial prospects inherent in the financial services business take precedence over the social development/poverty alleviation focus. This is primarily because, although the industry has grown in outreach and disbursements, it is still starved of adequate resources to service the estimated gap between demand and supply of funds. In addition, there is a trend visible globally of the 'commercialisation' of microfinance wherein the MFIs lend at very high interest rates without guaranteeing security of the deposits availed. (Tara Nair, 2005 : 1695).

Microfinance is an area of considerable research interest across disciplines, such as banking and finances, economics, social work and sociology. Scholars from different disciplines have examined this complex area of study from different perspectives to generate a rich body of data on microfinance institutions. The scope of this review of literature,

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1 Some of the important microfinance institutions include: SIDBI Foundation for Micro-Credit, Rashtriya Mahila Kosh (RMK) Rashtriya Grameen Vikash Nidhi, NABARD and MAVIM. Each of these institutions operate with a different policy thrust. While SIDBI facilitates entrepreneurship, organizations like RMK and MAVIM focus on poverty alleviation and women’s empowerment.
however, is restricted to one aspect of microfinance, namely the SHG movement, which is the focus of my research.

My research gaze does not examine the different kinds of microfinance institutions, nor is it concerned with financial outlay, profit and loss. Rooted in a concern for the realization of gender equality, my study is focussed on examining empowerment of women. The capacity of the movement to empower women and initiate a process of social transformation has been an area of wide research interest. Among the important studies that have focussed on this question of empowerment of women through the SHG movement are included in Parthasarthy et al, 2011, Malleshwari, 2010, Kannabiran, 2005, Waghmore 2002, and Reddy, 2002. These studies have effectively assessed the impact of the movement on the lives of women as well as the programme strategies in alleviating rural poverty.

The studies have also thrown conceptual light on the idea of empowerment. There is however a major research blindness in these studies: for while they discuss the organizational structure, management styles and delivery mechanisms, they fail to examine the perspectives and experiences of the development workers – the sahayoginis, who are the main plank of the movement. How does participation in the programme impact them? It cannot be forgotten that these are women who also come from the same socio-economic strata as the targeted beneficiaries of the movement. Many of these women begin their association with the movement as members of the SHGs; and it is a recognition of their abilities, that they are, subsequently, inducted as sahayoginis into the movement. Looking at the lives of these women, my research question is aimed at delineating the personal and professional experiences of sahyoginis.

In order to do so, the study focuses on one organization that has contributed significantly to the formation of SHGs in Maharashtra, namely, MAVIM, which is the nodal agency for promoting SHGs in Maharashtra. MAVIM has a wide outreach comprising 10,52,156 SHG women members from 11,161 villages of the 35 districts of Maharashtra and a large organizational structure in every district and taluka of Maharashtra. At the ground level, the programme is carried out by an army of approximately 1200 Sahyoginis.

Like many of the narratives on empowerment found in the studies mentioned in, Parthasarthy et al (2011) and Vasanthakumari, (2011) - I too came across stories of female solidarity among the SHG beneficiaries, indicating the success of the programme strategies. My contention is that the success of any project is not only in the planning, or its
implementation, but on the morale and commitment of the people running the programme. My aim is to examine the organization from the point of view of the sahyoginis who carry the burden of effectively executing the programme. How do they mediate their personal and professional lives? What kind of role conflicts do they experience as mothers, wives and professionals? Does the honorarium they receive for their work commensurate with their efforts? How do they view their roles as development workers? These are a few of the questions that the study seeks to answer.

The point that emerges from the review of literature is the invisibility of this vital segment of workers (who ensure the success of SHG formation in development literature). The question of her role, working conditions, experiences of the movement have remained unanswered. My research focus on the lives of sahayogini and their roles need to be contextualized within the shifting focus of development paradigm. There is a need to sieve through the vast body of development literature on SHG movements, to understand different aspects of the movement beginning with the emergence of SHG movement as an effective strategy to alleviate poverty and address the multiple needs of women. The review thus examines the following areas of research studies: 1) the emergence and growth of SHG formation; 2) its impact on socio-economic development; 3) debating SHG strategies 4) the relationship between the state and other stakeholders and its implication for the movement; and 5) empowerment of women.

2. 2 EMERGENCE AND GROWTH OF SHG MOVEMENT

An examination of studies focusing on the growth and development of SHG model of development strategies indicate differences in opinions. Some of the studies (S.U 2007, Satish, 2001 and Karmakar, 2008) see the movement as a state driven programme, while others (Poonacha, 2008 and GOI, 2008) see them as an initiative that that grew out of the survival strategies of the poor. Given the differences in opinion among researchers, it may be inferred that the movement and its strategies evolved out of several experiments and initiatives. No doubt the policies and programmes initiated by the state, as argued by Khandelwal (2007) and Dasgupta and Rao (2003), provide the impetus for its development and the scale of SHG formation. At the same time, it cannot be disputed that, the programme strategies evolved out of the ground level experiments conducted by NGOs, trade unions and women’s organizations seeking to provide a safety net for the poor (GOI, 2008 and Fernandes, 2007).
2.2.1. NGO Action and People’s Movement

GOI (2008) indicates the crucial role played by women’s organizations and trade unions in promoting women’s collectives. The report indicates, the first initiative in this direction was taken in Gujarat in 1954. The Textile Labour Association (TLA) of Ahmadabad formed its women’s wing to organise and train women from households of mill workers in sewing, knitting embroidery, typesetting and stenography etc. In 1972, this initiative was systematized by Ela Bhatt with the establishment of Self Employed Women’s Association (SEWA) – a Trade Union organizing women workers, such as hawkers, vendors, weavers, potters, labourers and small producers. The objectives of SEWA was to: (a) increase women’s income and assets; (b) enhance their food and nutritional standards; and (c) enhance their organisational and leadership capacity. In course of time, vertical linkages were created through federations like the Gujarat State Mahila SEWA Cooperative Federation, Banaskantha DWCRA and Mahila SEWA Association to facilitate marketing.

A similar such experiment in Maharashtra is described by Everett and Savera (1984) and Poonacha (2005). Prema Purao, a trade union leader, in Mumbai, sought to provide income-generation activities for the women textile mill workers. Drawing on their cooking talent, she organized these women to make food, so that they could tide over the impoverishment caused by the closure of mills. When she noticed that these women were being entrapped by money lenders, she ensured that they took advantage of the differential interest rates offered by banks to the economically vulnerable sections. Subsequently, organizing women into thrift and savings collectives, she soon began the Annapurna Mahila Bank to give women credit at a reasonable rate. In South India, Fernandes (2007) writes, the SHG collectives was formed by MYRADA (Mysore Resettlement and Development Agency in Karnataka). These initiatives set the tone for further programs and also carved a place as alternative structures of credit.

\[\text{In the study of SHG movements, the pioneering contributions by MYRADA and various other NGOs cannot be forgotten. Tanka (2012) writes that village development groups piloted by various NGOs in India in the mid-1980s (notably by MYRADA) contributed significantly to the growth of SHGS. The village level groups, through mutual consensus, worked towards providing access to credit to their members. MYRADA, for instance, taught the group members the importance of cultivating weekly savings and giving loans to each other from their savings. These groups were called credit management groups (CMGs). MYRADA staff provided training on how to organize meetings, set an agenda, and keep minutes as well as other areas vital to successful business ventures. The members were linked together by a degree of affinity based on relationships of trust and support; they were also often homogeneous in terms of income or of occupation. In 1987, they were renamed as self-help groups.}\]
Dasgupta (2010) points to the contributions made by Working Women’s Forum (WWF) in Tamil Nadu, Friends of Women’s World Banking (FWWB) in Gujarat and Bharatiya Agro Industries Foundation (BAIF) in Maharashtra in devising means by which credit could reach the rural poor. She adds that the micro finance industry in India received a boost with the success of the Grammen Bank established in Bangladesh. This encouraged the Indian government to enter the micro finance sector through the establishment of National Bank for Agriculture and Rural Development (NABARD) and National Credit Fund for Women or the Rashtriya Mahila Kosh.

2.2.2 Women’s Survival Strategies

It is apparent that women’s organizations played an important role in the development of Self Help Group strategies - a contribution that is not always acknowledged in development literature. No doubt it is possible to discern influences of the larger socio-political ideologies in these initiatives. SEWA, for instance, drew its inspiration from the Gandhian ideology of grass-roots democracies, while Annapurna experiment can be traced to the textile mill unions in Bombay. Both Ela Bhat, the founder of SEWA, and Prema Purao, the founder of Annapurna, had wide experience within trade unions. But the organizations they set up and the strategies they adopted were not necessarily determined by male leadership. It is apparent that their strategies of collectivizing women into savings and credit societies evolved out of the survival strategies of poor women who were self-employed workers. Organizations such as SEWA and Annapurna were able to draw on the strength of women. Poonacha (2008) attributes the growth of the SHG movement to the ‘informal support systems’ such as chit-funds, savings and informal loans which the poor women across the world devised in order to overcome financial difficulties and unplanned expenses. Organizations such as SEWA, Annapurna Mahila Mandal and WWF built their strategies to uplift women out of poverty by borrowing on the strategies that was part of their lives.

2.2.3 Policy Initiatives

Dasgupta (2010), Karmakar (2008) and Satish (2001) argue that these early initiatives by women’s groups to creatively adapt women’s survival strategies within a formal savings and credit frame work was possible because of changing government policies. Recognizing the failure of some of the earlier approaches to poverty alleviation, the Government of India established financial institutions like NABARD and RMK to deal with
rural and urban poverty differently. This innovative approach to poverty alleviation encouraged state and NGO partnership.

A review of development literature since the 1980s indicates that the SHG model of development grew out of a convergence of state policies/programmes and NGO initiatives. NGO organizations, like MYRADA, was able to upscale its activities after establishing partnership with NABARD. It enabled the organization to provide the village collectives that they organized, a more systematic framework.

In 1987, in response to a proposal from MYRADA, NABARD funded SHG movement to a tune of 1 million Indian rupees. The purpose of the grant was to identify affinity groups, build their capacity and providing matching grants to savings by the group after a period of 3-6 months. The success of this pilot programme emboldened NABARD in 1989 to launch an action research project in which similar grants were provided to other NGOs. Following the success of these initiatives, the Reserve Bank of India (RBI) accepted, in 1990, NABARD’s proposal of identifying the SHG strategy as an alternative credit model. NABARD, in 1992, issued guidelines to provide the framework to banks by which banks could lend directly to SHGs.

These guidelines facilitated the formal establishment of SHG-Bank Linkage Programme in 1992. Siebel and Khadka (2002) point out the tremendously important role of NABARD in poverty alleviation. Conscious of the need to reach the poorest of the poor in a country as diverse as India, NABARD has adopted a two pronged approach to its role with the principle of encouraging self-reliance and self-help. The first part of the approach is the organization of the rural poor into Self Help collectives comprising a maximum of 20 member and enabling the members to create financial assets through savings and bank linkages. The second part of the approach is to enable the group access to credit so that the members would be able to improve their income. Siebel and Khadka are enthusiastic about NABARD’s competence and enthusiasm to reach out to the poor. They state that NABARD looks at SHG as local financial intermediary which is owned and managed by the poor. SHG is first of all a financial institution for its members. At the same time, it is an organization for mutual aid, which may pertain to all spheres of life and SHGs are looked upon as agents of development. The review indicates that there were multiple influences and interventions that facilitated the growth of SHG movement in India.
The role of the state in partnering with NGOs to establish SHG-Bank Linkages cannot be delinked from the evolution of development and social welfare policies in the country since Independence. The need for people-centred development policies is mandated by the Constitution. Therefore India adopted social welfare and poverty alleviation programmes as a thrust area of its Five Year Polices since 1950s. The approach in the 1950s however was a top-down approach, which saw women as beneficiaries of welfare rather than as active partners in programmes. The 1960s was a period when studies foregrounded the negative impact of development policies on women. (Desai and Patel, 1985 : 49)

In response to the demands by national and international women’s groups, the Government of India established the Committee on the Status of Women. The report of the committee, known as the Towards Equality Report(1974) indicated the negative impact of development programmes on women. The findings required reorientation of development policies towards a more sensitive gender inclusive framework for action. The Shramshakti Report of the National Commission on Self-Employed women in Unorganised Sector addressed the whole gamut of issues facing women in the unorganised sector. It also called for financial mediating body which will provide the required support to the poor women to access credit.

Alongside with the changing policy framework to address the question of women’s development, reference should also be made to the changes in the banking sector. As Shashi Kumar (2007) and Khandelwal (2007) mention that the nationalisation of banks and establishment of Regional Rural banks facilitated the idea of extending credit access to the

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3The first 5 year plan was welfare oriented, but 5th plan had a shift from welfare to development. The sixth plan was landmark in terms of three pronged thrust on health, education and employment. The seventh plan had initiatives to bring women in mainstream of national development. Eight plan had a shift towards empowerment. The ninth plan again was historical as it had the women’s component which directed both the central and state governments to ensure not less than 30 percent of the funds/benefits are earmarked in all ‘women’s related sectors.

4The report 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.

5Shramshakti report (1988) examined the entire gamut of issues facing women in the unorganised sector and made a number of recommendations including access to credit for women in the informal sector. Other initiatives were The National Perspective plan (1988 – 2000) advocating holistic development of women. Setting up of the national Commission for women (1992), Initiatives such as Mahila Samridhi Yojana (1993), Mahila Vikas Nidhi, Rashtriya MahilaKosh – National credit fund to reach the poorest of the poor women who do not have access to formal banking systems. Other schemes such as SGSY the amended and merged version of the erstwhile DWCRA, IRDP and TRYSEM, were also launched with the objective of women empowerment.
poor. Other programs such as Integrated Rural Development Programme (IRDP) and Development of Women and Children in Rural Areas (DWCRA) also prepared the ground for the large scale launch of SHG formation subsequently.

**Dasgupta and Rao (2003)**, point out the holistic approach to development in the DWCRA prepared the ground for the subsequent establishment of SHG programmes. The DWCRA programme has advocated multiple levels of intervention, such as group economic activities, joint action for health, education and mobilization of women for social empowerment as the framework for social development. This approach was later integrated into the SHG model.

The failure of the subsidy linked programmes, as Satish (2001) argues, provided the rationale for the adoption of SHG model. In his view, the subsidy linked programmes failed because the non-involvement of people, made them dependent on the local administration. In order to de-centralize the programme, and ensure that people took charge of their own development, the government opted for 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 to form and nurture SHGs. Subsequently, programmes such as the Indira Mahila Yojana and SGSY were experimented with as key poverty alleviation programmes which provided credit and capital subsidy through SHGs to the BPL population.

**S.U.(2007)** attributes the growth and development of SHGs primarily to the failure of conventional models of rural credit such as the cooperatives. The rural credit cooperatives had been envisaged as medium of the pooling of resources of people with limited financial resources and providing them access to financial services. The cooperative movement suffered because of bureaucratic interference, regulations and political interference. The movement failed to enable borrowers to create successful production units capable of functioning in a market environment.

The 1990s was also a crucial period in the history of SHG movement, international funding agencies entered the sector. Different writers have pointed to the role of different agencies in facilitating the programme. **Fernandes (2007) and Poonacha (2011)** point to the role played by International Fund for Agricultural Development (IFAD) and Asia and Pacific Regional Agricultural Credit Association (APRACA) in promoting the SHG movement.
through MYRADA and Mahila Arthik Vikas Mahamandal (MAVIM) 6 Ghate, (2006 cited in Tanka, 2012:31) mention the entry of international donor agencies such as World Food Programme (WFP), UNDP, World Bank, DFID, Ford Foundation, SRTT and HIVO into the SHG sector.7

2.3 THE IMPACT OF SHG FORMATION ON SOCIO-ECONOMIC DEVELOPMENT

This section delineates research studies that have documented the impact of SHGs on socio-economic development. The programme is premised on the recognition that women have multiple needs. It recognizes that the process of empowerment must operate at many levels based on an assessment of women’s needs. The target of the project is to change the lives of women who work as daily wage labourers in agriculture and other allied occupations, home based engaged in piece-rate work, petty traders, vendors, weavers, artisans, cowherds and shepherds. The programme recognizes that women carry a heavy economic burden and eke a precarious living, in poorly paid work. In addition they bear the drudgery of housework, which includes fetching fuel and water, cooking, cleaning and caring for children and the elderly. Their tremendous contribution to the economy and the survival needs of their families are undervalued. Living on the edge of poverty, these women have no resources, entitlements or bargaining power and are vulnerable to multiple levels of exploitations (Parthasarathy et al 2011).

The main objective of the programme is the empowerment of women. Empowerment is a complex process which requires multiple interventions both at individual and collective levels. It is expected to transform each SHG member’s life by enabling her to identify her goal and then find the means to realize it. At the same time the programme is expected to bring an overall social transformation by enabling women to claim their rights and achieve gender equity. These processes are not as easy as it sounds. For it entails confrontations with the prevailing socio-cultural, economic and political structures of oppression. (Poonacha, 2011 : 121 - 135). The programme seeks to organize women around their economic needs by inculcating habits of savings and providing them access to credit. Subsequently to improve their livelihood options, the programme, provides them vocation training as well as training

6 The Maharashtra Rural Credit Program was implemented in 12 districts by MAVIM with assistance from IFAD (Poonacha, 2008)

7 Here a mention may be made of the support that UNICEF provided to the DWCRA programme, an integral component of IRDP. This programme as mentioned earlier provided a framework for a holistic model of development. Dasgupta and Rao (2003)
in business and marketing strategies. Subsequently it seeks to tackle the many different social, cultural and political oppressions that women face through awareness generation, legal literacy and functional education to enable them to mediate their lives. (Parthasarthy et al, 2011 : 4)

Some of the SHG programme strategies are as follows: 1) The organization of women into collectives; 2) inculcation of the habit of savings, so as to strengthen women’s financial assets; 3) establishing of bank linkages to enable women access to credit; 4) upgrading their earning capacities through technical training and knowledge of marketing/financial management; 5) raising awareness of their socio-economic and legal rights and entitlements; and 6) enabling women to collectively overcome patriarchal, class and caste inequities.

The programme strategies requires building women’s capacities and enabling them to tackle their multiple requirements. In addition it must ensure the following support structures to 1) Reduce the women’s productive and reproductive burden by ensuring their entitlements to community resources fuel, fodder and water; 2) Enhance women’s capacities by strengthening functional literacy (defined broadly knowledge of their socio-political environment and government development programmes); 3) Ensure women’s participation in decision-making process of the community (by developing their leadership capacities and ability to negotiate with the Panchayat Raj Institutions (PRI); and 4) tackle gender violence (through knowledge of the existing criminal/justice system and building linkages and ensuring the police/vigilance. (Poonacha, 2008 : 5)

Varman 2005 argues that the savings and credit facilities made available to women through the SHG-bank linkage programme, benefits not just women, but also financial institutions by enhancing savings and credit services.

2.3.1 Socio- Economic Impact of SHG Programme

Research conducted in different parts of India indicate the efficacy of the SHG programme. The programme inculcates financial discipline, up-scales women’s earning capacities and improves women’s decision-making roles in their households and communities. It enables women to use their collective strength to resist discriminatory practices in the home and society. (Mishra, 1999, Tanuja, 2004 and Poonacha, 2011).

have improved the conditions of poor households; and released them from the clutches of moneylenders. Through a village level study of Khushari village in Bandara district, Parthasarthy (2011) narrates, how poor households are liberated from clutches of moneylenders through the SHG programme. Loans given by moneylender used to be a debt trap, because of the high rate of interest charged. The availability of timely bank loans through SHG-Bank linkage has released families from fear of financial distress.

A similar account the release from the clutches of moneylenders is narrated by Poonacha (2012) through the story of Chinnapalli a poor landless labourer in Madurai District of Tamil Nadu. The story indicates that the programme saved a poor agricultural worker from bonded labour and enabled her to become a leader in the programme. There are also many narratives in the literature on SHG movement, which point to significant transformation in the lives of women through access to credit and information of business opportunity. Srinivasan (2011) describes the achievements of Shindetai, a deserted wife and a farm worker in Shirur, Pune District. Through the sheer dint of hard work, Shindetai was able to move out of poverty to a position of financial security. She was able to start a business venture in providing tiffin services to the pilgrims who visited the famous temple at Ranjangaon, where she set up her hotel.

Such stories of economic transformation are not exceptional, but rather the norm as seen in studies by Ojha (2001) Reddy (2002) and Poonacha (2011). A point to note from these studies, is that credit access and subsides are not enough to initiate change without vocational skill development programmes and effective business/ marketing support that the project provides. Elaborating on this process of social transformation Reddy (2002) writes, that it is imperative to empower women with entrepreneurial and management capacities. Empowerment is also achieved through the self confidence that women develop through interactions with professionals, bank and government officials. With improved social skills and confidence, women are able to access resources and public facilities.

It is noted that improvement in the economic situation of women also changes other aspects of their lives. It helps to improve women’s decision-making role within the family and community. As Malleswari (2010) states, it is possible to see the impact that the microfinance makes in the lives of poor women by a comparison between beneficiaries and

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8 The transformation in Chinnapalli’s life was facilitated by the DHAN foundation (Development of Humane Action) promoted by M.P. Vasamalai. Moving out of the Debt trap, Chinappali has become an important leader in the SHG movement.
non-beneficiaries. Unlike non-beneficiaries, the beneficiaries, achieve economic well-being through income generation opportunities. The changes in savings and expenditures effected through the movement contribute directly to the well-being of their families and enable them to effectively confront systematic gender inequalities. This resistance grows out of the various consciousness raising activities that that are organized under the project.

2.3.2 Initiating Social Change

Studies indicate that through their collective strength, women are able to improve their social and economic environment. Gaiha and Nandhi’s study (2007) shows that SHG members are able to collectively resist caste and gender oppression. This study conducted in Pune District provides instances when women have resisted domestic violence.

Field studies by Parthasarathy (2011) Anand (2011) and Mishra (1999) show that, self-confidence that women develop through participation in SHG activities enable them to challenge local power structures. In these instances, women not only stopped illicit liquor trade, but also changed other aspects of their lives. Parthasarathy (2011), narrates the ways by which women from Khusari village, resisted caste oppression, while Anand (2011) describes how Kavthepiran village of Sangli district, was able to stop open defecation in their village. While Mishra (1999) points out how the SHG women of Katia Khandha tribe in Kaptapalli, Naygarh district, Orissa, used their collective strength to stop gifting of alcohol between the families of the bride and groom during weddings.

Thekkakara (2011) points out that the awareness generated through women’s participation in the programme, enable them to tackle other social problems. Her study points out, women from Chakdu village in Dhule district were able to banish hunger by establishing a grain bank in the village. These women also took responsibility of providing nutritious food for malnourished children in the village.

Paralleling such initiatives to create supportive social structures that help women to counter some of the pressing problems confronting them, is a narrative from IFAD Report (2016). The report describes an initiative by MAVIM to counter the declining sex ratio in Maharashtra. MAVIM initiated a campaign called MuliJanmacheswagat (welcoming girl child). Undertaken MAVIM’s CMRC centres the campaign sought to confront overcome some of the embedded prejudices against the birth of the girl child. The strategy adopted to transform attitudes, is to felicitate the new mother of a baby girl with a sari and gift a frock to the infant. Such programmes organized with the participation of SHG women communicate
the message of non-discrimination against the girl child. The report indicates that 7381 such felicitation ceremonies have been organized in Maharashtra as of March 2016.

**Mishra (1999)** describes the subtle process of change that occurs once women are organized as a collective. As friendships and trust builds within the group, grows through collective savings and credit access, women are able to vocalize their demand for their entitlement to resources. They learn the important lesson of strength in numbers. No wonder studies by **Gaiha and Nandhi (2007)**, **Prashant (2003)**, **Poonacha (2008)** and **Puhazhendhi (2000)** indicate that the social indicators in areas covered by SHG programmes are positive. **Poonacha’s (2008)** study in Beed and Bhandara districts of Maharashtra indicates that SHG women had better knowledge and exposure than non-SHG women. There was also a marked improvement in their economic assets and annual income compared to non-members of SHGs.

**Prasant's (2003)** study, conducted in Purushottampur Block in Gunjan District of Orissa shows that SHGs have achieved financial self-discipline and collaborated with the district administration in rural development projects. Similar such success stories emerge from Tamil Nadu. **Puhazhendhi (2000)** reviews the progress of Self Help Group Bank Linkage (SBL) Programme in Tamil Nadu. The study reveals that the participation of women in SHGs made a significant socio-economic impact on their empowerment. The women members were able to increase their income level manifold and contribute to the development of their family.

### 2.3.3 Creating Social Inclusion

Researchers have appreciated the programme for its capacities to create social inclusions. **Tanuja (2004)** says that the Velugu programme conducted for Konda Reddis, a primitive tribe in Andhra Pradesh has alleviated them from poverty. The self-confidence that they developed through participation in the programme, enabled them to mediate their social environment.

**Parthasarthy (2011)** also stresses the potential for social transformation that the programme has for women from the lower castes. The study conducted in the Bhandara district of Maharashtra state that apart from improving women’s earning capacities, the programme helps to integrate women in the development process. **Mazumdar (2011)** describes an experiment in Panmargul village in Sholapur which successfully organized differently abled women into SHGs and facilitated their economic and social empowerment.
As the narrative indicates, these women with varied levels of disabilities were identified, helped to get disability certificates, provided with suitable vocational training and helped to set up business enterprises with bank loans and government subsidies. These women are now able to lead independent lives.

**Ojha (2001)** says that it is the democratic and participatory approach within SHG programmes that help to initiate social transformation and realize the all-round development of women. Therefore, as **Gurumoorthy (2000)** argues that SHG programme enhances the gender equality of the participants as well as the facilitators. The programme encourages women to take active part in socio-economic progress of our nation.

### 2.3.4 Limitations of Impact

For a realistic assessment of the programme it is also necessary to examine research studies that point to the limitations of the SHG strategies. A common thread running through these studies is that the access to savings and credit provided by the programme does not necessarily lift women above poverty. This is because of the failure by state to meet people’s basic needs. The existing limitations of the food security, health and education services force people to use the credit access to meet their basic needs, rather than initiate new enterprises. Even a cursory examination the reason why women take loans indicates that women take loans to meet expenditure incurred on health of family members and the education of children; women are not, as expected by the programme, able to upscale their economic activities by starting microenterprises.

The SHG programme in national and international forums is touted as a ‘catch-all’ solution to poverty and gender inequality. But the introduction of programme when there is a cut-back on in state investment in health and education sectors means that women are accessing bank credits to meet basic needs of the family. Given the poor quality of education in municipal schools, force families wanting a better future for their children, to seek private education for their children. The poor quality of medical facilities in government and civil hospitals force families to seek private health care facilities⁹.

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⁹ As indicated in the doctoral thesis of Suhasini Arya (2012) of economics department of SNDT Women’s University on the study “A Comparative Study of Public and Private Health Services in Mumbai Region – Availability and Utilisation Pattern”
Studies have also indicated the limitations of the SHG strategy as a poverty alleviation programme. An analysis of the annual household income and expenditure conducted in Pelhar village, Thane District by Poonacha (2011: 33-48), indicates that there was no real change in the economic status of SHG women. The programme sought to make a group of women who earned a living by loading manure from dairy farms in Pelhar onto trucks to be transported to fertilizer factories, were enabled to become contractors. Despite this subtle shift in their work status from workers to entrepreneurs there was no real change in their income.

Studies conducted on the impact of SHGs in Pune district of Maharashtra by Gaiha and Nandhi (2007) and Sooryamoorthy (2007) also indicates unsatisfactory income earned by SHG women. Sooryamoorthy (2007) says that although microfinance has brought substantial change in the lives of poor women, the question whether there is radical change in the livelihood options of women is debateable. The authors analysis on the reasons why women take loans indicates that the majority borrow to meet immediate household expenditures such as health and education, rather than to begin micro enterprises.

The reasons for the failure of SHG programmes to reach the desired goals could also be because of organizational failures. Shylendra (1998) evaluated the performance of eight SHGs for women promoted Vidaj village by the Institute of Rural Management, Anand (IRMA). The study noted that the SHGs failed to enable members to realize their potential. The reasons for the failure were attributed to organizational limitations. The facilitators of the programme had no clear idea about the goals of the programme or clarity about effective strategies. The programme was not initiated after an assessment of the women’s livelihood needs. The lessons learnt indicated that the success of the SHG programme was dependent on clear communication of project goals among the staff, field-level facilitators and the beneficiaries. The effectiveness of the programme is also dependent on felt-needs of the target group.

Karmakar (2008) says the micro enterprises initiated through the SHG programmes fails to transform the lives of women because of poor market linkages. This failure to establish market linkage has hampered the development of micro-enterprise. Therefore there is no appreciable change in the livelihood options of poor households. Galab and Rao (2003) indicate the threats to poverty alleviation programmes in Andhra Pradesh on the basis
of their study of SAPAP (South Asia Poverty Alleviation Programme, DWCRA and the CDF (Cooperative Development Foundation) programmes.

The writers state that the biggest threat to these programmes is the infiltration of non-poor into these programmes. The non-poor have the financial resources to be able to repay their loans without any additional penalty. The poor can be further impoverished by the loans they take if they are unable to make timely repayment. The peer monitoring of timely loan repayments under SAPAP and CDF programmes pressurize families to meet the deadline for loan repayment by reducing consumption or borrowing from informal credit sources at a higher rate of interest. The paper, therefore raises the important question if the microcredit programme can alleviate poverty among the poor.

In a similar critical vein the EPW Editorial (2005) says that the promise of SHG programmes is not borne out from field investigations. The programme has not succeeded in encouraging enterprise or raising income levels in rural areas. Access to microcredit does not necessarily translate itself to microenterprise. This is partly because the loans available are insufficient to start enterprises; and partly because, the necessary support services needed to develop micro-enterprise are non-existent. There are no business development services or marketing facilities available to them. More importantly the SHG programme in the country had developed haphazardly and has an uneven geographical spread. Different players from across the NGO sector, government ministries and, multilateral financial institutions, have initiated the programme. In order to meet targets, these programmes are increasingly becoming delivery channels for the distribution of a variety of products in rural areas (e.g. Hindustan Lever's mass marketing of consumer products through its project Shakti in 11 states).

Poonacha (2011a) points to the external threat that the process of empowerment undertaken by the SHG movement could face. Her study of the SHG programme in the Naxalite affected part of Gadchiroli indicates that the process of women’s empowerment could be derailed through threats from Naxalites and police raids as well as the local factional politics. The programme has to mediate through such external threats to realize women’s empowerment. Any failure on the part of the facilitators to take note of these threats could endanger women’s lives.
2.4 DEBATING THE SHG STRATEGY

This section reviews studies on the effectiveness of the SHG model of development in alleviating poverty. To contextualize the studies, it is necessary to begin the discussions by pointing to the rationale for the programme. The acceptance of the SHG model of poverty alleviation programme grows out of the limitations of earlier experiments conducted. Since Independence, Indian development policies and programmes have sought to ameliorate socio-economic inequalities. The failure of some of the earlier policies to reduce poverty necessitated the need for a more radical approach. Development strategies needed to change from a ‘top down’ approach that saw people as passive recipients of government hand-outs, to an approach that would see them as partners of progress (Miller and Razavi, 1995). As Yunus (2000) writes, ‘every human being has enormous potential and therefore opportunities should be created for every individual to identify his or her potential and utilise it to its full capacity.’ The fundamental requirement of such an approach is the need for community based programmes, rather than programmes conducted within institutional structures.

The SHG model of development evolved out of the limitations of earlier poverty alleviation programs, such as IRDP, DWCRA, TRYSEM. It was noticed that these programmes implemented to create wage and self-employment opportunities did not meet the requirements of the target group. The inherent lacunae in the poverty alleviation programs necessitated a search for a better model that eases credit delivery to the poor. The concept of social banking was therefore introduced to improve credit access to the poor. Some of the changes effected in this direction were as follows: 1) nationalisation of existing private commercial banks; 2) massive expansion of branch network in rural areas; 3) mandatory directed credit to priority sectors of the economy; 4) subsidised rates of interest; 5) creation of a new set of regional rural banks (RRBs) at the district level; 6) and a specialised apex bank for agriculture and rural development (NABARD) at the national level.

The establishment of NABARD was an important milestone in establishing public-private to take banking services out of institutional set up to the community. As an experiment, NABARD provided financial support to NGOs like SEWA and MYRADA to establish bank linkages with small collectives. The success of the experiment, persuaded

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10 These poverty alleviation programmes were designed on the assumptions that i) poor have no capacity to save, ii) poor need subsidy linked credit programmes for their development (GOM, 2009). The other problem was that ineffective target so the very poor actually were left out of the program and improper allocation of funds (Satish, 2011)
policy makers to accept the SHG model of development. Self-help group formation became mediums of mobilising the poor and enabling them access to credit to improve their socio economic spaces (GOM: 2009).

2.4.1 Programme Aims

The SHG model addresses not just the economic needs of poor households, but is also a medium to encourage community participation in forest conservation, watershed development, and nutrition and preventive health check-up programmes. It is seen as a means of empowering grass-roots communities in development projects. The SHG model is a complex model requiring a large group of trained workers, who will establish personal contact with the community and bring about change in each individual’s life as well as in the community. Such an elaborate intervention strategy requires continuous training and monitoring of the staff. It also needs coordination with various agencies, such as financial institutions, government offices and local self-governments. Additionally there is a need for technical inputs from educational, technical and marketing consultants to enable the up-scaling of microenterprises initiated in the areas. The question that remains is if such an elaborate machinery is required to target poverty. This review indicates scholars have different views on the project.

2.4.2 Effectiveness of SHG Model

Studies indicate that the SHG model is an effective strategy to alleviate rural poverty. Thankom et al (2006), argue that microfinance programmes, especially the SHG model, is effective in combating household poverty. Their study, based on national level cross-sectional household data in India, showed on the basis of an analysis of the 2001 Census that there was poverty reduction because of microfinance services. Suresh Kumar (2009) in his study on watershed management though SHG, in Coimbatore district, Tamil Nadu, concludes that institution building is vital for poverty reduction across the world. This paper focuses on the determinants of participation in SHGs and its impacts on household welfare. It indicates that the level of women’s participation in SHG activities is often constrained by the family and community; but there is no doubt that their participation has improved household income substantially. The quantity and quality of food consumed, the health of household members, and children’s education improve. Therefore, strengthening the SHGs programme is crucial for the reduction of poverty.
Rao (2007) asserts that the SHGs have performed very well in the area of thrift, saving and small personal loans primarily for non-productive purposes. But they have made little headway in promoting income-generating activities (IGAs). A major effort has to be made in the Eleventh Five-Year Plan to transplant the success stories in a few states like Andhra Pradesh and Kerala in other states, particularly in the northern states. It would be naive to expect quick successes and the prospects are that the poor in these states would remain in the shadow of hard-core poverty for a long period. The paper also suggests that the poor need additional safety nets and a decentralised approach to make them more effective.

2.4.3 Structures of Poverty

Studies have also pointed out that the SHG programme is not a magic bullet that can solve poverty. As Yunus (2000) writes, in his article ‘Empowerment and Grameen Bank’ poverty is not created by poor people, but is created by the institutions and policies that encircle them. In order to get rid of poverty, it is necessary to make proper amendments to create new institutions and policies. Kalpana (2006) cites the Grammen model in Bangladesh to argue that microfinance can be no more than a small part in the comprehensive strategy for poverty reduction. Similarly Poonacha (2011: 33 – 47 ) concludes in her cases study of the SHG programme in Pelhar village, Thane District, that poverty is not endemic to a community or people. Poverty is caused by the prevailing socio-economic and political conditions that deny people their access to resources. Poverty is also exacerbated by environmental degradation and denial of people’s entitlements to natural resources.

More critical of the programme are scholars like Satish (2001), Afsar (1989) and Sharath (2004) who point out the fundamental limitation of any credit and income generating program. The microfinance approach (including the SHG model) assumes that problem of poverty can be rectified by enhancing credit access and income generation opportunities. It does not question the deeply embedded structures of inequalities that are often enforced through existing economic policies. Therefore, despite the rapid expansion of microfinance services, the prevailing structures of inequality are left untouched. In some cases the programme contrary to expectation exacerbates the vulnerability of the poor. Microfinance, is only a tool of development, it cannot be viewed as an end in itself.

Khandelwal (2007) states that microfinance programmes is not a panacea but is one of the effective tools to help poor people from a self-development perspective. Fernandes
(2007) makes a similar point, when he says, microcredit program alone cannot help people to come out of poverty. Poverty can only be reduced through investment and infrastructure development in the area. The expansion of credit access to remote and neglected areas is not an effective poverty reduction strategy; unless concurrent investment is made in developing the area and expanding livelihood options.

Hirway (2003) and Basu and Srivastava (2005) make equally important points when they argue that the impact the SHG model of development has not been uniform across the country because of the uneven nature of development. Basu and Srivastava (2005) elaborate that the microfinance movement is skewed in terms of geographical distribution across the country. The fact that the central and north eastern states are lagging behind in the number of SHGs focuses on the challenges in these states. Huge public investments in these states are necessary for success of the SHG programmes as a poverty reduction strategy. It is only when investments are made in watershed development, small-scale irrigation, livestock upgradation, forest regeneration, can there be possibilities of improved livelihood options for millions which in turn will increase demand for credit.

Rao 2007 argues for the need for additional safety nets to eliminate deprivation. Programmes like the public distribution system (PDS) (food security), Employment Guarantee (minimal income security), SHG for saving and thrift (social mobilisation) help the very poor to get out of the debt bondage. While primary health centres (PHCs) and nutrition programmes reduce morbidity and resulting loss of efficiency and productivity, free and aided primary education and mid-day-meal scheme keep children in school giving them an opportunity to grow out of poverty. Programmes for distribution of house site and low-income group housing schemes ensure that people have shelter.

2.4.4 SHG Programmes and Poverty Reduction

Citing examples from Andhra Pradesh, the state with the highest concentration of SHGS in the country, Basu and Srivastava (2005) state that there is no statistical correlation between the number of SHGs in a given area and other poverty reduction indicators in the given village. Hirway (2003) points out that very often the poor get excluded from the BPL household list prepared by the village Talati and Sarpanch and non-BPL members are often included.
Waghmore (2002) points out Development programmes do not necessarily benefit all women equally. There is a need to recognize the caste, class dimensions that exist in society. The prevailing social prejudices against Dalits results in their exclusion from various social welfare schemes. They have been excluded from cooperative societies and poverty reduction initiatives such as Indira Gandhi Awas Yojana. In Uttaranchal, for instance, the upper caste SHG women proposed a ban on wood-cutting and grazing cattle on the village commons as part of the village development activity. This decision adversely affected Dalit women of the village who depended upon the village commons for fuel and fodder. Waghmore, concludes NGO interventions and development programmes initiated through SHGs can have an adverse effect on Dalit women.

Deshmukh-Ranadive (2004) makes a similar point when she states that the coverage of the poor is low and non-poor high in SHG programmes. As vulnerable women, they are not in a position to assert their claims in poverty alleviation programmes. Moreover, poor women are economically dependent on the upper castes and they do not have the collective strength to resist domination. SU (2007) concludes, after examining major poverty alleviation programmes (beginning with the cooperative movement and subsequently other government initiatives such as the IRDP and TRYSEM) that the poor have been excluded from formal credit network. This is because of the inherent bias against them within mainstream lending institutions. These attitudes have negatively affected the role of self-help groups in poverty alleviation programmes.

Making a similar assessment of the microfinance programme in Bangladesh, Rehman (2009) argues that microfinance has failed to achieve its object of poverty reduction, as micro loans are not sufficient to start sustainable micro enterprises. The study reiterates that small amounts credits available through microfinance cannot generate income and thus its poverty fighting power of microfinance is limited. Khandelwal (2007) also feel that extremely poor people, caught in a cycle of malnourishment, illnesses and with poor skills cannot be the target for microfinance programmes. The problems of such people have to be tackled at the government level through an appropriate mix of welfare measures.

2.4.5 Creating an Effective SHG Programme

Thankom et al (2006) say, to enhance the efficiency of the SHG programme, there is need for careful monitoring of loan usage, and simultaneously improve productivity. Such
strategies alone can help poor escape poverty. They could also build assets to tide them over any unexpected expenses. But since the majority of the poor households are very vulnerable there is a need to strengthen the programme not just in rural areas but also urban. Galab and Rao (2003) also stress the spread of an accelerated economic growth was necessary for reducing poverty. The success of poverty alleviation programmes was also dependent on peoples’ participation at the grass-roots. Therefore it was essential to ensure that the ‘chain of intermediaries’ do not obstruct development benefits reaching the targeted beneficiaries. And finally while arguing for reduction in transaction costs of the programme so that the very poor could also benefit from it, Arunachalam (2005) says the success of the initiative is dependent on the commitment of the facilitators of microfinance programmes.

2.5 CONTESTED SPACES, OVERLAPPING AGENDAS

The entry of the state into, what was essentially an NGO outreach programme, has enabled the rapid expansion of the programme. The total outreach of SHGs in Maharashtra as NABARD (2016) is 789,158 SHG which have been linked to banks. The Microfinance Taskforce report of state of Maharashtra (2009) also points out that there are multiple state agencies involved in the programme. Apart from MAVIM which is the prime nodal agency for establishing SHGs in the state there is also the District Rural Development Authorities (DRDA) as well as NABARD. There are SHG programmes in the state such as Jal Swaraj programme, the Women in Agriculture programme and SHGs promoted by Health department. In addition many of the subsidy related development programmes of the government are funneled through the SHG programme The SHG programme activities conducted by these departments are either undertaken directly by the concerned department or through sub-contracting of the work to NGOs.

The organization and functioning of the programme is complex. MAVIM, for instance, is registered as a corporation. Yet its remains a programme undertaken by the Department of Women and Child and is bound by the rules and regulations of the Department. MAVIM functions through a complex web of checks and controls. On the one hand, the financial autonomy of the corporation is ensured through the creation of a corpus fund by the state, on the other, it needs to negotiate and implement its programmes through cooperation and mediation with various departments of the government such as the

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11 The total number of SHGs linked with Regional Rural banks, Cooperative Banks and Commercial banks in the state of Maharashtra as on 31 March 2016 as given in Status of Microfinance in India 2015 – 2016 of NABARD
departments of rural developments and tribal development through whom they receive funds for specific activity. MAVIM also implements schemes such as ‘Skill training for women’ for which it has received funds from Women and Child department. The Other schemes currently run by MAVIM include MSRLM\textsuperscript{12}. It also runs the scheme on ‘Minority Women Empowerment Programme’\textsuperscript{13}. The other scheme is Convergence of Agricultural Interventions in Maharashtra (CAIM)\textsuperscript{14}. In the past it has implemented schemes such as Tribal Sub Plan (TSP) sanctioned by the Tribal Development Department, SGSY since 2001, Ramai Mahila Shakshamikiran (RMS) initiated by the department of Social Justice, Krushi Saptak Yojana through Agricultural department (\textit{Poonacha, 2008 : 16 -17}). Schemes such as SGSY, TSP have been merged into the IFAD supported Tejaswini programme which was launched in August 2007.

There are ambiguities in the service conditions of the staff, for while the main officers of the organization are civil servants many of the programme officers are appointed on contract. More to point is the complex nature of the programme delivery mechanism. The single most negating factor in the SHG programme in Maharashtra is the absence of a cohesive programme with a well thought out policy and implementation strategy. Instead there is a competitive formation of SHGs by various departments of government which often work at cross purposes with each other. In states where the SHG programme has been successful, a single agency has been identified and works for the development of the microfinance sector and receives complete support from the government notably Kudumbashree Kerala State Poverty Eradication Mission, Mahalir Thittam programme by the Tamilnadu Women’s Development Corporation in Tamilnadu, Velegu programme by the Rural Development Department in Andhra Pradesh (\textit{Microfinance Task Force Report of State of Maharashtra, 2009: 34}).

\textsuperscript{12} MAVIM had entered into an MOU with MSRLM from 17th April 2013. MAVIM is engaged as an ‘IMPLEMENTATION AND TECHNICAL PARTNER’ MSRLM in 6 Block of 3 district Thane (Bhivandi, Shahapur), Solapur (Malshiraj, Mohal) and Gondia (Salekasa, Tiroda). MAVIM will support 295 villages and 1972 existing SHGs and will expand in 694 villages in upcoming 3 years (www.mavimindia.org)

\textsuperscript{13} MAVIM & Maharashtra state Minorities Commission, Mumbai have taken a project called “Minorities women Empowerment Program” for the selected pockets of Mumbai and eight districts of Maharashtra

\textsuperscript{14} The six districts in the vidharbha region where the CAIM is operational are Akola, Amravati, Buldana, Washim,Yeotmal, Wardha. The overall goal of CAIM Programme is to "contribute to the development of resilient production, sustainable and diversified household, on- farm and off-farm livelihoods, allowing households to face production and market risks without falling back into poverty and distress. The SHG and the CMRC development component will be the overall responsibility of MAVIM through its district offices.
The programmes are partly undertaken directly by the organization and partly through sub-contracting to NGOs. This partnership between the state and NGOs is assumed to have the following advantages: 1) It enables the rapid expansion of the programme to remote areas; 2) it ensures efficiency in human resource management, since it means that the state need not recruit more staff to initiate programmes into remote areas; 3) it ensures efficiency and transparency in functioning; 4) it enables the state to tap the rich field experiences that the NGOs have in the community; and 5) the partnership can ensure public scrutiny of the programme, since the programme implementation and monitoring are undertaken by multiple stakeholders.

This section examines the ground-level implication of the partnership by looking at various research studies that have examined the partnership. Some of the questions raised in the section are as follows: 1) How effective is the partnership in the implementation of the programme; 2) does the partnership ensure a better delivery of services to the people? And 3) what are the fault-lines in the partnership? In other words, are there areas of contestation and conflict between the government departments, corporations and the NGOs?

2.5.1 Assessment of Government Initiatives in SHG Formation

Tanka (2012), Basu and Srivastva (2005), Satish (2005) Karmakar (2000) Shylendra (2006) and Nair (2005) see the SHG programme as an important development strategy. They state that the programme has grown out of the ground level initiatives of various NGOs and people’s organizations. Nonetheless, the up-scaling of the programme through government interventions, with its massive resources, has made a decided impact at the ground level. These interventions by different state governments in the country have given the programme form and stability. It has enabled the transfer of resources to the people through credit and savings schemes. Equally important are the facilitative services, such as vocational and skill training programmes and marketing support, that state governments can organize.

Tanka (2012) writes, the programme has become a major development strategy because of the entry of state and central governments into the SHG/microfinance sector. It has facilitated poverty alleviation, financial inclusion and women’s empowerment. Basu and Srivastva (2005) appreciate the role of SHG bank linkage programme, particularly, the role of NABARD in promoting its sustainability, by providing leadership, good policy and regulatory framework. The other stakeholders responsible for the growth of the SHG-Bank
linkage programme are the NGOs, commercial banks, RRBs and even cooperative banks. Banks work either through NGOs to establish SHGs-linkages with their nearby branches or are directly involved in the programme.

According to Satish (2005), Karmakar (2000), Shylendra (2006) and Nair (2005) the focus of development planning is on up-scaling the programme to reach remote areas and also improve efficiency of the programme. Sriram (2005) gives credit of up-scaling the programme to state and central governments. State government as well as central governments have extensive resources which they have deployed for the programme. These state run SHG initiatives, aimed at poverty alleviation and the empowerment of women, have been within the blue prints of international agencies that provide the financial resources through state governments. Substantiating these findings is the study by Jairam (2007). He writes that the Andhra Pradesh model of SHGs has shown that a state driven programme can be innovative and committed. He therefore writes ‘efficiency is not the monopoly of the private sector nor is the sensitivity the presence of civil society’.

2.5.2 Critical Assessment of the Role of the State

This appreciation of government interventions is not necessarily shared by other writers. They feel, that because the resources that is available to the state/central governments is extensive, the government entry into the sector makes it difficult for non-state players to initiate SHG programmes without state support. Government interventions do not necessarily result in complete transparency or smooth functioning of SHG programmes. Governments, with their resources, power and outreach, sometimes use arm twisting tactics to ease out competition from private sectors or NGOs. Citing the example of Andhra Pradesh, Ghate (2007) points out that the state-run Velagu programme has run into many controversies. One serious allegation is the misuse of state power to close down certain branches of MFIs (SPANDHANA and SHARE) on the pretext that these programmes are charging ‘deceptive interest rates.’ According to Ghate (2007) the real motive of such allegations levelled against these programmes was to eliminate competition by private players and ensure the success of the state sponsored programme. During the 2006 elections, the ruling party sought to showcase the Velugu programme as its initiative to provide ‘cheap credit’ for the poor. These unfair tactics by the state government has resulted in conflict between the state and other players.
Reiterating these findings, Shylendra (2006) highlights the struggle of microfinance institutions and their structural problems in Andhra Pradesh. He writes, that in Andhra Pradesh, the state and civil society organisations have been vying for the same space in microfinancing. The district authorities in Andhra Pradesh closed down 50 branches of two major microfinance institutions in the state. The reason behind the closure was that the MFIs were charging very high interest rates and the NGOs were aggressively poaching into the SHGs formed by government institutions and banks. The state government viewed MFI institutions and SHGs promoted as financial intermediaries for the poor as potential threat to the state run programme.

A more serious criticism of the state and civil society partnership through the SHG programme is levelled by Thomas et al (2010) through their study of the Kudumbashree programme in Kerala. The Authors highlight the difficult choices that NGOs have to make when they enter into a partnership with state agencies. NGOs find their role is extremely difficult because entering into a partnership with the state would mean that they become development agents of the state and work within the prescribed guidelines of the state. This would restrict their activist role of opposing any political move that may not be in the best interest of people. Therefore they find working with the state as development agencies would effectively restrict their struggles for a more equitable society. By staying out of a programme which promises benefits to the people would mean that their effectiveness in the community would be limited.

Ray (2008) also points to the fissures that exist in state-society interaction through his analysis of the SGSY programme. The SGSY programme was implemented as a rural poverty alleviation programme that would mobilise the poor. However there were serious limitations in its policy framework and in its implementation. The SGSY programme could neither become an effective poverty alleviation programme nor socially mobilize poor communities. As he explains, under the SGSY scheme, poor women’s collectives were treated as allies of the state to realize social mobilisation from below. In reality, these SGSY collectives could not be effective in their efforts to mobilize because they could not go beyond the state defined parameters of action. Therefore, instead of becoming agents of social change or intermediaries with transformational potential, women’s collectives remained nothing more than financial intermediaries.
2.5.3 Importance of Partnership

Khandalwal (2007) however feels that the programme cannot succeed without this partnership. His study points out, that banks and other financial institutes need to work in tandem with other players, such as the MFIs, NGOs, agribusiness houses and other organisations in micro credit, to ensure effective contact with grassroots communities. These organisations have established a vast network of contacts with local communities and have a better understanding of the credit needs of their clients. They also have an idea of the cash flows of the clients. This helps to better target client groups and low default risk in repayments.

Ray (2008) adds, the inherent deficiencies in the SGSY model are aggravated by the absence of a pro-poor and pro-active rural development administration that could provide critical support services to the targeted group. This resulted in the failure of the programme that was aimed at creating a state-society synergy. The programme was also unable to develop the required positive vertical linkages that would link poor communities with societal resources (such as banks, educational and vocational training institutions and marketing services. The programme can become successful only if the socio-economic, political and even the geographical contexts of groups are taken into account in the planning and implementation strategies of this complex development strategy which requires the participation of multiple stakeholders.

There is also a need for partnership between state and non-state actors for the success of such programmes. Partnership with organizations such as Self-Employed Women's Association in Gujarat or the Working Women's Forum in Tamil Nadu are necessary to enable groups of poor women to become effective agents of development.

Pallavi and Ramkumar (2002) have also reviewed the available empirical evidence on NGO led micro credit programmes across various developing countries. The review indicates that NGO led micro credit programs such as Grameen Bank have been successful in reaching their target groups of poor more effectively than the state led programme and institutions.

2.6 SHG PROGRAMS AND EMPOWERMENT OF WOMEN

Seen as an effective strategy for socio-economic transformation, the SHG programme has been adopted by governments across the developing world. Poverty alleviation and empowerment of women are the core objectives of the SHG programmes. It is assumed that
enabling women access to credit and savings would not only help poor households tide over unexpected expenses, but also give them the leverage to improve their income by initiating new economic ventures. There is an implicit assumption that improvement in women’s financial status would gradually help to improve their status in the family and community. This change according to Basu and Srivastava (2005) is achieved by increasing a woman’s awareness of her social and political environment. The saving and credit collectives of which she becomes a member, generates a sense of the self and a collective spirit that can be harnessed towards social transformation.

The question that has interested microfinance and gender experts is what constitutes empowerment? What does empowerment mean to the individual woman and what does it entail for the collective women? How does the programme seek to initiate the process of social change? What are the factors that facilitate the process? What additional inputs are required to ensure that the goals of empowerment are achieved? Literature review indicates, a rich and varied understanding of these questions. This section seeks to delineate some of the emerging debates on these questions and further points to some of the threats to the programme.

2.6.1 Problems of Definition

Empowerment as conceptualized by the programme as comprising two aspects: 1) It is aimed at changing the life situation of the individual woman; and 2) it seeks to enable women as a collective to claim their rights and entitlement. The empowerment of the individual women is envisaged as enabling her to identify her goals in life (both immediate and long term). These are personal life fulfilling goals. Ranging from improved standard of living to educational and economic advancement, these goals may vary according to her perceived priorities and may change over a period of time. The process of empowerment then enables her to strategize her goals and find the means to fulfil these goals in achievable terms. At the group level, the process of empowerment should enable to group to utilize their collective strength to negotiate and mediate gender equality concerns (Parthasarthy et al, 2011 : 12).

Scholars agree that it is difficult to measure empowerment. The process of empowerment seeks to enhance access to entitlements within the family and community. It also seeks to ensure women have decision-making power over their lives, and in the socio-
economic cultural and political areas of their community. From a superficial enquiry it would be difficult to measure any one or all these aspects. For instance, it cannot be assumed that women’s participation in the electoral process is indicative of their political empowerment, since women may have been co-opted and manipulated by major political parties (Kannabiran, 2005; Batlivala 2013). Similarly it cannot be assumed access to credit and savings enabled by the programme changes women’s status in the family. For access does not necessarily mean control. The decision on the utilization of loans may still remain with the men in the family (Goetz and Sengupta, 1996; Harper, 2007). Moreover, what may constitute empowerment in one particular context may be disempowerment in another context. For instance, cosmetic companies sometimes approach SHG groups to sell their products in rural areas. This may have the economic potential of improving women’s income, but the extent to which improved income empower these women or initiate social change remains doubtful.

It is therefore difficult to measure empowerment by listing down a few indicators, such as social political economic or cultural. Empowerment is an all-round process that may be subtle and not easily measured such as the increased level of confidence in each woman or it may be clearly visible when women are able to assert their rights and claim their entitlements over household and community resources. It is also a relative phenomenon as what is empowering to one woman can be the cause of oppression to the other woman. For instance, Waghmore (2002) points out that there are class, caste dimensions to what constitutes empowerment. In Uttaranchal, upper caste SHG women proposed a ban on wood-cutting and grazing cattle on the village commons as part of the village development activity. This decision adversely affected Dalit women of the village who depended upon the village commons for fuel and fodder. Sensitivity is required to recognize the caste and class dimensions of empowerment. As argued by Malhotra et al (2002) that although empowerment has been identified as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment.

2.6.2 Defining Empowerment

Galab and Rao (2003) discusses the 3 dimension of empowerment. They are 'power to', 'power with' and 'power within'. The 'power to' dimension of empowerment indicates the power of women to control their lives. This includes power to survive, control over their
labour and access to family labour, access to and control over resources, freedom to move and interact, access to leadership positions, control over reproduction and control over body. The 'power with' indicates the collective power of women members to negotiate their gender, caste, class and other interests vis-a-vis institutions of the market, the state, and the community. This includes collective interventions in the institution of family, community, market organisation, the state including statutory local bodies. The third dimension 'power within' indicates the strategic gender awareness. An indicator of the 'power within' at the individual level is the ability of women to challenge gender related attitudes and social norms in their own personal lives. Another indicator of the power, women gaining at a deeper level, is the perception of others on women's confidence, assertiveness, and independence. While Krishna 2003; Grootaert 2003 argue that this process is through the social capital and social networks that are created. This enable women to make effective life and community development choices. The increased choices that women have provides the space for their empowerment.

Parthasarthy et al (2011) have sought to capture the many dimension of empowerment in a collected volume of case studies. These case studies document empowering experiences of women from different parts of Maharashtra and indicate the difference that women’s collectives make in different areas of community life. It may be through a collective decision to participate in a village sanitation programme or through the establishment of a grain bank to ensure banish hunger and want from the village.15 The book highlights the effectiveness of the programme organized by Mahila Arthik Vikas Mahamandal (MAVIM).

2.6.3 Role of Credit Access in Empowerment

An important point of enquiry in research studies on SHG movements is the extent to which improved access to credit and savings improves women’s status. In other words, to what extent does the programme facilitate women’s empowerment? Do NGOs, as Padhi (2003) asks, provide any special empowerment programmes for women in thrift and credit

15Kavthepiran is a village in the Sangli district. In 2005 it clinched the Nirmal Gram award at national level and state award for the best village under Sant Gadge Baba Gram Swachata Abhiyan. Some year back, liquor dens and open defacation was a major problem in the village. The total sanitation campaign was started by the Self Help Groups and was formally launched in 2001. The ZillaParishad supported the initiative and gave direction to the movement and ensured that there was peoples participation. The village currently boasts of all women Panchayat and the village is totally free of open defecation. The other women’s collective was the starting of the Grain Bank in Chakdu village which is at the foothills of Satpura in Dhule district. In November 2004 the tribal SHG women decided to save 15 kgs of jowar each and collect 250 gms extra for each kg that was given on loan. The grain bank became a major success and in 2006 they had a corpus of 990 kgs.
groups? He argues whatever the limitations of the training programme, the programme remains a commitment to group values. The existence of such values ensures repayment of loans a point that bankers need to appreciate. Vasanthakumari (2011) feels that the micro-enterprise development activities initiated through the SHG programme becomes an important mechanism to empower women. The organization of poor women into groups, expands the options available to them for their development and also provide them with opportunities to develop their confidence and skills. This in the final analysis improves their status and is able to change societal attitude towards women.

Jairam (2007) says that SHGs are not merely networks for confidence-building and women’s empowerment alone. The SHG programme becomes the vehicle through which new economic opportunities are accessed. For instance, women in Godavari District of Andhra Pradesh have been trained in lace manufacturing and linked to export promotion council. This has given them new economic opportunities. Hashemi et al. (1996) studied the performance of micro credit programmes run by the Grammen Bank in Bangladesh. They have concluded that women’s accesses to credit have significantly increased their economic contributions to the family and have increased the likelihood of household assets purchased in their name.

Poonacha (2005), says that when women are economically self-reliant, they are able to contribute directly to the well-being of their families and play a more active role in decision-making in the family and are able to confront effectively systematic gender inequalities. As pointed by Deshmukh-Ranadive (2004) access to credit has enabled majority of women to expand or strengthen their existing traditional activities and a smaller proportion of women have taken up new occupations. The extra income is spent on better nutrition for the children and on health care for the family. Kitchen gardens have enhanced the overall nutritional status of children and mothers. Self-help groups had an impact on poverty alleviation, empowerment, social inclusion and participation in the political process. However, gender poverty measured in terms of gender bias with respect to norms of eating, male preference in distribution of food and access to clothing has not declined significantly. But food security of member households improved after participation in groups. There are improvements in school enrolment, attendance, drainage facilities, toilet facilities and access to electricity and gas.

In an earlier study, however, Deshmukh Randive (2003) had argued that micro credit services make only a marginal impact on the lives of women by improving their livelihood
options; it does not change their macro or domestic situation. Based on her study of the Velgu programme of Andhra Pradesh, she argues, changes in women’s income generation capacity does not alter her status in the family because of pre-existing age and gender hierarchies. Norms governing family, kinship and lineage ideologies and as well as socio cultural norms determine the status of a member in a household. Additionally, poor women from Dalit households find themselves thrice discriminated by their class, caste and gender.

An important point of departure is the study by Goetz and Sengupta (1996) entitled Loan Use in Rural Credit Programmes in Bangladesh. The study enquired into the level of control women had over the loans received through microfinance services. It found that very often the loan amount was controlled and invested by men in their families, while women were left with the responsibility of repayment. These findings indicate that there cannot be a direct correlation made between access to credit and women’s empowerment. Before making such a correlation it is important to raise the question on who controls the loan and to what purpose it is put. The study points out that a high degree of male control of loans can delay the possibility of women’s empowerment. Women do not necessarily gain control over household income and it can even have a negative impact on household survival strategies. For if men invest loans badly, women will be forced to cut household consumption expenditure to mobilize resources to repay the loans. They may even be forced to borrow from other sources at a higher interest rate to repay the loans.

Harper (2007) makes a similar criticism of microfinance as an instrument of women’s empowerment. He argues that women lose control over the loans that have been taken in their names. This loss of control increases not only their vulnerability but also becomes an additional burden. This loss of control takes place more in rural areas where their mobility, occupational choice is limited. The author therefore argues that pressure of repayment and fear of social sanctioning from other members in the group contributes to lessen their courage and entrepreneurship.

In a slightly different vein Sooryamoorthy (2007) points out that although microfinance programmes are instrumental in bringing about substantial changes in the lives of the poor women. The questions raised are whether access to credit from microfinance programmes enables women to become active players in their own economic life. Based on the data from Kerala on loan use pattern the author says that the large majority of women borrow to meet their immediate needs, such as consumption needs, health care and education
rather than for self-employment or micro enterprises. Only a minority group of women seek to upscale their economic activities.

Guerin Isabelle (2014) examines the effect of debt on the SHG borrowers. While much study has been done on the impact of credit on the borrowers, it has not been looked from the prospective of debt. According to the study, debt can sometimes be seen as a factor of impoverishment, a symptom or a factor of crisis, and sometimes as a force for investment and development, empowerment, and hope. For there are good and bad debts: those that release, liberate, and enrich, and those that enslave, subjugate, and impoverish. How debt is used reflects the continuing and probably growing tension between the weight of social institutions and aspirations of autonomy. Female microcredit clients often combine several loans: microfinance organizations talk about “cross borrowing” and often tend to consider this as a symptom of over indebtedness or mismanagement.

2.6.4 Preconditions for Empowerment

Given this limitation of microfinance access to radically alter women’s situation, the question that arises is if there are any additional inputs required to make SHG movement an important poverty alleviation programme and ensure gender equity. As Kabeer (2005) states microfinance is not a magic bullet for women’s empowerment. There are, she says, ‘no magic bullets in the policy world, development or otherwise.’ The financial services provided through microfinances --like the provision of any development resource-- represents a range of possibilities, rather than a predetermined set of outcomes. Which of these possibilities are realised in practice will be influenced by a host of factors, including the philosophy that governs their delivery, the extent to which they are tailored to the needs and interests of those they are intended to reach, the nature of the relationships which govern their delivery and - that most elusive of all developmental inputs - the calibre and commitment of the people who are responsible for delivery. The design of financial services to the poor should be based on an empirically-based understanding of the relationship between context, approach and impact. Swain and Wallentin (2009) make a similar point when they state that the empowerment of women cannot take place only through improved access to financial services, there is a need to change the existing social norms and cultural practices that inculcate and enforce women’s subordination.

An equally important criticism on the limitations of the SHG programme is made by Kannabiran (2005) when she says that microcredit strategy cannot eradicate poverty. Lack
access to credit is not the only problem faced by the poor. It is one of the many layers of
deprivation that poor communities face. To eradicate poverty there has to be concerted
policy changes, that would assure the community of food security, good health care and
education services. The programme must organize women to understand and confront the
violence of their reality-- a violence based on gender, caste and community as well as
political corruption and a failure of governance. Women need the information to question
and call to account their governments for failures of vision and performance. They need to be
empowered to understand and act against the fundamental factors responsible for their
subordination. In order to initiate this process of social transformation, Kannabiran argues,
there is a need for a broader community based approach to address the multiple class, caste
and gender violence.

There are deep-rooted socio-economic and political problems in society that enforce
inequalities and deprivations. The denial of rights and entitlements of the poor, cannot be
resolved only through participation in microfinance programmes. The SHG movement as it is
now organized, aims to provide micro solutions to a macro reality. They may satisfy the
immediate practical needs of women. But in the long run prove to be a short term solution.
Without political, social and cultural re-visioning, the programme can only enforce women’s
will only serve to perpetuate the subordination of women. Those who argue that women need
credit to put their children in schools and pay for private health services conveniently forget
to question the state about its responsibility in providing good education and healthcare free
of cost remains unasked. She concluded her argument by asserting that measures such as
micro credit and self-help serve to distance women from citizenship and political action while
retaining their utility as vote banks. She argues that Self-help as it is understood today is a
project that aims to provide relief while masking the causes of the malaise.

Burra et al (2005) reiterates that micro credit through SHGs does not alone result in
poverty reduction or empowerment. It raises fundamental questions on economic
empowerment and whether it results in additional burden. There is a need of an integrated
strategy wherein the SHGs not only do savings and credit activities but also engage in gender
specific interests such as (rights of women to land, equal wages for equal work of equal
value) leading to a social action plan. The study reveals that increase in income for poor
households does not necessarily translate into better education for children or girl child. The
study highlights that expansion or launching of economic enterprises may increase the work
burden of children particularly girl children. The enterprise related work of the mother may
mean that the burden of domestic labour is thrust on the child and high chances of school dropout.

2.6.5 Threats to Empowerment Programme

Kannabiran (2005) and Batlivala (2013) point to threats that the programme faces by political interference. Batlivala states political parties and ruling regimes have entered the movement as a means of gathering political clout. They have succeeded in constricting the concept and practice of women empowerment into narrow and politically manageable arenas. As a consequence, the agenda set for SHG groups do not go beyond credit and savings activities. Women leaders emerging out of these groups may be co-opted into the reserved seats for women in local self-government bodies. This participation by women is seen as their political empowerment. This limited role that women play does not necessarily change the pre-existing power hierarchies in the village. It, in reality allows for women’s co-option and manipulation by dominant political interests and at the same time increase women’s workload burden. For women are expected to participate in the socio-political domain thereby reducing their productive or reproductive labour. These additional compulsions can become new forms of gendered violence and control.

2.6.6 The Impact of the Programme on Development Workers

The key question that remains is the impact of development programmes on the lives of women who are employed by the programme. These women carry the burden of the success of programmes such as the SHG programme, primary education and health care. They come from the same socio-economic class as the beneficiaries of the programme. How do they perceive the programme? And to what extent does the programme give them power and autonomy? Bhoite (1987) analyses the roles of women employees in rural areas. These women development workers, nurses, gramsevikas, health and family planning workers and auxiliary midwives have the responsibility of initiating change in values in a community that is deeply hierarchical and steeped with outdated norms. Although each of the services are different, they face similar constraints and resistance when they challenge outdated mores and practices. Their work often leads to confrontations with existing familial and social conditions.

These confrontations with the local village power elite may pose threat to their personal safety. The field level workers of the various government programme have to travel in unsafe conditions to meet clients and fulfil targets. In addition they get no reprieve from their family
responsibilities. Anne Goetz (2001) brings on how women development workers have to often challenge their own internalized sense of inferiority while also challenging the gender-related subordination of their women clients. The study investigates the ways in which different organizational structures, practices and cultures influence the capacities of women workers to fulfil programme goals. The programme does not transform the women beneficiaries alone but also transforms the lives of the field workers.

**SUMMARY**

The chapter has pointed to the invisibility of the development worker in the development literature. Although certain studies have focused on nurses or gramsevikas no research has been conducted on the role of sahyoginis in the SHG movement. The study undertaken is with a view to fill this lacuna. Various scholars have pointed to the different aspects of the SHG programmes. The review of literature broadly looked at the emergence of the SHG movement, the social impact of the programme, it has debated on the strategy being used for poverty alleviation, it has also looked at the confronting and complementing role of the NGOs and state governments in the SHG space and questioned the process of empowerment. It has brought forth the question of impact of the programme on the development workers.

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