CHAPTER – III

SELF HELP GROUPS IN INDIA

1. Background of Self- Help Groups (SHGs)
2. Success story of other countries and Karnataka States.
3. History of Self Help Groups (SHGs)
4. Role of NABARD.
5. Role of NGOs.
6. Progress of SHGs.
7. Problems of SHGs.
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CHAPTER – III

SELF HELP GROUPS IN INDIA

An attempt is made in this chapter to provide genesis and development of self-help groups (SHGs) in India. Background of SHGs. Success stories of other countries, history of SHGs, role of NABARD, role of NGOs, progress of SHGs, SHGs organized by government, NGOs, cooperative banks and women themselves.

BACKGROUND OF SHGs:

During the last five decades several programs have been implemented in the country to address the issues of unemployment and poverty in the rural areas. These programs have reached a large number of rural poor. Due to some of these initiatives poverty levels in the country have come down from 56 percent in 1973 – 74 to about 27 percent in 1999 – 2000.1 While this achievement is by no means insignificant, the absolute number of rural poor continues to remain static at about 250 million persons.

In order to help the enterprising rural poor, who have aptitude for self-employment and do not therefore, like to participate in the wage employment programmes, the Govt. of India has launched the Swarnjayanti Gram Swarojgar Yojana (SGSY) on April 1, 1999.2

This programme is aimed at assisting the poor realize their latent entrepreneurial to their improve their economic condition.

In fact, it has been designed on the basis of the lessons learnt in the implementation of the erstwhile-integrated rural development program (IRDP) and four specific programmes. Such as training of rural youth in
self-employment (TRYSEM), development of women and children in rural areas (DWCRA), etc.

**Swarnjayanti Gram Swarojgar Yojana (SGSY):**
The objective of this program is to assist the rural poor, particularly women and youth with aptitude for self employment by organizing them into self help groups (SHGs) and building their entrepreneurial capacity, providing them technology, credit and marketing support development activity clusters and infrastructure. The beneficiaries under this program are called swarozgaries. The focus is on vulnerable groups among the rural poor. At least 50 percent of the Swarozgaries have to be drawn from among the scheduled caste and scheduled tribe communities.  

A Self Help Group is defined as “Voluntary group valuing personal interaction and mutual aid as means of altering problems perceived as alterable, pressing and personal by most of its member.”

NABARD has defined SHG as follows “SHGs is a homogeneous group of rural poor voluntarily formed to save whatever amount they can conveniently out of their earning and mutually agree to contribute to a common fund of the group to be lent to the members for meeting their productivity and emergent credit needs.”

**Benefits of women’s SHGs are stated below**

1. Inculcation of spirit of self effort and self reliance among women,
2. Enables women to form to forum exchange ideas experiments,
3. Providing opportunities to women to engage in productive work,
4. Fostering spirit of cooperation among women,
5. Providing opportunities to acquire skills,
6. Promoting awareness,
7. Providing confidence,
SUCCESS STORY OF OTHER COUNTRIES:
1. BILQUESS RAFEEQ:
A limited attempt is made in the following paragraphs to describe success stories of SHGs in India and abroad.

Bilquees Rafeeq’s family is one such example. Bilquess lives with husband and four children in Kalina, Lahore, now in Pakistan. Four years ago Bilquees husband was unemployed Bilquees recalls the biter days when she would desperately think of ways to arrange the next meal for her children, often, they had to go to sleep on an empty stomach. Reflecting upon those days Bilquees says, “My children would cry all night and I would be completely helpless.” Bilquees and her husband would often argue with each other, domestic life was far from pleasant.

Her bank manager recalls that in 1999, when Kashf foundation was forming A group of women to receive a loan, a majority of the members was unwilling to include Bilquees in their groups. These women feared that Bilquess was too poor. They were worried that she would be unable to repay the loan installments and they would have to pay for her. Bilquees proved them wrong, however, and has repaid all her loan installments on time. “I didn’t want to be a burden on any one she says. “I knew that I had to take responsibility for my family and had to struggle to improve their lives.”

Bilquees has received four loans worth Rs. 4,000/- (US $ 72), Rs.6000 (US$108), Rs.10, 000 (US $ 180) and Rs. 20,000 (US $ 361) from the Kasf foundation. Bilquees invested this money by buying huge pots and pans for her pappur business. Once a month her husband goes to Faisalabad to buy pappurs. She fries the pappurs at home and her husband helps her pack them. Bilquees has also hired two women who help her with the packing for two
hours every day. Bilquees pays them Rs. 20 per day. Bilquees say that shopkeepers from the adjoining areas come to her house every day to purchase pappurs,

“Kashf foundation has helped my family to become self - sufficient,” Bilquees says. “We no longer have to beg relatives and friends for money. If Kashf had not lent me money, I would have been working long hours as a labourer in some factory.”

Bilquees has come a long way. She is grateful that now she can afford to send her children to school and has enough saving for emergencies “I want my children to acquire education so that they can improve their lives.” Bilquees says. Currently she and her family live in a single room house for which they pay Rs. 550 (US $ 10) per month as rent. In the morning this room is used to pack the pappurs and at night mats are laid out on the floor where the six member of Bilquees family sleep. In Feb. 2003, Bilquees and her husband purchased plot in order to building their own house. She plans to start building her house by next year.

2. **Grameen Bank of Bangladesh and women empowerment:**

The Grameen Bank in Bangladesh is a special case. Here professor Muhammad Yunus explained his experience twenty three year ago when I began by giving tiny amount of money to a few poor people in village next door to the university campus, I was only trying to overcome my frustration. This frustration gripped me because despite all the beautiful economic theories we teach in the classrooms, the hunger and poverty were deepening in the country. I was feeling the emptiness of all those solutions given in the textbooks of economics. I wanted to discover my self as a human being and relate to the agony of another human being. I had no plan, I had no
expectation. I only hoped I could make myself useful even for a day to another human being.

I discovered many things, which horrified me. Many things made me feel as named of the society that I belonged to. I thought that the society, which makes big pronouncements about development and commits millions and billions of dollars for development is strangely silent about providing $1/- worth of loan to a poor person to make his living. I thought it was shameful to leave the poor at the clutches of the loan sharks and greedy traders. I wanted to solve this problem with my personal intervention. This led to a series of unending events leading to the creation of Grameen Bank.

Today Grameen Bank works in 40,000 villages in Bangladesh, advancing loans to 2.4 million borrowers 95% of them are women. The borrowers are also the owners of Grameen Bank. They hold 92 percent of the shares of Grameen Bank. Remaining 8% is owned by the government. Grameen Bank offers loan for all types of income generating activities. It also gives housing loan. More than half a million houses have been built with Grameen bank loans. Grameen bank helps to build up many women's self help groups and provides lease financing for the groups members to buy equipments and other capital investment.

SUCCESS STORY OF KARNATAKA STATE:

Women and Self Help Groups in Karnataka V.M.Rao has earlier worked with Nation Institute of rural development Hyderabad who has studied women self help groups in Karnataka. He has selected 23 SHGs in the study area. All the group members were given training in book keeping, leadership and general awareness. Regular meetings, compulsory attendance and saving are features of SHGs. Some groups have already involved themselves in
creating social awareness by composing poems/stories on AIDS, dowry, nutrition and literacy, etc.

V.M. Rao thought that SHGs working revealed that they have helped in improving socio-economic conditions of their members.

**HISTORY OF SELF HELP GROUPS:**

Credit is crucial input in the process of development. Indian farming community failed to make huge investment in agriculture. There is a saying that Indian farmer is born in debt, lives in debt and dies in debt: In order to mitigate the poverty problem of farming community, 'Indian co-operative societies Act was passed in 1904.'

A number of co-operative credit societies were started under this Act which provided institutional support to farmers for short and medium term loans. In course of time three tier co-operative credit structure was developed. Apart from these co-operative institutions, nationalization of commercial banks and introduction of regional rural banks also helped in increasing credit supply to farmers.

Co-operative societies are functioning in India for more than 100 years. During this period these institutions failed to a large extent to meet the requirements (consumption; and production) of the farmers. Some of the factors responsible for their failure are inadequate supply of credit, poor recovery of loans, demand supply gaps, interference by politicians. Lack of monitoring, mis-utilization of credit, problem of identifying target groups, delay in advancing loans, natural calamities etc. In addition to these problems co-operatives have to face competition from informal credit agencies operating in rural area.

A number of committees were constituted by government of India after independence to study this problem. Some of them are- (Rural Banking
Inquiry committee (1949), All India Rural Credit survey committee (1954), committee on cooperative credit (1960), All India Rural Debt and investment survey (1962), All India credit review committee (1969), working group on rural Banks (1975), committee to Review Arrangements for Institutional credit for agriculture and rural development (1981), Agricultural credit review committee (1989) and Narasimhan committee (1991 and 1998). These committees were asked to look into working of cooperatives and make several recommendations to improve their working.

The co-operative sector and other banking institution provided finance to agriculture which comes to about 60%.

**GOVERNMENT SUPPORT TO SHGs**

In order to provide refinancing to cooperatives, commercial banks, and regional rural banks were asked to help in this regard. NABARD was established in 1982. These institutions, despite various government assistance, failed to meet the requirements of farmers. Further, the above structures did not cater to the credit needs of the landless, marginalized, and disadvantaged groups. A concept called micro finance was promoted to offer some relief to these groups. The genesis of SHGs could be traced to the concept of mutual aid in Indian village community. Self-Help in essence is a form of cooperation. Cooperatives are formal bodies, whereas SHGs are informal. Self help, and self-reliance are strategies of survival for the poor as well as for their development.

**INTERNATIONAL NETWORK:**

In this context, a mention about the world Micro Credit summit, 1997 is in order. This summit held at Washington DC resolved to reach 100 million
poorest families by 2005. The summit concluded that aid programs often failed to reach poorest 20% of population. There are about 1.3 billion absolute poor in the world and of this 900 million are women. India and China together account for 20% of the world’s poorest people. There are few successful micro financing models in India and elsewhere and they include Grameen Bank, Association for social Advancement, Women entrepreneurship development, Bangladesh Rural Advancement committee (Bangladesh), Bank Rakyat at (Indonesia) pag-IBAG fund (Philippines), etc. these institutions have formed a network at the international level too.

SCHEME TO LINK BANKS WITH SHGs:
NABARD started a pilot project in February, 1992 with the purpose to introduce innovation in bank lending by forging flexibility, easy operationally and follow up of virtues of informal lending system with the virtues of technical and administrative capabilities and efficiencies and adequate availability of financial resources of formal lending mechanism of commercial banks. The pilot project was extended later on to co-operative banks and regional rural banks (RRB). This experimental phase was over by 1995. Now this project has been extended to the whole country and the linkage program for SHGs has also started. The Reserve bank of India (RBI) through its circular dated April 2, 1996 have permitted banks to include their loans under the category of priority sector advances, which they grant to SHGs under their general loaning programs.

OBJECTIVE OF LINKING PROJECT WITH BANKS:
The major objectives of linking SHGs project with banks are: -
1. To develop complementary loan policies to meet the loan requirement of the poor including women,
2. To create mutual understanding and confidence between bankers and rural poor people including women.

3. To promote savings and credit absorption capacity (by forming bankable schemes) among rural poor including women, thereby promoting banking habit and extension of banking operations in the village.

**ROLE OF NABARD:**

Micro finance in India, is a new concept, perhaps influenced by the success of Grameen Bank of Bangladesh. Apart from Government of India, NABARD and Rashtriya Mahila Kosh (RMK) have been promoting self-help groups through non-governmental organization (NGOs) and Banks.

Self Help Group is a small economically homogeneous and affinity group of rural poor voluntarily formed to save and mutually agree to contribute to a common fund to be lent to its members as per group’s decision. The great merit of SHGs has been their ability to inculcate among members sound habits of thrift, savings and banking. Self-help groups or micro credit groups have been recognized as useful tools to help the poor to avail themselves of financial resource not available to them previously and help them to emancipate from the stranglehold of exploitative money-lender.

There is an in built mechanism in SHGs and cent percent repayment is ensured through peer pressure. According to NABARD, there are five stages of development of SHG they are (Pre-formation, formation, stabilization (phase 1), stabilization phase- 2) and growth and expansion) Time period required and focus of activities in each stage are also provided in the table.
### TABLE-3.1

<table>
<thead>
<tr>
<th>Stage of Development</th>
<th>Time Period</th>
<th>Role of NGOs</th>
<th>Focus of activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pre-formation</td>
<td>1 – 2 Months</td>
<td>Initiator Promoter</td>
<td>Identifying the poor through participatory rural appraisal methods in small hamlets/Villages/town</td>
</tr>
<tr>
<td>2. Formation</td>
<td>3 – 6 Months</td>
<td>Facilitator</td>
<td>Motivation to form groups, select groups leaders, develop rules and norms, conduct meetings, pooling savings, issue and collection of small loans, group cohesion, adjustment systems, and maintenance of accounts.</td>
</tr>
<tr>
<td>3. Stabilization Phase - 1</td>
<td>7 – 12 Months</td>
<td>Advisory Managerial</td>
<td>Leadership stabilization, training of leaders and members, regularize and increase savings, handling of groups level transaction, informal interactions with other group / clusters, addressing community interests. Begin the process of issuing loans, handling/helping defaulters to repay. Sourcing loans for groups through normal credit system etc.</td>
</tr>
<tr>
<td>4. Stabilization Phase - 2</td>
<td>13 – 18 Months</td>
<td>Advisory/Managerial</td>
<td>In addition to above activities, initiation of income generating programs, linkage of banks, support to new groups, demonstrative effect on others to form groups.</td>
</tr>
<tr>
<td>5. Growth and expansion</td>
<td>19th Months and above</td>
<td>Advisory/Managerial/Consultative</td>
<td>Strengthen linkage with Banks/Creation of assets for group/and members, spreading concept building and promotion of new groups, attempts at cluster development, and federation of self help groups.</td>
</tr>
</tbody>
</table>


By 2005 India Govt. propose to cover two million poor people under the scheme of micro finance. NABARD has planned to link one million SHGs
with banks by 2008. Currently about 1 lakh SHGs have been linked with various banks under the aegis of NABARD for which it has refinanced Rs. 150 crores to the bank.\(^\text{19}\)

Within this overall objective, NABARD and Rashtriya Mahila Kosh have their own specific objectives. There are 3 SHG models tried in India at the

a) Bank – SHGs (NGOs as promoter and guarantor)

b) Bank – NGOs – SHGs (Bank as intermediary) and,

c) Bank – SHGs (directly by Bank’s)\(^\text{20}\)

**VISION AND MISSION OF NABARD:**

Empowerment of Rural poor by improving their access to the formal credit system through various micro finance innovations in a cost effective sustainable manner.\(^\text{21}\)

To extend financial services to one third of India’s unreached rural poor numbering nearly 100 millions through one million self help groups with focus on women during a ten year period, through various microfinance interventions.\(^\text{22}\)

**TASK FORCE ON MICRO FINANCE.**

A high-level task force on micro finance was constituted in 1992 under the chairmanship of Mr. Y.C. Nanda, Managing Director, NABARD. The task force has defined micro finance as, “Provision of thrift credit, and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living of standards.”\(^\text{23}\)

NABARD provides capacity building assistance and financial support to its partners for the promotion and broad basing of Microfinance operation. As part of its efforts to link larger number of self-help groups to the banking
system, NABARD also focuses attention on training and sensitization of partner agencies, through various interventions.

The national bank continued to provide 100% refinance assistance to banks at an interest rate of 6.5 percent per annum for financing self-help groups. During 2001–2002, a loan of Rs. 5249.30 million was disbursed to self-help groups by various banking institutions.

The National Bank's refinance support was availed of by banks to the tune of Rs. 3957.30 million cumulatively till 31 March 2002, the bank loans disbursed to the SHGs aggregated to Rs. 10058.10 million, while National Bank's refinance availed of by the banks aggregated to Rs. 7964.79 million.

NABARD has been providing revolving fund assistance on a selective basis to NGOs, SHGs federations and credit unions for on lending to self help groups (SHGs) to help them build their financial intermediation capacity and to prepare them to take bank loans in future. Cumulatively, an amount of Rs. 104 million was disbursed to 26 agencies as revolving fund assistance by the National bank as on 31 March 2002.

NABARD has been consulting the contributors to the fund on regular basis. Following major points consideration and supporting contributes to Self Help Groups development.

1. During fiscal year March 2003, 2,55,882, new SHGs were provided credit by the banks under the SHG – Bank linkage programme.

2. Cumulatively, 7,17,360, SHGs are how credit linked with different banks as on 31 March 2003 cumulative refinance availed of by banks from NABARD for financing Self Help Groups stood at Rs. 14188 million as on 31 March 2003.
3. NABARD has provided upto 31 March 2003, revolving fund assistance of Rs.180 million to 29 NGOs, SHGs federations and credit unions for on lending to SHGs and to build their financial intermediation capacities.29
4. Supplementary credit to Self Help Groups.
5. Reduction in transaction cost for both banks as well as Self Help Groups by reducing paper work.
6. To mobilize small saving among poor rural women.
7. To build mutual trust and confidence between banks, NGOs and rural poor.
9. To create healthy relations between Self-Help groups (SHGs) members and the linking agencies.30

ROLE OF NON GOVERNMENT ORGANISATION (NGOs)
The non-governmental organizations have been playing a vital role in the country over the last quarter of the century in the sphere of social development. As development actors they have passed through different stages taking up challenges from time to time. With the launching of the micro credit system, the NGOs also have come to the forefront of the system. The thrift and credit programme has been a part of wide and varied activities of NGOs from the last decade itself. However, these activities were included in the broad category of Credit Union programmes. But with advent of micro credit, the ideology of which goes beyond the concept of simple cash transactions, it has been generally accepted by the NGOs as powerful tools of poverty alleviation and development.31 Not only the existing NGOs had taken up micro credit as one of the prominent
programmes, several new NGOs have been formed for the promotion of Micro credit among the poor, particularly women also.

The role of NGOs is more significant and pronounced in the sphere of micro credit. The rich experience of NGOs in the sphere of credit union and their grassroots level involvement with the poor and their problems is a potential factor that affirms their elevated role in sphere of micro credit. In organizing the poor, especially the women and motivating and educating them, the NGOs have proven skills and capabilities, which can be used in a better way in the empowerment process of poor women. The specific task role that the NGOs have been taking up is summarized as follows.\(^{32}\)

1) **Formation of Self-Help Groups:**

The NGOs, having grassroots level initiative and programmes are potential agencies for organizing the people and forming the self-help groups. Since the SHGs should be homogenous for better working results, the NGO through their involvement in the field and their immense experience in working for the people can evaluate the situation and identify the homogenous groups for the formation of SHGs. The concept of SHGs its role, impact, significance and the probable result when formed and functioned effectively, should be properly conveyed to the people while organizing the self-help groups.

Similarly, the documents to be kept, the procedures to be followed, etc. should also be taught to the people convincingly. All such technicalities relating to the formation of the SHGs can be accomplished quite easily by the NGOs with grassroots level involvement. If the field staff of NGOs were properly trained in this micro credit mechanism, they are able to comply with all the procedures for the formation of healthy Self-help groups and can ensure their proper working.
B) Nurturing of Self Help Groups:

The nurturing of Self Help Groups is more difficult task than the formation of SHG. There is a need for continuous monitoring of the activities of SHG. They also need to be trained in the procedures and technicalities involved in the functioning of the SHG. The maintenance of the documents, communication, the discussion in the group meetings, the decision-making process, the implementation of decisions etc. need to be carefully monitored for the healthy growth of the SHG. The very idea of the 'Self Help' needs to be realized through the working of the SHG. For that, continuous training should be imparted to all the members of SHG.

NABARD has designed a programme for giving training to SHGs. But the implementation of this training programme becomes healthier with the cooperation of the NGOs. They can arrange and conduct the training programme more efficiently than other agencies, considering their involvement in the people. Many NGOs have adequate infrastructure to organize and conduct such training programmes. Some NGOs like MYRADA has designed certain training modules for training SHGs and their clientele, which are rightly accepted in the circles of micro credit, especially by commercial banks who send their officers and staff members to MYRADA to get training in micro credit programme.

Similarly the monitoring by NGOs seems to be healthy.

3. Facilitation Role:

The NGO can be good catalysts or facilitator of macro credit. In many cases they stand guarantee to the loans taken by the self help groups of women. In some other cases the NGOs take the loans on behalf of the self-help groups and this is delivered through the NGOs to the SHGs. There are organization like Rashtriya Mahila Kosh (RMK), Friends of women's world Banking
India (FWWBI) etc. that provide credit directly to NGOs so that they can give credit to self-help groups of women.

For such loans, NGOs will always be held responsible in matter of repayment and monitoring. Still many NGOs venture, into such tasks of taking huge amount from these organizations, commercial banks and other lending institutions to be disbursed to the self-help groups of women.

4. Mobilising Resources:

NGOs are found to be a powerful development actor, both in terms of identifying the needs of the people, designing appropriate projects and programmes and finding the resources for such projects and programmes. They could mobilize resources for the benefit of women under various projects and programmes both from the country and outside. These resources are mainly for the capacitating and empowerment of the target groups. Bulk of the training support for the SHGs come from the NGOs.

Apart from the credit requirements, this capacitating aspect empowerment and mobilization of resources for the same can be better taken up by no other agency than NGOs which have grassroots level initiatives.

5. Formation of People’s Organization:

NGOs have been found instrumental in the formation of people’s organization in the form of federations, networks or collectives of SHGs or societies or grassroots level institutions where the NGOs have started federations of SHGs. Which are kept independent of the NGOs, to be controlled, ruled and managed by the target group themselves. Many of such federations and collectives of SHGs have later emerged as micro finance institutions (MFIs) which are quite distinct from the NGOs in terms of the structure and design of the NGOs culture and complexity of activities and programmes associated with NGOs. They usually become specialized
institutions catering to the requirement of the self help groups and the clientele.

The role of NGOs in the micro credit movement has been clearly established by past experiences. In fact they are in for front of micro credit of movement. A major part of the micro credit has been channelized by the NGOs both from banking sector and from the non-banking sector.

In the micro credit consultations and collectives, NGOs are found to have major role when compared to the banking institutions. In India, different collectives were formed with the initiative of NGOs for the promotion of micro credit movement in the country. In this regard there is enough reason to believe that NGOs will have a more elevated role in micro credit and through it the empowerment of women in the days to come.

PROGRESS OF SELF-HELP GROUPS (SHGs) IN INDIA:

The SHGs- Bank linkage programme got wider acceptability during 2000–2001 with the participation of 30 commercial banks, 101 regional rural Banks (RRBs) and 17 co-operative banks covering 19 states and two union territories.33

Table-3.2 Progress of SHGs in India

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of SHGs during the Year</th>
<th>No. of SHGs linked cumulative</th>
<th>Bank loan (Rs. in Crore)</th>
<th>Refinance assistance (Rs. in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992–1993</td>
<td>255</td>
<td>255</td>
<td>0.29</td>
<td>0.27</td>
</tr>
<tr>
<td>1993–1994</td>
<td>620</td>
<td>620</td>
<td>0.65</td>
<td>0.46</td>
</tr>
<tr>
<td>1995–1996</td>
<td>4757</td>
<td>4757</td>
<td>6.06</td>
<td>5.66</td>
</tr>
<tr>
<td>1996–1997</td>
<td>8598</td>
<td>8598</td>
<td>11.84</td>
<td>10.65</td>
</tr>
<tr>
<td>1998–1999</td>
<td>32995</td>
<td>.</td>
<td>57.07</td>
<td>52.09</td>
</tr>
<tr>
<td>1999–2000</td>
<td>94645</td>
<td>.</td>
<td>192.98</td>
<td>150.13</td>
</tr>
<tr>
<td>2000–2001</td>
<td>213213</td>
<td>.</td>
<td>480.87</td>
<td>400.74</td>
</tr>
</tbody>
</table>

From a modest beginning in 1992–93 with 255 SHGs in 10 states providing 0.29 crores as loans with refinance facilities of 0.27 crores, the number of SHGs increased in 2000–2001 to 2,13,213 with loans of 480.74 crores as per (above table) Around 265 NGOs have participated in the linkage programme, promoting and nurturing SHGs and acting as facilitators and intermediaries in effecting linkage of SHGs with Banks.

REVOLVING FUNDS ASSISTANCE TO NGOs:

The national Bank has been providing revolving fund assistance (RFA) on a selective basis to NGOs, SHGs federations and credit unions for on lending to SHGs and individuals. The National Bank also has been extending support to SHG networks for providing financial assistance to smaller NGOs for building their financial intermediator capacity. During the year 2001, FWWB, Ahmedabad, was sanctioned RFA of Rs. 1.00 corer for networking of smaller NGOs taking the aggregate sanction of RFA to Rs. 12.2 crore covering 24 agencies. An RFA of Rs. 1.20 crore disbursed to 4 agencies during the year taking the cumulative disbursement to Rs. 7.08 crore to 21 agencies as on 31 March 2001.34

REGION WISE PROGRAMME:
The southern region continues to dominate the linkage program with share of 62% as on 31–3–98. The comparative position of all the regions over the past three years region-wise progress of self-help groups in India is given following table.
### TABLE -3.3

Region wise progress of Self-Help Groups in India

<table>
<thead>
<tr>
<th>Region</th>
<th>% share in linkage as on</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03.96</td>
</tr>
<tr>
<td>Southern</td>
<td>69.14</td>
</tr>
<tr>
<td>Eastern</td>
<td>12.77</td>
</tr>
<tr>
<td>Central</td>
<td>10.69</td>
</tr>
<tr>
<td>Northern</td>
<td>4.05</td>
</tr>
<tr>
<td>Western</td>
<td>3.36</td>
</tr>
<tr>
<td>North Eastern</td>
<td>0.57</td>
</tr>
</tbody>
</table>


As shows by in the table, the share of North and North – Eastern region is every low western region comprising of Maharashtra, Gujrat has increased their share over the previous years.

### TABLE-3.4

REGION WISE NO. OF GROUPS (1993 – 98)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>South Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>161</td>
<td>242</td>
<td>389</td>
<td>823</td>
<td>2145</td>
</tr>
<tr>
<td>2.</td>
<td>Karnataka</td>
<td>153</td>
<td>646</td>
<td>1682</td>
<td>2442</td>
<td>3590</td>
</tr>
<tr>
<td>3.</td>
<td>Kerala</td>
<td>01</td>
<td>352</td>
<td>754</td>
<td>1290</td>
<td>1826</td>
</tr>
<tr>
<td>4.</td>
<td>Tamil Nadu</td>
<td>56</td>
<td>259</td>
<td>464</td>
<td>865</td>
<td>1307</td>
</tr>
<tr>
<td>5.</td>
<td>U.T. of</td>
<td>--</td>
<td>--</td>
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<td>07</td>
<td>09</td>
</tr>
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<td>----------------------</td>
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<td></td>
</tr>
<tr>
<td><strong>B Western Region</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Gujrat</td>
<td>19</td>
<td>38</td>
<td>79</td>
<td>152</td>
<td>619</td>
<td></td>
</tr>
<tr>
<td>2. Maharashtra</td>
<td>17</td>
<td>39</td>
<td>81</td>
<td>424</td>
<td>872</td>
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</tr>
<tr>
<td>3. Goa</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36</td>
<td>77</td>
<td>160</td>
<td>576</td>
<td>1492</td>
<td></td>
</tr>
<tr>
<td><strong>C Northern Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Himachal Pradesh</td>
<td>--</td>
<td>54</td>
<td>81</td>
<td>150</td>
<td>221</td>
<td></td>
</tr>
<tr>
<td>2. Haryana</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>3. Punjab</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3. Rajasthan</td>
<td>16</td>
<td>42</td>
<td>112</td>
<td>177</td>
<td>245</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16</td>
<td>96</td>
<td>193</td>
<td>335</td>
<td>477</td>
<td></td>
</tr>
<tr>
<td><strong>D Central Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Madhya Pradesh</td>
<td>12</td>
<td>16</td>
<td>39</td>
<td>103</td>
<td>272</td>
<td></td>
</tr>
<tr>
<td>2. Uttar Pradesh</td>
<td>--</td>
<td>10</td>
<td>441</td>
<td>959</td>
<td>1348</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13</td>
<td>26</td>
<td>480</td>
<td>1062</td>
<td>1620</td>
<td></td>
</tr>
<tr>
<td><strong>E East Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Orissa</td>
<td>180</td>
<td>383</td>
<td>486</td>
<td>753</td>
<td>1043</td>
<td></td>
</tr>
<tr>
<td>2. Bihar</td>
<td>--</td>
<td>27</td>
<td>61</td>
<td>256</td>
<td>375</td>
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</tr>
<tr>
<td>3. West Bengal</td>
<td>3</td>
<td>12</td>
<td>61</td>
<td>146</td>
<td>378</td>
<td></td>
</tr>
<tr>
<td>4. UT of A/N/S</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>4</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>182</td>
<td>422</td>
<td>608</td>
<td>1159</td>
<td>1807</td>
<td></td>
</tr>
<tr>
<td><strong>F North Eastern</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pondicheri Total**: 371 1499 3289 5427 8877
Above table states that as on 31st March 1998, there were 8877 SHGs linked with banks in southern region as against 1492 in the western region, 1620 in the central region, 1807, in the eastern region and 44 in the Northeastern region. Among the states, Andhra Pradesh, Karnataka, Tamilnadu, Kerala, Uttar Pradesh, Maharashtra and Orissa have fared well. Himachal Pradesh, Rajasthan Gujrat, Bihar, West Bengal and Madhya Pradesh have made progress over the previous years. Other states have initiated the formation of groups since 1996 – 1997 only.

As far as cumulative position is concerned, Karnataka ranks first (3590) followed by Andhra Pradesh (2145), Kerala (1820) Uttar Pradesh (1348), Tamilnadu (1307) and Orissa (1043) during 1997-98. Out of the bank loan of 117.83 million, disbursed to SHGs during 1997-98 a lion’s share went to Southern region (72-40 % constituting 85.3051 million Rupees)

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Year</th>
<th>% of women Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31.03.96</td>
<td>73.5</td>
</tr>
<tr>
<td>2</td>
<td>31.03.97</td>
<td>76.0</td>
</tr>
<tr>
<td>3</td>
<td>31.03.98</td>
<td>78.0</td>
</tr>
</tbody>
</table>

Source - Micro credit innovation Department NABARD, 1998.
Above table shows that the percentage of women groups is on the increase over the years. Women’s groups constitute 78% of the total groups as on 31.03.98.

Region-wise women Self Help Groups as on 31 March 1998

TABLE – No.3.6

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Region</th>
<th>Women Groups (In%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southern</td>
<td>74.27</td>
</tr>
<tr>
<td>2</td>
<td>Western</td>
<td>82.44</td>
</tr>
<tr>
<td>3</td>
<td>Northern</td>
<td>70.01</td>
</tr>
<tr>
<td>4</td>
<td>Central</td>
<td>79.01</td>
</tr>
<tr>
<td>5</td>
<td>Eastern</td>
<td>89.93</td>
</tr>
<tr>
<td>6</td>
<td>North-eastern</td>
<td>20.45</td>
</tr>
</tbody>
</table>

Source – Micro credit innovation Department, NABARD, 1998.

Above table shows that region wise women self help groups. In eastern region 89.93% of the total groups are women groups as against 82.44% in western region 79.01% in central region and 74.27% in southern region.

In south, 98.79% of the groups in Andhra Pradesh are women’s groups, followed by 95.73% in the case of Kerala and 91.50% in Tamil Nadu. Thus experience of organizing SHGs reveals that women come in larger number than men. When women come together as an organic unit, they discover their strength of commonality, bonds of solidarity, initiative and joint action, thereby discovering and experiencing their inner power.
PROBLEMS OF SELF HELP GROUPS:
Sustainability of most of the SHGs has been a major problem because of:

1. Duplication of efforts.
2. Lack of effective training to realize the full potential of women.
3. Lack of transmission of message in time and without distortion.
4. Conflicting views of members of the groups.
5. Lack of experience, expertise, skill and creativity.

SUMMARY:
A review of genesis and development of Self Help Groups in India revealed that the existing formal financial institutions failed to provide finance to the landless, marginalized, and disadvantaged groups. The origin of SHGs could be traced to mutual aid in Indian village community. Co-operatives are formal bodies whereas SHGs are informal.

SHGs encourage saving and promote income generating activities through small loans. The experiences available in the country and elsewhere suggest that SHGs are sustainable, institutions to help the poor.

There are a number of successful micro financing agencies in India and abroad. These institutions have formed a network at the international level. Apart from Government of India, NABARD, and Rashtriya Mahila Kosh (RMK) have been promoting Self Help Groups (SHGs) through NGOs and banks. So far about 2 million very poor families are brought within the fold of formal banking services.

Most of the SHGs of the country are concentrated in Southern India. A number of research studies have been carried out to find out the impact of SHGs which revealed that they helped in improving socio economic conditions of members. Mrs. Indira Gandhi had rightly said that “there is need to improve conditions of life and work for the millions of women who
have not had economic and educational privileges and to enable them to
discover power within themselves and to develop their talent for their own
and the nations benefit”.

The formation of SHGs can be promoted by Gram Panchayat, NGOs Banks,
women and child development departments. Government of India is also
promoting the formation of SHGs. Then Hon’ble finance minister P.
Chidambaram in his budget speech on 28th Feb, 2005, has fixed 2.5 lakh
SHGs and increase the corpus to Rs. 200 crore.37

CONCLUSION:
In self-help groups women members have a decisive role to play in the
alleviation of household poverty. Empowering women with property rights
and with saving and investment facilities would contribute much more to the
household income. Moreover, women’s participation in the earning activities
would raise their income. It can be recommended that income in the hands
of women would contribute much more to the household food security than
the income controlled by men. The economic empowerment of women is
sine-qua-non (a thing that is absolutely necessary) for eradication of poverty
in particular.

Awareness among the rural women about their significant role in the
development of national economy may create self-confidence. The
government NGOs should co-operate in this task.

The SHGs are working successfully in many states of the country. The
economic participation of women through SHGs will 1) enhance women’s
confidence and decision making ability, 2) develop in them leadership
qualities, 3) help them to control finance 4) improve their inter-personal
relationship 5) and help women counter their unequal context and improve the quality of the lives on several fronts.

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