CHAPTER – I
INTRODUCTION TO THE STUDY

1.1. Introduction:

After independence, there has been an aggressive effort on the part of the government, which was concerned with improving the access of the rural poor to formal credit system. Some of these measures have been institutional, while some others were through implementation of focused programmes for removal of rural poverty. Reaching out of the far-flung rural areas to provide credit and other banking services to the hitherto neglected sections of the society is an unparallel achievement of the Indian banking system. The main emphasis is the spread of the banking network and introductions of new instruments and credit packages and programmes were to make the financial system responsive to the credit delivery to the weaker sections in the society, comprising small and marginal farmers, rural artisans, landless agricultural labour and non-agricultural labourers and other small borrowers falling below poverty line (NABARD, 1998).

Gender equality is enshrined in Indian Constitution and to achieve gender equality, Government has taken many measures such as provision for girls’ education, reservation in employment, participation in Panchayat administration, etc. Though the girls have got the benefits from most of these schemes, women of middle aged group especially rural women have not gained any socio-economic benefits.
The profile of a rural woman is that of a poor, ignorant, illiterate, superstitious and suppressed being. She has low levels of skills. Her access to information, assets, and opportunities is also low. She is unorganized and under-represented. She is overworked. Besides, she is being homemaker, producer, a farmer, a household worker and a community resource manager. Hence, she needs and should be provided with both information and access, should get better wages, credit and ownership rights, she needs to be trained and organized so that she is empowered (Prasad, 1997).

The traditional values of marriage and family both in rural and urban areas have not significantly changed. Child marriages, second marriages (when the first wife is alive), continue to take place. Even today the girl child is unwelcome, as she is considered a liability. The popular proverb that the birth of a girl brings innumerable miseries holds true even today. Thus, the status of women in rural areas is more shaky, uncertain and unstable. Realizing these issues, the concept of socio-economic empowerment of women added significance.

**Women Empowerment:**

The issue of empowerment has been placed firmly on the agenda of development studies especially since eighties of the last century. The term empowerment is related to the poor, backward class people and women particularly the women of disadvantaged group of people. In short, empowerment is all about social transformation and all about the disadvantaged people. Empowerment is related to the development of a group of people or the
section of people in terms of education, health, nutrition and employment. Empowerment is also related to the participation of marginalized group of people including women in political bodies. A person is said to be empowered if he or she attains considerable education and gets employment and plays vital role in decision making. To a women empowerment is the restructuring of gender relation within the family, community and society. Empowerment is in fact, a process in which a person assumes an increased involvement in defining and promoting his own agenda for development in respect of social, economic and political matters (Bhuimali and Poddar, 2005). The word women empowerment essentially means that the women have the power or capacity to regulate their day-to-day lives in the social, political and economic terms -a power which enables them to move from the periphery to the centre stage (Bhuyan, 2006).

For the empowerment of women, the Government of India prepared the National Perspective Plan (1988-2000), which envisaged a multi-pronged strategy for integrating women into the mainstream. “Shramashakti” (1988), a comprehensive report of the National Commission for the Self-employed women and women in the informal sector, examined related issues concerning women workers in the informal sector and made valuable recommendations for improving their status.

The word “Empower” means make one powerful or equip one with the power to face the challenges of life to overcome the helplessness, suppression and inequalities. Empowerment is an active multidimensional process, which
should enable women to realize their full identity and powers in all spheres of life. It would consist in providing greater access to knowledge and resources, greater autonomy in decision making, greater ability to plan their lives, greater control over the circumstances that influence their lives and freedom from shackles imposed on them by custom, belief and practice. The concept of empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one’s goals and act upon them), awareness of gendered power structures, self-esteem, and self-confidence (Kabeer, 1999).

Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women's empowerment is a process in which women gain greater share of control over resources - material, human and intellectual like knowledge, information, ideas and financial resources like money - and access to money and control over decision-making in the home, community, society and nation, and to gain ‘power’. There are different types of women empowerment, which aims for the development of the women in different aspects such as social, economic, political, legal, educational empowerment etc. According to the Country Report of Government of India, “Empowerment means moving from a position of enforced powerlessness to one of power”.

Since women comprise the majority of the population living below the poverty line and are very often in situations of extreme poverty. Given the harsh realities of intra-household and social discrimination, macro economic

4
policies and poverty eradication programmes should specifically address the needs and problems of such women. There should be proper implementation of programmes which are already women oriented with special targets for rural women. Steps were taken for mobilization of poor women and convergence of services, by offering them a range of economic and social options, along with necessary support measures to enhance their capabilities. In order to enhance women’s access to credit for consumption and production, the establishment of new and strengthening of existing micro-credit mechanisms and micro-finance institutions such as Self-Help Groups were already functioning so that the outreach of credit is enhanced. Other supportive measures would be taken to ensure adequate flow of credit through the existing financial institutions and banks, so that all women below poverty line have easy access to credit. Women’s perspectives should be included in designing and implementing macro-economic and social policies by institutionalizing their participation in such processes. Their contribution to socio-economic development as producers and workers should be recognized in the formal and informal sectors (including home based workers) and appropriate policies should be framed relating to employment, wages and working condition.

It is noted that globalization has presented new challenges for the realization of the goal of women’s equality, the gender impact of which has not been systematically evaluated fully. However, from the micro-level studies that were commissioned by the Department of Women and Child Development, it is evident that there is a need for re-framing policies for access to employment
and equal opportunity of employment. Benefits of the growing global economy have been unevenly distributed leading to wider economic disparities, the feminization of poverty, increased gender inequality through often deteriorating working conditions and unsafe working environment especially in the informal economy and rural areas. Strategies were designed to enhance the capacity of women and empower them to meet the negative social and economic impacts, which may flow from the globalization process.

In view of the critical role of women in the agriculture and allied sectors, as producers, concentrated efforts should be made to ensure that benefits of training, extension and various programmes should reach them in adequate proportion to their numbers. The programmes like training women in soil conservation, social forestry, dairy development, horticulture, livestock including small animal husbandry, poultry and fisheries etc. should be expanded to benefit of women workers in the agriculture sector.

The Government of India had ushered in the new millennium by declaring the year 2001 as Women’s Empowerment Year, to focus on “Our vision in the new century of a nation where women are equal partners with men” (Shakunthala Narasimhan, 2007).

Many of the studies have been already proved that if there is economic power in the hands of women, then, they get social status to a greater extent. Realizing this truth, the Government emphasized the economic activities of women by initiating and encouraging rural women to form and participate in Self-Help Groups.
Self-Help Groups:

A self-help group is a small voluntary association of poor people preferably from the same socio-economic background. They come together for the purpose of saving for their common problems through self-help. The number of members in one SHG does not exceed 20 (Surender and Manoj Kumar, 2010). The size is limited to 20 because any group larger than this would need to be registered under the India legal system. Voluntarily coming together to save small amounts regularly. They mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group member use collective wisdom and peer pressure to ensure proper end use of credit and timely repayment thereof. Infect peer pressure had been recognized as an effective substitute for collaterals. An economically poor individual gains strength as part of a group. Besides, financing through SHGs reduce transaction costs for both lenders and borrowers while lenders have to handle only a single SHGs account instead of a large number of small sized individual accounts. Borrower as a part of a SHG cut down expenses on travel (to and from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans (Angel Anila, 2012).

The new concept of SHGs was introduced in India in 1985 by NABARD. NABARD defines SHGs as “small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision” (Sandhu, 2013). They are usually formed by peers who have come together for mutual
assistance in satisfying a common need, overcoming a common handicap or life-disrupting problem and bringing about desired social or personal change. Today, in India, Self Help Groups (SHGs) represent a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by Non-Governmental Organizations and Government agencies.

India brims with Self Help Groups (SHGs). The National Bank of Agriculture and Rural Development (NABARD) estimates that by March 2006 over 33 million women have been linked to banks for financial services through 2.2 million SHGs. ‘Linkage’ is defined by NABARD as taking a loan from a bank, although banks in fact first become linked to SHGs by taking their deposits. Growth has been spectacular in the past couple of years: ‘over 400 women per hour’ according to the NABARD web-site. The hourly rate is actually more than this, with an increase in 2006 of 620,000 SHGs or over 9 million women SHG members. As revealed by Srinivasan (2008) as on March 2008, there are 3.5 million Self-Help Groups helping nearly 49 million poor households to access sustainable financial services from the formal banking system in the country.

The logic of group approach in micro-finance can be explained in the following words: “Individually a poor person feels exposed to all kinds of hazards, whereas membership in a group given him a feeling of protection. Individually a person tends to be erratic and uncertain in his behavior but group
membership smoothens his behavioural pattern and makes him more reliable”.

It has been established that group approach is an effective tool for empowering the poor. The groups act as an institutional framework for cooperative and collective action on a continuing basis. The groups gradually move to a collective entity facilitating social and financial intermediation (Reji, 2010).

The origin of SHGs is the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were started and formed in 1975. In India NABARD initiated in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group (Abhaskumar Jha, 2000). They have been recognized as useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor (Rao, 2002). SHG is a medium for the development of saving habit among the women. SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life (Ritu Jain, 2003). The Scheme of Micro-financing through SHGs create empowerment promoting conditions for women to move from positions of marginalization within household decision making process and exclusion within community, to one of greater centrality, inclusion of voice. The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, sprit of
thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training capacity building and empowerment.

In the last five decades of developmental process, more attention was given to individual based approach than group approach. In the process, the development of the people could not be harnessed to the fullest potential. Realizing this lacuna, the group based development efforts are coming up in a big way across the country in the recent years. Both the State and Central Governments are giving due importance for the promotion and establishment of Self Help Groups (SHGs) for addressing developmental issues. Even the private and Non Governmental Organizations (NGOs) have come forward to start SHGs for taking up developmental programmes. As on today, there are more than 32 lakhs of SHGs across the country. Many innovative programmes started in this country did not last longer for various reasons. Therefore, a study has been taken to analyze the performance of SHGs involved in farming activities in Karnataka at individual, group and community levels and also to know the factors contributing for their performance. Thus, the findings of the study could be valuable information for implementing agency as well as policy makers to enhance the performance of SHGs (Narayanaswamy et al., 2007).

At recent estimates, 40,295 Anganwadi workers (of the Department of Women and Child Development), 561 NGOs, 8 regional rural banks, 20 District Central Co-operative Banks, and 2 commercial banks are engaged in SHG promotion in Karnataka. Together they are estimated to have facilitated the creation of close to 1, 95,000 SHGs in Karnataka. There are more than 1
lakh Stree Shakti groups and 50,000 SHGs in Karnataka with a total membership of more than two crores. In Gulbarga district there are 7,645 Stree Shakti groups and 6,500 SHGs with total savings of Rs. 15.55 Crores  (The Hindu, Dated 27th January 2005).

Table No. 1.1: Growth of Self-Help Groups in India

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of SHGs</th>
<th>No. of SHGs financed</th>
<th>Bank Loans in Rs. (Crores)</th>
<th>No. of Families amounted</th>
<th>Average Loan per SHGs (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>255</td>
<td>255</td>
<td>0.30</td>
<td>4335</td>
<td>11765</td>
</tr>
<tr>
<td>1993-94</td>
<td>620</td>
<td>365</td>
<td>0.36</td>
<td>6205</td>
<td>9863</td>
</tr>
<tr>
<td>1994-95</td>
<td>2122</td>
<td>1502</td>
<td>1.79</td>
<td>25534</td>
<td>11917</td>
</tr>
<tr>
<td>1995-96</td>
<td>8598</td>
<td>3841</td>
<td>3.69</td>
<td>65279</td>
<td>13700</td>
</tr>
<tr>
<td>1996-97</td>
<td>8598</td>
<td>3841</td>
<td>5.78</td>
<td>65279</td>
<td>1548</td>
</tr>
<tr>
<td>1997-98</td>
<td>14317</td>
<td>5719</td>
<td>11.92</td>
<td>97223</td>
<td>20843</td>
</tr>
<tr>
<td>1998-99</td>
<td>32995</td>
<td>18678</td>
<td>33.30</td>
<td>317526</td>
<td>17878</td>
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<tr>
<td>1999-00</td>
<td>114775</td>
<td>81780</td>
<td>135.90</td>
<td>1390260</td>
<td>16618</td>
</tr>
<tr>
<td>2000-01</td>
<td>263825</td>
<td>149050</td>
<td>287.89</td>
<td>2533850</td>
<td>19315</td>
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<td>2001-02</td>
<td>461478</td>
<td>197653</td>
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<td>3360101</td>
<td>27601</td>
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<tr>
<td>2002-03</td>
<td>717360</td>
<td>255852</td>
<td>1022.31</td>
<td>3754874</td>
<td>26985</td>
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<tr>
<td>2003-04</td>
<td>1079091</td>
<td>361731</td>
<td>1862.00</td>
<td>5429900</td>
<td>51474</td>
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<tr>
<td>2004-05</td>
<td>1618456</td>
<td>539635</td>
<td>2994.30</td>
<td>--</td>
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</tr>
<tr>
<td>2005-06</td>
<td>2238565</td>
<td>620109</td>
<td>4499.0</td>
<td>--</td>
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</tr>
<tr>
<td>2006-07</td>
<td>2894505@</td>
<td>1105749*</td>
<td>6570.39</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2007-08</td>
<td>5009794</td>
<td>1227770*</td>
<td>8849.26</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2008-09</td>
<td>6121147</td>
<td>1609586*</td>
<td>1253.51</td>
<td>76128</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>6953250</td>
<td>1586822 (-1.4%)</td>
<td>14453.30</td>
<td>97 million (34.1%)</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>7461946</td>
<td>1196000 (-24.1%)</td>
<td>14547.73</td>
<td>121620 (34.1%)</td>
<td></td>
</tr>
</tbody>
</table>

*: Include existing SHGs also, which were provided repeated loans.
From 2006-07 onwards, data in respect of number of SHGs financed by banks and bank loans are inclusive of SHGs financed under the SGSY and the existing groups receiving repeated loans. Owing to this change, NABARD discontinued compilation of data on cumulative basis from 2006-07. As such, data from 2006-07 are not comparable with the data of the previous year.

Source: NABARD Various Reports on SHGs.

NABARD has been playing the role of propagator and facilitator by providing conducive policy environment, training and capacity building besides extending financial support for the healthy growth of the SHG linkage programme over the years, various steps taken in this regard may be enumerated as under:

1. Conceptualization and introduction of pilot programme in February 1992 for linking 500 SHGs with banks after consultations with Reserve Bank of India, Banks and NGOs.

2. Introduction of bulk lending scheme in 1993 for encouraging the NGOs which were keen to try group approach and other financial services delivery innovations in the rural areas.

3. Developing a conducive policy framework through provision of opening savings bank accounts in the names of SHGs (through they are informal groups), relaxation of collateral norms, simple documentation and delegation of all credit decisions and terms to SHGs.

   ✷ Training and awareness building among the stakeholders.
   ✷ Provision of capacity building support of NGOs/SHGs/Banks.
Mainstreaming the SHG linkage programme as part of corporate planning and normal business activity of banks in 1996 and internalizing, training, monitoring and review mechanism.

Encouraging banks (RRBs and DCCBs) for promotion of SHGs.

Financial support to NGOs for promotion of SHGs.

Encouraging rural individual volunteers in promotion and nurturing of SHGs.

Close monitoring.

Dissemination through seminars, workshops, occasional papers and print media.

Constitution of High Powered Task to look into the aspects of policy and regulation of microfinance and suggest policy, legal regulatory measures for smooth and unhindered growth of microfinance sector.

Setting up a microfinance development fund in NABARD for meeting the promotional costs of up-scaling the microfinance interventions. The fund has since been redesigned as microfinance development and equity fund.

Initiating the credit rating of the microfinance institutions through accredited credit rating agencies of India by meeting 75 percent of the cost of the rating as grant. This is done to enable the microfinance institution to approach banks for commercial borrowing and extending micro-credit to the poor (Sukhbir Singh, 2007).
A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG Bank Linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The informal thrift and credit groups of poor were recognized as bankable clients. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations thus creating SHG Bank Linkage. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. The SHGs were able to scale up their operations with more financing and they had access to more credit products.

The significance of Bank linkage with the Self-Help Groups is that the core problem of rural finance involves high transaction costs to banks in financing a large number of small borrowers who require credit frequently and in small quantities. The same holds true of costs involved in providing saving facilities to small, scattered savers in rural areas. The rural savers and borrowers also face high transaction costs while dealing with banks due to distances, small value of financial transactions etc. In a recent study [unpublished] in India, the transaction cost to a small rural borrower raising a loan from a commercial bank under a poverty alleviation programme was placed at 24.6%. Further, the transaction costs of operating a saving account with a bank was placed as high as 10% of the saving, on the assumption of only one transaction per month (Nanda, 2009).
Besides the high transaction costs, the perception of risks in financing small borrowers who are unable to offer physical collateral, articulate their case or submit proper loan proposals, the urban orientation and the lack of flexibility in their operations are the other constraints which restrict the out reach of the formal banking system for the poor. The poor also often perceive banks as alien institutions which exist to serve the needs of "others". The physical and social distances [in stratified societies] constrain their approaches to bank branches which, for them, do not appear to be functioning with their needs in mind. Credit needs of the poor are determined in a complex socio-economic milieu where the dividing line between credit for ‘consumption’ and ‘productive’ purposes is rather blurred made it difficult to adopt the traditional banking approach in lending. The result is that financial services of the formal banking system have remained inaccessible to majority of the poorer sections of the rural population in most developing countries and their reliance for credit is mainly on the informal credit channels. Informal channels include money lenders who operate outside the legal and policy framework of banks, market vendors, shopkeepers and others including friends and relatives. Credit in the informal system is usually available immediately, when and where required and often without collateral and lengthy documentation formalities, since the lender usually relies on personal knowledge of borrowers and their circumstances. However, interest rates are not only extremely high, but sanctions often include conditions, verbal or written, which are heavily loaded in favour of the lender and are sometimes carefully guised and are detrimental
to the interests of borrowers. Often credit is associated with other transactions, for example, the purchase of raw material from a supplier, with deferred payment or pre-harvest sale of a crop with immediate payment.

Self-Help Groups and banks linkage process by design envisages inter-stakeholders coordination and a system of sequential operations which calls for the accomplishment of the previous tasks before the successive ones are taken up. The natural sequence of tasks is (i) organization of the poor, building their capacity through training, helping them acquire the financial skills as well as discipline, learn the book-keeping skills, secure Revolving Fund and Cash Credit Loan and lend to the needy members in the group, prepare bankable micro-enterprise proposals, (ii) side by side help the Self-Help Group members acquire the entrepreneurial skills, technology, infrastructure and knowledge of market dynamics through various line departments, banks, livelihood experts and others, utilization and repayment of bank credit (iii) capacity building and handholding and (iv) monitoring the loan utilization and repayment (Purushotham et al., 2010).

The Self-Help Group approach has come a long way in India, from 1974, when SEWA started mobilizing poor women based on their respective trade. The women’s movement in the west in the 1960s and 1970s influenced many countries, India being one of them. The main aims of SHG concept is to improve the economic development of women and to create a facilitating environment for their social transformation, in the light of gender based discrimination in work and the household. Perhaps the first concerted effort to
form women’s groups in Karnataka was when DWCRA scheme was introduced in the mid-eighties. But earlier to it is the NGO called MYRADA had initiated the concept by forming women’s groups in some of its project sites. The reasons lie in the realization that women’s development is an essential prerequisite for overall development.

Formation of Self-Help Groups is not a spontaneous process. External agencies, individual working with communities can act as a facilitator in the formation of groups and its development. Self Help Group Institution (SHGI) plays a vital role in the initial stages of group formation. The external facilitators are generally Non-governmental organization, social workers, village level worker, informal associations of local people, community based organizations, government departments, banks, farmer clubs etc.

They interact with the poor families especially women to identify the small homogenous groups. The members regularly meet on a fixed time and date in a month to collect savings from members under the supervision of SHPI/NGOs. Thus, SHGs will inculcate the habit of thrift and credit among the members, who generally belong to the families of BPL.

**Objectives of the Self-Help Groups:**

The specific objectives of SHGs are to:

- improve saving habits among women;
- increase the total family income;
- fulfill the economic needs through self-employment of women;
- utilize bank loan and government welfare schemes;
help the members to escape from the clutches of moneylenders; and
mobilize financial resources.

**Working of Self-Help Groups:**

SHGs are working in democratic manner. The upper limit of members in a group is restricted to 20. Among them a member is selected as an ‘animator’ and two members are selected as the representatives. The animator is selected for the period of two years. The group members meet every week. They discuss about the group savings, rotation of sangha funds, bank loan, repayment of loan, social and community action programmes.

**Functions of Self-Help Groups:**

- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic way.
- Periodical meeting. The decision making through group meeting.
- The loan amount is small and reasonable. So that easy to repay in time.
- The rate of interest is affordable, varying group to group and loan to loan. However it is little higher than the banks but lower than the money lenders.

From the previous studies related to SHGs, it is clearly understood that the SHGs are tool to promote rural savings and gainful employment. Through this the rural poverty is reduced considerably. Therefore, women members are economically independent and their contribution to household income is also increased.
Principles of Self-Help Groups:

1. Group Formation Methods:

   Getting a group formed takes time and skills. Development workers must pay frequent visits to the community where the group is to be formed and devote time to talk to the people and getting to know them.

2. Economic Empowerment and Training:

   It is important that people from poor households are made aware and made to recognize the significance of collective efforts in solving problems that seem impossible with individual efforts, by voluntarily deciding to pool their efforts to help increase their access to financial services, economic services like technology training in skill and enterprise management, material support and marketing facilities, etc., besides a host of other social services too.

3. Homogeneity:

   All the Self-Help Groups have common characteristics that are Rural Women, Neighbourhood, Community and Occupation to generate income.

4. Membership Requirements:

   There are 15 to 20 Members and each member must have attained 18 years of age. Members must be aware about the rights and obligations of the group.

5. Rights and Obligations of Members:

   - Every member has a right to determine goals, objectives and vision of the group
• Every member has a right to participate in every activity of the group.
  Every member has a right to participate in group meetings and decision making
• Every member has a right to participate in the leadership function
• Every member has right to access loans from the pooled corpus funds of the group
• Every member has a right to share in the group’s wealth
• Every member has a right to scrutinize group’s records and inspect property
• Every member has a right to withdraw from membership in genuine circumstances
• Every member is under obligation to accept goals, objectives and vision of the group
• Every member is under obligation to participate in all group activities
• Every member is under obligation to make oneself aware and abide by group norms and rules
• Every member is under obligation to participate in group meetings and decision making
• Every member is under obligation to contribute minimum agreed thrift amount to the group
• Every member is under obligation to act with diligence in discharge of group responsibilities
• Every member is under obligation to discharge debt liability contracted by the group
• Every member is under obligation to participate in supervision of group finances/businesses
• Every member is under obligation to defend the group at all for all.

It is quite interesting to note that the rights and obligations of members are almost convergent, mainly on account of Self Help Group being a member owned, managed and controlled institution. Every ordinary member is also a part of management.

6. Governance in Self Help Groups:

Strong savings and credit groups, owned and managed by the community itself, need competent and committed development facilitators, strong cadre of leaders, and enlightened and alert members. Hence, the governance of Self Help Groups that promotes democratic traditions is crucial for its success.

7. Meetings:

Group meetings include times when members gather either periodically or at short notice to discuss the activities of the group and decide on its future actions. All activities in Self Help Group revolve around meetings at which members access savings and credit services, share experiences, learn from each other and also receive education and training.

• Meeting is a forum for group action and facilitates information sharing among members
• Meetings are to be convened at regular intervals as per the convenience of the members

• While frequency of meetings is guided by the convenience of members, the critical determinant is the ability of members to discharge financial obligation to the group. In other words, thrift, credit and record keeping functions must converge with the meeting at least once a month

• Meetings must be held at a mutually decided place, date and time. In other words, meetings are conducted at same place, on the same day and at same time each time they are held

• In the absence of a common meeting place, meetings could be held at the house of each member by rotation

• Active participation in the deliberations by all members must be encouraged with expression of free and frank views. However, involvement of non-members in the decision making process should be strictly objected to.

• Structured agenda for group meeting with definite sequence of activities to be pursued (viz., attendance, review of decisions of previous meeting, thrift, repayments, loans and social issues) will make meetings effective

• Deliberations on other social and community issues together with routine financial matters are found to consolidate group dynamics

• Sharing of various responsibilities among the members during the meeting process
• Attendance of members taken before commencement of deliberations at the meeting enables effective member participation
• Meetings should have near-full attendance of members and any absence of members must be viewed seriously
• Penal provisions like fines, penalties, etc., must be enforced for late coming leave without prior intimation
• Chronic absenteeism in meetings are generally discouraged by
• With holding or delaying other pecuniary benefits to members Savings Function.

8. Credit Function:

Providing credit access to members of poor households on sustainable basis is the primary objective of a Self Help Group. A well conceived loan programme in a Self Help Group will enhance its attractiveness to the members. These loans are often given for various purposes without insistence on collateral but are available at a cost. There is no compulsion to avail of loan facility. As such those who avail loans have to make a choice to pay the cost, or have no credit at all.

9. Financial Management:

Mobilizing micro thrifts is only a part of a comprehensive savings service of Self Help Groups. Small savings from resource-poor households need operative protection against loss of deposits. Misappropriation in savings and credit groups as well as imprudent lending from internally generated deposits threatens the security of savings programme. They have to be shielded against
the financial and non-financial risks. It is, therefore, considered necessary that high standards are set in the area of financial management.

10. Record Keeping:

Record keeping is possibly the most crucial function in a Self Help Group often confined to the periphery. An efficient record keeping assumes significance for promoting transparency in the system considering the need for providing safety of micro deposits pooled in savings and credit programmes. An effective information system that supports their self management efforts is sine-qua-non for sustainability of Self Help Groups. Such system can be considered effective when it is easily understood and appeals to cognitive abilities of ignorant and illiterate community. Besides, it must be credible, verifiable and should facilitate quick recall of stored information in the perception of users.

11. Group Vigilance:

The corpus fund of a group is entirely contributed by its members and hence they alone must ensure that the fund is managed and controlled by them without any outside interference whatsoever. There is no alternative to alertness of members and their participation in group meetings. Some of the best practices discussed earlier also go in strengthening the group vigilance and control mechanism.
12. Banking Relationship:

Self Help Groups are primarily savings and credit groups and availing savings and credit services from local banks is a logical extension of their growth strategy to meet increasing credit demand from members. Moreover, accessing saving services from banks will provide safety to the pooled funds. It is expected that groups will demonstrate desired maturity in terms of group and financial dynamics leading to inculcation of banking habits in the groups. It would also make possible the bringing about of general improvement in the nature and scale of operations that would accelerate economic development.

Role of Non-governmental Organization (NGO)

Voluntary action stimulated and promoted by non-governmental organizations engaged in development play a significant role at the grass root level in the Indian social milieu, the success of rural development depends upon the active participation of the people through self help organization. The Non-Government Organizations (NGOs) involve people in the developmental process and relate themselves to working with people. This means that their main plan is the generation of the self-confidence and self help through self help groups and independence among the people of the community in which they operate. They substantiate the efforts of government with regard to provision of social welfare through rural development programmes planned for this purpose.
Self-Help Groups are formed by NGOs, Government agencies or Banks the three types of Self Help Promoting Institutions (SHPIs). In India, Self Help Groups represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or by Government agencies. Linked not only to banks but also to wider development programs, SHGs are seen to confer many benefits, both economic and social.

Self-Help Groups are started by non-profit organizations (NGOs) that generally have broad anti-poverty agendas. Self-Help groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrolments and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions (Gandhi and Udayakumari, 2013).

Non-governmental organizations act as ‘creators’, ‘reserves’ and ‘destroyers’ of evils in rural areas. They create awareness among people, create livelihood and opportunities for people with their cooperation, preserve what is needful to their environment, cultural base, appropriate technologies and scientific practices etc. and destroy the evils like alcoholism, female foeticide,
superstitions and other social ills. The staff of NGO and bank staff imparts training of skill development, self-employment like fenile making, agarbatti making, soap making, making dairy products etc. through entrepreneurship development so as to start their own business for the betterment of life.

In recent years, the non-governmental organizations have acquired greater importance and significance than ever before because the administration has not been able to reach the people especially the poor and weaker sections to the desired level. In this context, the fact that the non-governmental organizations are the appropriate agencies for creating the right type of climate for change and development cannot be disputed.

There are various social welfare policies and schemes of the Governments through which the socio-economic empowerment of women is made progressive. The Non-Governmental Organizations are playing significant role in women empowerment schemes. Promotion of Self-Help Groups is a major socio-economic activity which aims at empowerment of women.

Non-Governmental Organizations promoting women’s issues gained strength. They protested against violence against women, demanded right to abortion, sought amendments in the Dowry Prohibition Act 1961 for making the offence cognizable and non-bailable so as to increase its effectiveness and pleaded for a better deal for women in workplace, etc. As discussed already, NGOs are also playing significant role in women empowerment by
strengthening and promoting Self-Help Groups in rural areas and backward areas like slum areas in city.

Many of the studies were already made on Self-Help Groups and Women empowerment and few of them are also discussed in the second chapter under ‘Review of Literature’. But it is noted that no significant studies were made on the role of Non-Governmental Organizations (NGOs) in women empowerment. Hence, the present study has focused on the role of Non-Governmental Organizations (NGOs) in women empowerment with special reference to Self-Help Groups.

1.2. Statement of the Problem:

Self-Help Groups are formed for socio-economic empowerment of women. The rural women and women living in slum and backward areas are generally illiterates and low-educated. As such, they are not aware about their rights and are neglected in society. To empower such women, Self-Help Groups were promoted by the Government. Non-Governmental Organizations (NGOs) are playing significant role through different functions such as providing seed money, providing loans, training to Self-Help Group members in income generating activities, etc. The SHG is an intervention from a group of economically vulnerable women to reach out to others in similar situations. Gradually, the NBS began to acquire other roles in an economically and socially backward region of West Bengal. Its spontaneous inroads into natural resource management, political participation, better community relations, etc. with the clear idea of rights and responsibilities were evidence of its growing
strength, and capacity and ability to create a new social space for women in the region. Its example also demonstrates the fact that in a given situation, individual empowerment of women is better achieved through a collective process, where the individual draws her strength and power of self-assertion from a strong collective and sense of solidarity. Social heterogeneity, ethnicity, political ideological differences and cultural diversity tend to get subsumed under the pace and pressure of a collective empowerment process.

Development agencies have increasingly regarded ‘empowerment’ as an essential objective to improve the well-being of marginalized women in India. The perceived success of self-help group (SHG) programmes in this project has encouraged their widespread application across India, becoming the primary mechanism to empower women. However, this success has often been assumed rather than proven, with evaluations generally lacking a conceptualization of empowerment based on theoretical understandings of power relations. This article aims to overcome this by evaluating the potential of SHG programmes through the reduction of internal, institutional and social constraints that prevent the marginalized from pursuing their interests. An analysis of the ‘normative’ model of SHG programmes, and its actual application shows that while SHG programmes have the potential to empower women, this is often not realized through the persistence of ‘top-down’ approaches in implementation. SHG programmes are further limited in their ability to transform social relations due to their apparent insistence that the marginalized are the only legitimate actors in their own empowerment. Rather than argue for the discontinuation of SHG
programmes in India, their potential to empower women can be increased through a ‘bottom-up’ orientation in implementation, while recognizing that in and of themselves SHG programmes cannot reduce all the constraints preventing the pursuit of interests. Hence, it is essential to examine the role of NGOs in women empowerment activities in Gulbarga district and as such the present study is made under the title “Women Empowerment through NGOs: A Sociological Study of Gulbarga District”.

1.3. Significance of the Study:

After the independence, provisions were made in the Indian Constitution to provide equal rights and opportunities of socio-economic development and betterment of living for men and women, including different disadvantaged segments of population to establish an egalitarian and prosperous society. In view of bringing improvements in the socio-economic condition of women efforts were made to maximize the participation of women in different educational levels, with the notion that education is the most important instrument to bring awareness about their rights, social status, as a prime element to maximize participation in different kinds of productive employment etc. But, it is noted that majority of rural women and women in backward areas like Gulbarga district are illiterates or low-educated and as such they are not aware about Government schemes for the empowerment of women. Under such circumstances, Non-Governmental Organizations are playing significant role in increasing awareness on women empowerment schemes.
Self-Help Groups are major channels of socio-economic empowerment of women. There is notion that if women are economically empowered, then there may be increase in their social status. Hence, Self-Help Groups are promoting economic activities by initiating income generating activities and savings mobilization. Gulbarga district is headquarters of the backward region that is Hyderabad-Karnataka region and is one of the backward districts in Karnataka. As such, the geographical area including population is backward and the women empowerment programmes such as formation of Self-Help Groups are emphasized for the development and empowerment of women. To support these activities of women empowerment, NGOs are increasing awareness of women for formation of Self-Help Groups, providing seed money, extending loan facilities, guiding in management of Self-Help Groups, etc. In this way, NGOs are playing multidimensional role in overall development of Self-Help Groups and indirectly empowerment of women. Hence, the present study is made to analyze the role of NGOs in women empowerment activities in Gulbarga district.

1.4. Objectives of the Study:

The important objectives of the present study are noted below.

1. To probe into the evolution and growth of SHGs in India, Karnataka in general and Gulbarga district in particular;

2. To examine the growth of saving, investment and income among the SHG members;
3. To study the economic background of women by analyzing the income of women and their families;

4. To look into the nature of Self-Help Groups formed by women in Gulbarga district;

5. To identify the changes in terms of socio-economic progress made by women before and after joining to Self-Help Groups;

6. To know about the role played by NGOs in promotion of Self-Help Groups in Gulbarga district; and

7. To analyze the performance of NGOs in terms of their support to women empowerment with special reference to Self-Help Groups.

8. To suggest measures for further policy implication.

1.5. Hypotheses:

Following are hypotheses for the present study.

1. Education is not significant factor as majority of women members of Self-Help Groups are low-educated.

2. Education, employment and Self-employment are means to improve the Status of Women.

3. There is an increase in income of women after joining to Self-Help Groups.

4. Status of women is increased after Joining to Self-Help Groups.

5. Role of NGOs is multi-dimensional as they are engaged in different activities including promotion of women empowerment through Self-Help Groups:
1.6. Limitations of the Study:

As defined in the statement of the problem the present study limits itself to Gulbarga district. It is noted that about more than 561 NGOs and 5900 Self-Help Groups are formed only through Stree shakti Programme in Gulbarga district with total 103946 members. As geographical the territory of Gulbarga district is vast to cover, the numbers of NGOs is also more to cover and the total population and the members of the Self-Help Groups is also more to cover, it is not possible for the researcher to cover all the women members of all the Self-Help Groups in all the villages and towns. Hence, the present study has covered totally 450 women members of Self-Help Groups from seven talukas of Gulbarga district. The selection of the samples and collection of primary data is discussed already in the research methodology.

1.7. Chapterization:

The present study is structured into total eight chapters and two appendices as under.
Chapter. 1. Introduction to the Study
Chapter. 2. Review of Literature
Chapter. 3. Research Methodology
Chapter. 4. Universe of the Study
Chapter. 5. Social Background
Chapter. 6. Economic Background and Self-Help Groups
Chapter. 7. Women Empowerment Through NGOs
Chapter. 8. Findings and Conclusion
Appendices: (1) Bibliography (2) Interview Schedule

1.8. References:


