CHAPTER – I
INTRODUCTION

Empowerment of Women Through Self Help Groups

Mahatma Gandhi states that the position of women the society is an index of its civilization. “Train a man and you train an individual, Train a woman and you build a nation”. The SHGs (Self Help Groups) are the major resource of inspiration for women’s welfare. In an attempt to uplifting the women, the government has initiated Women Welfare Programmes through development centers, rural agencies, banks, NABARD etc. In India, most of the SHGs are lead by woman with benefits of socio-economic homogeneity smaller size, functionality, participation, voluntary operating mode and non political women. The SHGs in India operating from April 1999, have entered into various fields like dairy farms, fisheries, ration shops, handlooms, farm cultivation, rain water harvesting etc.

Special programmes have been designed for training and capacity building of women beneficiaries of the SHGs. Regular skill development training programmes are being organized for value addition to DWCRA and SHGs productions for better packaging, standardization of ingredients, pricing and to develop marketing skills among women. Women are exposed to best and relevant technologies displayed at training and technology development centers (TTDCs) in all districts.
The concept of SHGs moulds women as a responsible citizen of the country with social and economic status. It leads women to develop the habit of raising loans, form savings, inculcated with a sense of belongingness, habit of thrift and discipline among themselves. Groups actively take part in social welfare programmes focusing on dowry, AIDS awareness, nutrition, legal literacy, multiple roles of women and poverty alleviation programmes. The concept of self-monitoring has been introduced by the SHGs in a phased manner with the aim to make women totally own their movement and institutionalize its sustainability through networking. The women groups have taken the initiative to educate their own members with great enthusiasm. Women belonging to lowest strata of the society are getting habituated to savings and paved the way for decision making power in the family. In a developed country like India, SHGs uplift the women who are mostly invisible in the social structure by creating self-confidence and self-reliance.

**Conceptualization of Empowerment**

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. However, in most developing countries, women have a low socio and economic status. In such countries effective empowerment of women is essential to harness the women labour in the main stream of economic development.
Empowerment is the process of enabling or authorizing an individual to think, behave, take action and central work in an autonomous way. It is the process by which one can gain control over one’s destiny and the circumstances of their lives. Empowerment can be viewed as means of creating a social environment in which one can make decisions and make choices either individually or collectively for social transformation.

Women empowerment enables autonomy and control over their lives. The empowered women become agents of their own development, able to exercise choices to set their own agenda and be strong enough to challenge their subordinate position in the society.

Although women constitute half of world’s population yet they are the largest group which is excluded from the benefits of social and economic development. Women constitute a strong labour force which needs to be mobilized and encouraged to make an effective contribution to the development process. In India, the work participation rate for women is less than half that of men. Despite efforts made towards economic empowerment of women, majority of the active female population continue to be confined to micro, small scale enterprises and the informal sector.

The Tenth Five-year Plan (2002-2007) adopted the strategy of women’s component plan under which not less than 30 per cent of funds/benefits were earmarked for all the women-related sector’s and women specific programmes.
The Eleventh Five-year Plan (2007-2012) also undertook steps to further strengthening of self-help groups and community based organizations for the empowerment of women. Special attention needs to be given to increasing employment opportunities and productive resources of women through special financial intermediaries, building women’s competitiveness and increasing economic exchanges among women entrepreneurs.

The SHGs and micro-credit organizations have a long history. In Vietnam, tontines or Hui with 10-15 members involved in financial activities in cash or kind have been in existence for generations. In Indonesia, Credit unions, Fishermen groups, village-based bank like institutions, Irrigation groups etc., have been in existence since long. In Bangladesh, the success story of Grameen Bank is well-known (Pitt and Khandekar, 1998). Other countries like Thailand, Nepal, Sri Lanka and India have also initiated Self-help groups in uplifting the socio-economic conditions of poor, particularly women (Rekha, 2002).

In India, these self-help groups were promoted by NGOs, Banks and Co-operatives. The NABARD launched a pilot project for linking SHGs in February 1992. The Reserve Bank of India advises the commercial banks actively to participate in the linkage programme. Normally, after six months of existence of SHGs and after collecting a sufficient thrift fund, the groups approach the link banks (either commercial or co-operative) with its credit plan. The NABARD gives 100 per cent refinance to the Banks on their lending through SHGs.
Economic Empowerment of Women: The Concept And Approach

Empowerment of women has become a subject of growing importance around the world in contemporary times. The concern is seen at different levels and circles which include government, bureaucracy, nongovernmental organizations, researchers and women’s empowerment. There has also been a shift in the demands of women from equality in 1970s to development in the 1980s to empowerment-social, political and economic since the 1990s. Since the term empowerment came in to be used from 80s. Empowerment of women has came to be accepted as a key objective of development. Empowerment is a process of improving women’s control over resources, ideology and self. It is a process of enlarging the entitlements and choices of women.

Empowerment

The dictionary meaning of the word ‘empowerment’ is to give power to make them able (person/group). The Oxford Dictionary defines empowerment as the ‘action of empowering, the state of being empowered’.

The term ‘empowerment’ as the range of activities from individual self-assertion to collective resistance, protest and mobilization that challenge basic power relations. Empowerment is a process aimed at changing the nature and directions of systematic forces, which marginalize women and other disadvantaged sections in a given context.
**Economic Empowerment**

Economic empowerment refers to earning power, collective bargaining for economic gains, control over means of production, involvement in decision-making regarding economic aspects of development of skills in management. Economic empowerment, implies a process of redistribution of resources and power between different groups. It helps in building confidence, self-assertion and courage.

**Importance of Economic Empowerment**

Poverty is the biggest challenge in India’s development efforts to bring about a perceptible change in the quality of life of the people. In India, a vast section of its population suffers from malnutrition, unemployment, and poor health care. This is particularly, true in the case of four main weaker sections of society namely, women, children, scheduled castes and scheduled tribes. In rural India, the high rates of illiteracy and low economic status of women underlie the need for increasing their earning by providing income-generating assets. Provision of employment opportunities to rural women is one way to improve their nutrition, health, education and social status. In most of the developing countries greater emphasis is laid on the need for development of rural women and their active involvement in the main stream of development especially economic.

**Group Strategy**

In the context of absence of empowerment and given the vulnerability and powerlessness of women in the existing socio-economic set up, group strategies occupy considerable relevance. The
formation of women’s groups would be helpful to provide visibility and create micro level power pockets through sharing of ideas, skills and interactive capacity. Slowly women would learn to articulate their needs resulting in more appropriate participatory and grass-root level plans for them. It is also possible to cut across social barriers. Many groups in recent years have started crossing the barriers of religion and caste and working together harmoniously for economic betterment.

Poverty hits women the hardest. At the household, poor women skip a meal to facilitate the other members of the household to eat the little that is available. Women are greatly subjected to economic and social discrimination. Credit is not easily available to them. It would not be wrong to say that social empowerment would have little relevance without empowering them on the economic front. World Bank studies have shown that enhancement of women’s earning would have a more profound effect on the welfare of the family as a whole. Since it increases women’s income, it results more directly in better health and nutrition for children. Thus grouping women for economic empowerment is of great importance, which has major implications on the overall empowerment of women.

**National Policy for Empowerment of Women**

As a follow up action to the commitments made by India during the Fourth World Conference on Women held in Beijing during Sep. 1995. The Department of Women and Child Development has drafted a National Policy for the Empowerment of Women after nation-wide consultations to enhance the status of women in all walks of life on par
with men and actualize the constitutional guarantee of equality without discrimination on grounds of sex. In 1995 the draft policy was circulated to select women organizations for holding regional level consultations with State Governments, State Women Commissions, State Social Welfare Advisory Boards, Women’s Organizations, Academicians, experts and activists.

**Empowerment of Women in Tamil Nadu State**

The State of Tamil Nadu, having more than ten million rural families (about 50 million individuals) has made an attempt in a similar direction and this has become one of the largest initiative in the world with four million women forming their own self-help groups. Under this initiative, the Government, the NGOs, the community based organizations and the civil society have come together to enable the poor to organize themselves into self-help groups with thrift as the entry point activity. Over 30 lakh women belonging to the weaker sections of the society have become members of these self-help groups. Majority of them developed the habit of saving, paving the way for socio-economic development. It is a paradoxical truth that nearly 40 per cent of the DWCRA groups in the country are available in Tamil Nadu itself. During early 90s 10,000 groups have been formed and in the last five years there is tremendous increase in the DWCRA groups and 90,000 additional groups have been formed in the year 2000 alone.
Economic Impact of Self-Help Groups

Women have tremendous energies to start their own enterprises given the right opportunities. They have developed abundant self-confidence and self-esteem through self-help group movement not only to overcome economic poverty but also social and gender issues which can be tackled effectively through this process.

The micro-financing of women through self-help groups has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and sustainable diversification and modernization.

The Concept of Self-Help Groups

The theory of underdevelopment views poverty as a product of vicious circle of low per capita income, low savings and consequently low capital formation and productivity and so on. In rural areas it arises mainly from unemployment, underemployment and low earnings. Poverty reduction requires active involvement of the government, together with substantial non-governmental effort, to tackle it on two fronts simultaneously i.e., production and distribution and redistribution. Development of social infrastructure like education, skill and training is crucial to enable rural people to be gainfully employed, besides paying special emphasis on the provision of Basic Minimum Services (BMS). Poverty alleviation programmes came to be adopted only from the Fifth five year plans, as one of the principal objectives of economic planning. (Mishra and Pun, 2000).
Self-Help Groups are usually informal groups whose members have a common perception of need and importance towards collective action. These groups promote savings among members and use the pooled resources to meet the emergent needs of their members, including the consumption needs. The number of members in SHGs is normally ranged from 10 to 20. It is expected that, within the group, there should be true democratic culture in which all the members must participate actively in the decision making process by taking part in the debate rather one should say discussion. Though the cohesiveness among the members would be increased due to homogeneity of the groups in terms of education, occupation, income distribution, sex composition, but in the long term, stability of SHGs depends on their members loyalty to it and the adequacy of SHGs to meet the growing needs of the members.

Indian Initiative

The first effort was taken by NABARD in 1986-87 when it supported and funded an action research project on “Saving and Credit Management of Self-Help Groups” of Mysore Resettlement and Development Agency (MYNADA). Then NABARD launched a pilot project to provide micro-credit by linking SHGs with bank in 1991-92. During the project period, some NGOs like Association of Sarva Seva Farms (ASSEFA), People’s Rural Education Movement (PREM), Professional Assistance for Development Action (PDAN) and Community Development Society (CDS) have done excellent work in promotion of SHGs and mobilization of thrift and disbursal of credit. In 1999, Reserve Bank of India had set up a Micro-Credit Cell to make it easier to micro-credit providers to pursue institutional development
process. Therefore, Microcredit system had been considered as an important instrument to provide credit for self-employment and other financial and business services, including savings and technical assistance, to very poor persons. This is the Concept of economic empowerment of the poor people through formation and nurturing of self-help groups (SHGS) Women, who constitute slightly less than 50 per cent of the total population are generally underemployed due to their limited command over resources and regulatory institutions. Particularly, rural women face greater than their urban counterparts with no source of livelihood other than agriculture. Hence, the Government has been adopting various program5 for poverty alleviation of poor women in the country. The introduction of DWCRA was one such scheme. However, its several shortcomings leading to its failure paved way for the introduction of self-help groups scheme, a sub-programme under Swarnajayanthi Gram Swarozgar Yojana. (SGSY).

The Swarnajayanthi Gram Swarozgar Yojana launched on 01-04-1999, aims to bring the assisted families (Swrozaris) above the poverty line by ensuring appreciable sustained level of income over a period of time. The objective is to be achieved by inter alia organizing the rural poor into Self-Help Groups through the process of Social mobilization, training, and capacity-building and provision of income generating assets. The SHG approach helps the Poor to build their self-confidence through community action. This process would ultimately lead to the strengthening and socio-economic empowerment of the rural poor as well as improving their collective bargaining power.
Self-Help Groups go through various stages of evolution

- Group formation (formation, development and strengthening of the groups to evolve into self-managed people’s organisation at grassroots level): In our society, members are linked by various common bonds like community, blood relation, place of origin, activity, economic status, etc. The facilitators must identify these like-minded natural groups which are commonly called ‘Affinity Groups’. Identification of such Affinity Group is critical for the progress and success of the Self-Help Group. This would require staying with the people for some period to facilitate proper understanding and establish rapport with them. Therefore, while forming Groups, facilitators must recognize the natural bonds and affiliations existing within the society.

- Group Stabilization through thrift and credit activity amongst the members and building their Group Corpus. The group takes up internal loaning to the members from their Group Corpus. The groups should save regularly and begin to lend to members. This provides the members with opportunities to acquire the skills to prioritize scarce resources, to assess the strength of each member, to time the loans and schedule of repayments and fix interest rates. The group institutionalizes the need to introduce sanctions for deviant behaviour, which could include delay in repayments, arriving late or absenting from meetings etc.

- Micro finance, the Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the Banks or the group could also have access to credit under the Self-Help Group-Bank Linkage Programme of NABARD.

- Micro enterprise development, Group takes up Economic Activity, of their choice for income generation. This phase would
include Entrepreneurship Development as well as Skill Development Training of the members of the Group to enable them to successfully implement the chosen activity. All the Groups, particularly Groups formed with members who are skill less, asset less, destitute and living under object poverty might not graduate to the stage of Micro enterprise with in the time frame indicated in the Guidelines. Such groups may continue to remain in the Micro-Finance stage for a longer period of time and may require intensive training and capacity building inputs to enable them to reach higher levels of income generation.

**Self - Help Group Model**

The Self-help Group Model was presented in Fig. 1.1. The Self-help Groups go through various stages of group formation. Initially a bench mark survey is undertaken and problems are identified followed by other stages conscientization, selection of groups, identifying roles of members.

The next stage is group action. At this stage, the members of the self-help groups will be given training related to technologies / production units and are linked with financial institutions like banks, credit unions etc. The other stage is facilitation which includes the change-agent intervention and implementation of corrective measures and the final stage is evaluation.
In this stage, problems identified during implementation of the scheme will be monitored and workable solutions will be identified and implemented. If problem arises in the course of any of these stages, it may be corrected adopting corrective measures.

The reverse arrow in Fig. 1.1 indicates that after group formation, monitoring and evaluation can be undertaken at each stage while selecting the groups, identifying leaders, registration of groups etc. As a part of general awareness / conscientization programme, these meetings emphasize the importance of groups, group formation and their importance in starting income generating activities. The members are
made aware of the possibilities of income generating vocations and also about the credit facilities given by various financial institutions in starting such enterprise.

The strength of a group and its sustainability depends on the facilitation that has gone behind the formation of the groups. The group dynamics in fact reflects the kind of facilitation the group has undergone. Training is a critical input in the effective implementation of self-help groups. The members of the group consist of rural women, who come forward voluntarily, who have enough leisure time and are prepared to take up such enterprise. They are exposed to Entrepreneurship Development Programme as well. From this perspective the SHGs function in different stages.

**Formation of Self-help Groups**

The SHG is group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the ‘Group corpus’. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management.

The group formation will keep in view the following broad guidelines:

i) Under the SGSY, generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas have to be identified by the State Level SGSY Committee and the above relaxation in membership will be permitted only in such areas.
ii) Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups such as agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the self-help group. However, the APL members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self-Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.

iii) The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process.

iv) The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.
v) The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund.

vi) The group corpus fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.

vii) The members in the group meetings should take all the loaning decisions through participatory decision making process.

viii) The group should be able to prioritise the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanee.

ix) The group should operate a group account preferably in their service area bank branch, so as to deposit the balance amounts left with the groups after disbursing loans to its members.

x) The group should maintain simple basic records such as Minutes book, Attendance register, Loan ledger, General ledger, Cash book, Bank passbook and individual passbooks.

Fifty per cent of the groups formed in each block should be exclusively for the women. In the case of disabled persons, the groups formed should ideally be disability-specific wherever possible. However, in case sufficient number of people for formation of disability-specific groups are not available, a group may comprise of persons with diverse disabilities or a group may comprise of both disabled and non-disabled persons below the poverty line.
By and large, the SHG will be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State Cooperative Act or as a partnership firm. The SHGs can be further strengthened and stabilized by federating them at, say village or cluster of villages or block or District level depending upon the number of Self-Help Groups and their spatial distribution. The DRDAs may facilitate in planning of network of SHGs by federating them at appropriate level, once SHGs have reached the stage of maturity and have stabilised. This would facilitate regular interaction, pooling of surplus with the groups, exchange of experiences including flow of information from DRDAs and other departments, bulk access to Credit from various Micro-Finance Institutions and help them to plan for desired backward and forward linkages including marketing of their products.

Social mobilisation and community organisation is a process oriented approach as different from target oriented approach. The group formation should not be driven by any targets but lend itself to a ‘process approach’. The members of the SHGs should fully internalise the concept of self-help.

A large number of DWCRA groups have been formed and, assisted by DRDAs in the past. Likewise, there are a number of Self-help Groups formed by NABARD, other Banks, Rashtriya Mahila Kosh (RMK), Non-Government Organisations (NGOs), Women and Child Development Department under the Swa-Shakti and Swayamsidha etc. The DRDAs should put in concerted efforts to strengthen and consolidate these groups as some level of synergy already exists and
then take steps to form new groups. Further, there is a need to develop data base on the Self-Help Groups formed and existing under various programmes in the district. The DRDAs may act as nodal agency for developing the data base, which should include Self-help Groups formed under all the schemes. This would ensure convergence of various schemes as well as better planning for training and other requirements of SHGs.

**Table 1.1**

**Administrative Structure of Self-Help Groups (State Level)**

<table>
<thead>
<tr>
<th>Official Members</th>
<th>State level</th>
<th>Ministry of Rural Development Member / Secretary / Joint Secretary Department of Rural Development and Ministry of Panchayatraj State level Co-ordination Committee</th>
<th>Non-Official Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Members</td>
<td>District level</td>
<td>Chairman Member / Secretary District level development agency for each district District collector / Chairman Zilla Parishad Chairman (Vice-Chairman)</td>
<td>Non-Official Members</td>
</tr>
<tr>
<td>Official Members</td>
<td>Taluk level</td>
<td>Member of Governing Body Project Director (DRDA) Asst. Project Director (DWCRA)</td>
<td>Non-Official Members</td>
</tr>
<tr>
<td>Official Members</td>
<td>Village level</td>
<td>Taluk Level Organization Village level Organization Self Help Group Leade</td>
<td>Non-Official Members</td>
</tr>
</tbody>
</table>
The administrative structure of SHGs functioning at the State level encompasses the Ministry of Rural Development at the top and village level organizations at the bottom.

On the above basis, a large number of SHGs have been formed. The SHGs in India function on the lines of the above structure. However while some SHGs were highly successful in attaining the objective of improving the quality of life and empowering of women, the other groups failed to do so. Keeping this in view, the present research study focuses on the factors contributing to the success of SHGs.