

Self Help Groups: Rural Poverty Alleviation and Women Empowerment in India

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ABSTRACT

Micro-finance, through SHGs, is considered as one of the most significant tools to adopt participatory approach for poverty alleviation and economic empowerment of men and women. For women empowerment the Swarnjayanti Gram Swarozgar Yojana (SGSY) is a major ongoing scheme launched in April 1999 to help poor rural families (Swarozgaris) cross the poverty line by assisting them to take up income-generating economic activities through a mix of bank credit and government subsidy. Since its inception, upto December, 2010, 40.04 lakh SHG have been formed under the SHGY with women. SHG's accounting for about 68 percent of the total. During this period, a total of about 154.87 lakh swarogaris have been assisted with bank credit and subsidy. The total investment under SGSY is Rs. 37,927 crore. A new programme to reach out to below poverty line house holds through self help groups has been launched by Sonia Gandhi. This 'National Rural Livelihood Mission' is expected to cover all blocks of the country by the end of 12th Five Year Plan (2016-17). Looking into the old experience of government participation in cooperatives it will be better if the government remains just as a facilitator without direct involvement in programme.

KEY WORDS:

Nabard, MGNREGS, National Rural Livelihood Mission, NGO's, Poverty Alleviation, Self Help Groups, Women Empowerment.

The planners and the policy makers have been eagerly searching for a suitable alternative to reach the ‘unreached’ rural masses. The participatory approach to rural development has emerged as a vital issue in the developmental policies and programmes for rural masses. Micro-finance, through SHGs, is considered as one of the most significant tools to reach this goal.

No doubt the cooperative movement has given relief to the farmers but major profit of the scheme went to the big farmers as is quoted by a number of committees and commission including the All India Rural Credit Survey Committee. In fact the corrupt politicians, bureaucrats, local heads and office bearers have been the beneficiary of the schemes.

The cooperative movement of India owes much to Pt. Jawahar Lal Nehru the then Prime Minister but his policy of involving government with the administration of cooperatives has corrupted the cooperative movement and took away the fine fabric of cooperation replacing it by the tyrant, selfish and corrupt officials who have damaged the image of cooperatives.

Being aware of weakness of cooperatives the government pursued multi agency approach of financing the farmers. This gave birth to R. R. Banks and encouraged the commercial bank to participate in rural financing. A multi-agency approach consisting of cooperatives, commercial banks and regional rural banks-known as institutional credit has been adopted to provide cheaper and adequate credit to farmers. The major policy in the sphere of agricultural credit has been its progressive institutionalization for supplying agriculture and rural development programmes with adequate and timely flow of credit to assist weaker sections and less developed regions. As a result of it the flow of institutional credit to agriculture and allied activities has increased.

As against the target of Rs. 3,25,000 crore for agricultural credit in 2009-10, the banking system disbursed Rs. 3,84,514 crore to the agricultural sector, thereby exceeding the target by around 18 percent. Commercial banks and RRBs together extended credit to 77.49 lakh new farmers during 2009-10 and cooperative banks to 13.43 lakh, thus taking the total number of farmers brought newly under the banking system to 90.92 lakh. The total number of agricultural loans financed as of March 2010 was 4.82 crore. The total credit flow to agriculture during 2010-11 by commercial banks, cooperative banks, and RRBs up to September 2010 was of the order of Rs. 1,94,392.63 crore, amounting to 52 percent of the annual target of Rs. 3,75,000 crore (Table).

Table
Flow of Institutional Credit to Agriculture and Allied Activities

S.No.	Agency	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1.	Cooperative Banks**	39,786	42,480	48,258	36,762	63,492	29,450
	Share (%)	22	18	19	13	17	15
2.	RRB	15,223	20,435	25,312	26,724	35218	19141
	Share (%)	8	9	10	9	9	10
3.	Commercial Banks	1,25,477	1,66,486	1,81,088	2,28,951	2,85,799	14,5801
	Share (%)	70	73	71	78	74	75
	Total	1,80,486	2,29,401	2,54,658	2,92,437	3,84,514	1,94,392

Source : NABARD

Notes* Up to 30 September 2010, ** Including Others.

Despite vast expansion of rural network of banks a large segment of the rural poor particularly marginal farmers, landless labourers, rural artisans etc. continue to depend on non-institutional financial sources like money lenders. Such people have either no saving or very small saving to keep with the banks. They however, require credit frequently and mostly in small quantity. Banks have been shy of dealing individually with them due to high transactional cost and fear of risks. As the world experience goes banking with poor is fascinating and rewarding too as they are bankable.

SHGs are considered as one of the most significant tools to adopt participatory approach for poverty alleviation and economic empowerment of women. It is an important institution for improving the life of women on various social components. The basic objective of an SHG is that it acts as the forum for members to provide space and support to each other. SHGs comprise of very poor people who do not have access to formal financial institutions. It enables its members to learn to cooperate and work in a group environment.

MAJOR FEATURES OF SHG:

- **Homogeneous Membership :** As far as possible, the membership of an SHG may comprise people from comparable socio-economic background. Though difficult to define in clear terms, a major indicator of homogeneity in membership is absence of conflicting interest among members.
- **No Discrimination :** There should not be any discrimination among members based on caste, religion or political affiliations.
- **Small Membership :** Ideally, the group size may be between 15 and 20, so that the members are participative in all activities of the SHG. In a smaller group, members get opportunity to speak openly and freely. However, the membership may not be too small that its financial transactions turn out to be insignificant.
- **Attendance :** Total participation in regular group meetings lends strength to the effectiveness of SHGs. To achieve this, the SHGs should place strong emphasis on regular attendance in the group meetings.
- **Transparency in Functioning:** It is important that all financial and non-financial transactions are transparent in an SHG. This promotes trust, mutual faith and confidence among its members. Maintenance of books of accounts as also other records like the minutes book, attendance register, etc., are important. The NGOs provide help to the SHG's in their functioning.
- **Set of Byelaws:** The SHG may discuss and finalize a set of byelaws, indicating rules and regulations for the SHGs functioning and also roles and responsibilities of members. It is better to have a written set of byelaws. The Self-help Promoting Institutions (SHPIs) and bank may guide the SHGs in this.
- **Thrift :** The habit of thrift (small savings) is fundamental to the SHG and helps in building up a strong common fund.
- **Utilizing Savings for Loaning:** Once an SHG has accumulated sizeable amount in the form of savings say for a period of about 3-6 months, the members may be allowed to avail loans against their savings for emergent consumption and supplementary income generating credit needs.

The government has started several schemes and initiated many new policy initiatives for the welfare and development of rural folk including women and children. These include initiatives for economic and social empowerment of women and for securing gender equality in various aspects of social, economic and political life.

Three broad models of SHG bank linkage have emerged over the past few years in India namely:

Model-I : Bank-SHG-Member

Model-II : Bank (Facilitating Agency)-SHG-Members

Model-III : bank-NGO-MFI-SHG-Members

Though there are different models for purveying micro-finance, the self-help group (SHG) Bank Linkage Programme has emerged as the major micro-finance programme in the country. It is being implemented by commercial banks, regional rural banks (RRBs) and cooperative banks.

As on 31 March 2010, 48.51 lakh SHGs had outstanding bank loans of Rs. 28,038 crore as against 42.24 lakh SHGs with bank loans of Rs. 22,680 crore as on 31 March 2009 registering a growth of 14.8 percent in the number of SHGs 23.6 percent in bank loans outstanding to SHGs.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) scheme of India touches the lives of the rural poor and promotes inclusive growth. The MGNREGS aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. It also mandates 33 percent participation for women.

The MGNREGS Act has been notified throughout the country with effect from 1 April 2008. During 2009-10, 5.26 crore households were provided employment under this scheme as against more than 4.51 crore during 2008-09. During 2010-11, the budget estimate for the MGNREGS is Rs. 40,100 crore out of which Rs. 29,822.59 crore have been released to the States/UTs till February 10, 2010.

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For women empowerment the Swarnjayanti Gram Swarozgar Yojana (SGSY) is a major ongoing scheme launched in April 1999 to help poor rural families (Swarozgaris) cross the poverty line by assisting them to take up income-generating economic activities through a mix of bank credit and government subsidy. The scheme involves selection of key activities, planning of activity clusters, organizations of the poor into self-help groups (SHGs), and building of their capacities through training and skill development, creation of infrastructure, and technological and marketing support. The SGSY specially focuses on vulnerable sections among the rural poor with SCs/STs to account for at least 50 percent and women 40 percent of the swarozgaris.

Since its inception, upto December, 2010, 40.04 lakh SHG have been formed under the SHGY with women. SHG's accounting for about 68 percent of the total. During this period, a

total of about 154.87 lakh swarogaris have been assisted with bank credit and subsidy. The total investment under SGSY is Rs. 37,927 crore.

In the context of the Government's overall policy aimed at empowerment of women and in recognition of the fact that literacy is a prerequisite for socio-economic development, the National Literacy Mission has been recast as 'Saakshar Bharat' with prime focus on female literacy. This flagship programme of the Government will cover all adults in the age group of 15 and above though its primary focus will be on women.

Gender refers to socially constructed roles to males and females and gender equality means absence of discrimination on the basis of a person's sex in opportunities and allocation of resources or benefits or in access to services. Gender development focuses on social, economic, political and cultural forces that determine how men and women participate in benefits and control resources and activities. This approach shifts the focus from women as a group to the socially determined relations between women and men.

The Government of India has introduced a few of the programmes exclusively for women while others have specific targets for women as a proportion of total financing namely;

Swaranjayanti Gram Swarozgar Yojna (SGSY): The importance of the SHGs in poverty alleviation has gone up immensely with the launching of Swarn Jayanti Gram Swarozgar Yojana (SGSY) in April, 1999. The objective of the SGSY is to bring the assisted poor families above poverty lines by providing them income-generating assets through a mix of bank credit and government subsidy. The SHSY lays emphasis on the group approach, under which rural poor living below poverty line are organized in to self help groups. This is a holistic programme covering all aspects of self employment such as organization of poor in to self-help groups, training, credit, technology, infrastructure and marketing. The Central Government and State Government fund the SGSY in the ratio of 75:25. The SGSY's approach to organize the poor stems from the conviction that there is tremendous potential with in the rural poor to help themselves and that potential can be harnessed by organizing them. It is presumed that social mobilizations would enable the poor build their own organizations (SHGs) in which they would participate directly and take decisions on all issues concerning poverty alleviation. Government of India launched a poverty alleviation programme from 1 April, 1999, by the name of Swaranjayanti Gram Swarozgar Yojna (SGSY). Under SGSY, 50 percent of the groups formed in each block should be exclusively for women and 40 percent of gross credit extended should be for women.

Indira Awaas Yojna (IAY): IAY is a unique scheme of providing dwelling units to women. Allotment of houses in the scheme is done in the name of the female beneficiary of the household. Alternatively, it can be allocated in joint names of both husband and wife. The assistance is provided for construction of new dwelling unit as also for upgradation of the old dwelling units.

Rashtriya Mahila Kosh – The scheme was drawn with the main objective of empowering the women with support of financial assistance through quasi in-formal credit delivery mechanism. The institutions eligible to participate in the scheme are NGOs, Women Development Corporations, Women Cooperatives, etc. The credit would be extended mainly for income generation activities by women beneficiaries.

To empowerment women the national mission for empowerment of women, this has been set up with a view to empowering women socially, economically, and educationally. The Mission aims to achieve empowerment of women on all these fronts by securing convergence of schemes/programmes of different Ministries/Departments of the Government of India as well as State Governments. Alongside, the Mission shall monitor and review gender budgeting by Ministries/Departments as well as effective implementation of various laws concerning women.

There are other agencies also in the field of micro-finance in the country. Swayamsidha Project launched in 2001 under the department of women and Child Development, Integrated Women's Empowerment Programme etc. are some among them. The main aim of these projects is the 'holistic empowerment of women through awareness generation, economic empowerment and convergence of various schemes' through the formation of Self-help Groups (SHGs). The scheme aims at helping almost 10 lakh women through 53000 SHGs with an outlay of Rs. 116.30 crore, funded by the World Bank.

A new programme to reach out to below poverty line house holds through self help groups has been launched by Sonia Gandhi. This 'National Rural Livelihood Mission' is expected to cover all blocks of the country by the end of 12th Five Year Plan (2016-17). It aims to involve atleast one member, preferable a women of an estimated seven crore BPL families in self help groups and enhance their livelihood skills.

CONCLUSION:

Self help Groups bank linkage programme in India is the largest poverty alleviation program in the world. Self-help group movement is a revolutionary movement as it attacks on poverty and unemployment and the most significant contribution of the scheme is capital formation by the groups of poorest of the poor people.

Looking into the old experience of government participation in cooperatives it will be better if the government remains just as a facilitator without direct involvement in programme. The officials of NABARD should also take care of it.

Bankers are now lending to micro credit institutions which then lend to SHGs not to their members. As a consequence the final rate at which the poor house hold borrows is often 24 percent to 30 percent. The pity is that multi-tiered lending is both inefficient and unnecessary and in due course of time will corrupt the system like cooperatives and corporate houses. Book keeping, Auditing and proper recording of meeting proceedings are still a weak area of the programme. NGOs of various kinds should operate as facilitators, trainers and the like at a fixed cost without contributing their mite to increasing the on lending rate for the ultimate borrowers.

It has been noted that Majority of SHGs use loan amounts for unproductive purposes i.e., consumption needs and social needs. Non-productive use of the borrowed funds resulted into irregularity in repayment of loan amount. It must be discouraged. Self Help Group formed on the basis of caste and religion should be discouraged.

Although progress has been made still much needs to be done for improvement of credit to rural areas for achieving the desired financial inclusiveness and gender equality. Extending credit alone would not serve the purpose unless we eradicate corruption from the rank and files of government and non-government agencies.

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