



SHGs for women empowerment in India

Dr.K.Radha Pushpavathi, Reader in Economics, S.K.S.D.Mahila Kalasala, Tanuku,
West Godavari Dt, AP

Abstract:

Microfinance and Self Help Groups is a popular credit source in the rural areas particularly for women who are generally neglected by the main stream of financial institutions for the lack of collateral security. Microfinance has emerged as an important alternative collateral free source of loaned funds to help the rural poor under the Self-Help Groups Bank-Linkage model. Accordingly, the programme has spread rapidly in these states, as a result of which there is a gradual shift in the localization of the SHG movement in Southern Region of the country during the period under consideration. However, the share of SHGs in the Southern Region of the country has declined from 71.2 per cent to 54.16 per cent

Keywords: *Microfinance, Empowerment, Velugu project*

Introduction

Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political Self-Help Groups and Women Empowerment: Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment which focuses on gender awareness and feminist organization. If a woman is empowered her competencies towards decision-making will surely influence her family's/neighbors' behavior. The presence of these spillover effects will thus create a "social multiplier" where aggregate power will be greater than individual power.

Empowering women socio-economically through increased awareness of their rights and duties as well as access to resources are device step towards greater security for them. Women are in or a new deal today as they are the focus of economic development. All possible steps are being taken to strengthen them to achieve their economic, social, cultural and political growth and welfare. (Valasamma

Antony, 2006)¹¹. In short, empowerment is a process of challenging existing power relations and of gaining greater control over the sources of power and empowerment is attained through awareness and capacity building leading to greater participation decision-making process, control and transformative action.

As SHG is a group of people that meet regularly to discuss issues of interest to them and to take solutions of commonly experienced problems. The group may or may not be promoted by Government or non-government institutions. Any strategy which aims at empowering the rural poor and empowering the woman in particular must be based on an understanding of and ability to overcome causes of the lack of power which lie at the root. Poor rural woman live with the reality of double deprivation. The sources of women disempowerment have been categorized into two sections namely general source and women specific source. First, the sources of disempowerment arise because women belong to poor households but which women, because of their gender, experience more intensely than the man



of the same households. Secondly, women are disempowered due to gender stratification like caste or class. These sources are called women specific sources, within these categories, the reported sources of women's lack of powers have been grouped according to whether they arise in the social or economic spheres of women's lives. (Marilyn Carr, Martha Chen, Renana Jhabvala, 1996. pp. 191-192)¹³.

As SHG is a group of about 15-20 women from a homogeneous caste or class who come together to address their common problems. They are encouraged to make a voluntary thrift on a regular basis. This savings amount, thus pooled is rotated among the members at some nominal interest rate. This process helps the members to imbibe the essentials of financial intermediation including prioritization of needs, setting norms and conditions and keeping of accounts. This process gradually develops financial discipline, as the money involved in the lending operations is their own hard earned money and saved overtime with great hardship. Once the group attains a matured financial discipline bank linkage is attained and banks are encouraged to advance loans to SHGs in certain multiples of the accumulated savings of SHG. Banks find it easier to lend money to SHGs which have some history of credit operations and credit discipline among the members. In this way the institutional credit is made accessible to poor and helpless women.

The SHG holds power and provides strength; it can be an antidote to the helplessness of the poor women. There is a great incentive to form a SHG if people feel that it is the only way to have access to institutional credit. It also

inculcates propensity to save further. The SHG form of micro credit is now more strategic and important agency in Rural Credit Delivery System (RCDS). These institutions have developed a credit delivery model that helps to attain the objectives of economic planning viz, economic and social development of women and eventually empowering women (Ajay Tankha 2002)¹⁴.

The underlying philosophy of SHGs is that if the rural poor women are provided with credit on reasonable terms they can judge for themselves how best to increase their incomes. In addition to financial intermediation, it conducts social intermediation to make the poor both socially and individually accountable. Such accountability leads to more effective use of loans and consequently ensures loan recovery. The pilot project of linking SHGs with bank credit is an innovative programme that aims at banking with those who were considered not bankable so far. The aims of the programme are to ensure flexibility in structure and operational guidelines, creation of awareness prior to provision of credit, make conscious effort at group formation and effect economic empowerment through groups and individual effort.

In India the SHG approach to micro credit started in the early 90s and got momentum only since 1998-99. In the State of Andhra Pradesh (A.P), the SHG approach started spread throughout the state since the year 2000. The SHG as pointed out above is an attempt by the poor women to come together to fight out various economic and social problems faced by them. In India, the literacy levels of poor women being very low,



their awareness regarding various issues or aspects regarding SHG formation, functional aspects of SHG is also minimal. In this context they look forward to an individual, institution or an agency which would articulate their common feelings and help them in their endeavour to bail out from their problems. In India Self-Help Group Promoting Institutions (SHGPIs) have come forward to attend and assist regarding various issues relating to SHG promotion and its functioning. The SHGPIs are four types;

- (a). SHGs promoted by government department or agency
- (b). SHGs promoted by Non-Governmental organizations (NGOs)
- (c). SHGs promoted by banks, and
- (d). SHGs promoted by individuals

In the State of Andhra Pradesh, Government has taken keen interest in spreading the message of the SHG approach and their promotion. A.P. Government is implementing a project by local vernacular name '*Velugu*' (Light). Under this project functionaries work at village, mandal, district and state levels. The functionaries at the village and mandal play an important role relating to the promotion of the SHGs and their proper functioning. Apart from Government Velugu project, a number of

Region-Wise Spread progress of SHG-Bank Linkage Programme:

Table 3 presents the regional spread and progress of a cumulative SHG bank linkage programme over the six identified regions of the country. These includes the regions Northern Region, North-Eastern Region, Eastern Region, Central Region, Western Region and Southern Region. There is

NGOs are also striving to assist the promotion of SHGs. The number of SHGs promoted by banks and individuals is very low.

Growth of SHGs in India:

In India, a number of SHGs were formed and have impressed by the repayment rates, NABARD and Small Industries Development Bank of India (SIDBI) began increasing their lending to SHGs. However, the lending rates of the SHGs to borrowers were not low. Nevertheless, micro credit provided by the SHGs can, at best, lead to micro solutions.

Table 1 presents growth of SHGs at all India level, which have bank linkage. There is phenomenal increase in the number of SHGs that have bank linkage during the period under consideration. Till 2012-2013, the cumulative number of SHGs financed by banks is 12,20,000 which was 32,995 only in 1999. This phenomenal growth of SHGs in a period of 15 years 12.20 million poor households to gain access to micro-credit from formal banking system. In fact, from the year 2000-2001 NABARD has intensified the complementation of SHG-Credit linkage programme throughout the country and as a result of which more and more poor women are brought into the fold of this new micro credit institution.

considerable concentration of SHGs in the Southern region of the country in both initial and end periods may be seen from the table 3 During the last five years NABARD has intensified the implementation of the SHG movement in the 13 identified priority states, some of which account for the bulk of the rural poor i.e., Uttar Pradesh, Orissa, West Bengal, Madhya Pradesh,



Maharashtra, Gujrat, Rajastan, Assam, Himachal Pradesh.
Chattisgarh Jharkhand, Bihar,

Table 1: Growth of SHGs – All India

S.No.	Year	During the year	Cumulative
01	Before 1999-2000	32995	32995
02	1999-2000	81780 (147.85)	114775 (247.85)
03	2000-2001	149050 (82.25)	263825 (129.86)
04	2001-2002	197653 (32.60)	461478 (74.91)
05	2002-2003	255882 (29.46)	717360 (55.44)
06	2003-2004	361731(41.36)	1079091 (50.42)
07	2004-2005	539365 (49.10)	1618456 (49.98)
08	2005-2006	620109 (14.97)	2238565 (38.31)
09	2006-2007	1105749 (78.31)	3344314 (49.39)
10	2007-2008	1227770 (11.03)	4572084 (36.71)
11	2008-2009	1609586 (31.09)	6181670 (35.20)
12	2009-2010	1586822 (1.41)	7768492 (25.66)
13	2010-2011	1196134 (2.46)	8964626 (15.39)
14	2011-2012	1147878 (4.03)	10112504 (12.80)
15	2012-2013	1220000 (6.28)	11332504 (12.06)

Note: Figures in brackets indicate the annual growth rate. Source : NABARD reports on 1) Progress of SHG-Bank Linkage in India

Northern Region : Haryana, Himachal Pradesh, Punjab, Rajasthan, New Delhi, Jammu & Kashmir.

North-Eastern Region : Assam, Meghalaya, Tripura, Nagaland, Sikkim, Arunachal Pradesh, Manipur.

Eastern Region : Bihar, West Bengal, Union Territories of Andaman and Nikobar Islands.

Central Region : Chattisgarh, Madhya Pradesh, Uttar Pradesh, Jarkhand, Orissa, Uttaranchal.

Western Region : Goa, Gujarat, Maharashtra.

Southern Region : Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Pondicherry and Uttarakhand.

Accordingly, the programme has spread rapidly in these states, as a result of which there is a gradual shift in the localization of the SHG movement in Southern Region of the country during the period under consideration. However, the share of SHGs in the Southern Region of the country has declined from 71.2 per cent to 54.16 per cent between March 2001 and March 2012.



Table : 2 SHG Bank Linkage – All India (Rs. in Crores)

S.No.	Year	During the year	Cumulative
01	Up to 1999-2000	57.00	57.00
02	1999-2000	135.91 (138.43)	192.91 (238.43)
03	2000-2001	287.89 (111.82)	480.80 (149.23)
04	2001-2002	545.47 (89.47)	1026.27 (113.45)
05	2002-2003	1022.33 (87.42)	2048.60 (99.61)
06	2003-2004	1855.53 (81.50)	3094.13 (51.03)
07	2004-2005	2994.26 (61.36)	6898.39 (122.95)
08	2005-2006	4499.00 (50.25)	11397.39 (65.21)
09	2006-2007	6750.00 (50.03)	18147.39 (59.22)
10	2007-2008	8849.26 (31.10)	26996.65 (48.76)
11	2008-2009	12259.51 (38.55)	39256.16 (45.41)
12	2009-2010	14453.50 (17.89)	53709.66 (36.81)
13	2010-2011	14547.53 (0.62)	68257.19 (27.08)
14	2011-2012	16534.77 (13.66)	84791.96 (24.22)
15	2012-2013	20585.36 (24.49)	105377.32 (24.27)

Note : Figures in brackets indicate the annual growth rate. Source : NABARD reports

Table 3: Region – Wise Growth in Bank Credit Linkage.

Region	Cumulative at the end March2001		Cumulative at the end march2012	
	Number	Share in Total in %	Number	Share in Total in %
Northern*	9012	3.4	403523	9.21
Northern Eastern*	477	0.2	375742	4.85
Eastern*	22,252	8.4	1728819	22.32
Central*	28,851	10.9	844896	10.90
Western*	15,543	5.9	197136	2.54
Southern*	1,87,690	71.2	4194879	54.16
All India	2,63,825	100.0	77,44,995	100.00

Source :NABARD Reports

Agency-Wise Bank Linkage Position :

The low transaction costs and almost zero Non-Performance Assets (NPAs) levels in the SHG portfolio of the banks have made the SHG-Bank linkage Programme a useful commercial proposition for the banks. In terms of relative shares of different bank agencies,

commercial banks continue to maintain their lead both in terms of number of SHGs credit linked and loan disbursed. The share of Regional Rural Banks continuously declined during the period 2007 to 2013 while the share of Co-operative banks has registered an increase. These details are presented in Tables 4 and 5



Table 4 : Agency -Wise Bank Linkage Position of SHGs.

S.No	Agency	2007	2008	2009	2010	2011	2012
1	Commercial Banks	51.7	59.9	62.4	61.6	55.99	52.34
2	RRBs	34.5	26.7	25.2	23.7	19.20	26.55
3	Co-operative Banks	13.8	13.4	12.4	14.7	24.81	21.11
	Total :	100.0	100.0	100.0	100.0	100.00	100.00

Source: NABARD Reports

Table 5 : Agency -Wise Credit (Bank Linkage)

S.No	Banks	2007	2008	2009	2010	2011	2012
1	Commercial Banks	59.7	61.0	65.8	67.7	66.85	60.13
2	R.R.Bs	31.2	30.0	26.1	23.1	21.98	30.40
3	Co-Operative Banks	9.1	9.0	8.2	9.3	11.17	9.47
	Total :	100.0	100.0	100.0	100.0	100.00	100.00

Source: NABARD Reports.

Conclusion

Micro credit is an old phenomenon and began formally with the nationalization of commercial banks in 1969 and gained strength after the introduction of Regional Rural Banks in 1975. Later IRDP taken momentum through provide micro finance under poverty alleviation programmes in 1980s. The programmes provided finance to individuals but not groups. This system was expended till the early 1990s but failed to reach the poorest due to many reasons like improper utilization of credit, gender inequality, improper identification of borrowers, lack of manual trust etc. Meanwhile group approach (SHGs) of micro finance has identified as a noble mechanism for empower the disadvantaged women.

References

- Valasamma Antony; Education and Employment. The key to women empowerment. Kurukshetra Feb. 2006.
- Pillai J.K. Women and Empowerment. Gyan Publishing House, New Delhi, 1995 p.1.
- Marilyn Carr, Martha Chen, Renana Jhabvala. Speaking out: Women's economic empowerment in South Asia. Vistar Publications, New Delhi, 1996. pp. 191-192.
- Ajay Thanka (2002). "Report on SHGs a Financial Intermediaries in India: Cost Promotion, Sustainability and Impact.