

Empowering Education: The Self-Help Groups

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Abstract: *The growing social awareness across the globe has brought a number of issues to the fore among which gender quality and empowerment of women are very significant. Discrimination against women in the form of male-female differentiation constitutes the core of the gender-biased system. The education is the biggest liberating force and the rise in the levels of education which nourishes progressive outlook and the advent of industrialization and modernization have effected a sea change in the attitudes and thinking pattern of the people. The empowerment is not essentially political alone in fact; political empowerment will not succeed in the absence of economic empowerment. The scheme of micro financing through Self Help Groups (SHGs) has transferred the real economic power in the hands of women and has considerably reduced their dependence on men. This has helped in empowerment of women and building self-confidence*

The Self Help Groups experience over the past twenty five years offers a unique case of trying to explore and understand the issues of women's Education and empowerment and the inter linkages there of in different regional and rural contexts within India. It offers an example of the importance of empowerment of women as a critical precondition to facilitate greater inclusion of women and their daughters into education further, it provides an alternative paradigm to women's mobilization as the principal strategy for women's development.

In this paper an attempt has been made to describe the self-help groups, progress under Micro Finance during 2011-12, Overall Progress under SHG-Bank Linkage for last 3 years, Development and policy initiatives and offered conclusions.

Key words: *Self-help groups, micro finance, NABARD, Empowerment of women*

1. INTRODUCTION

The initiative of 1992 to make the traditional and formal banks to extend financial services to deprived sections through informal Self Help Groups (SHGs), has now blossomed into a "monolith" micro Finance initiative. It has been recognised as a decentralised, cost effective and fastest growing Micro Finance initiative in the world, enabling over 103 million poor households' access to a variety of sustainable financial services from the banking system by becoming members of nearly 8 million SHGs. The linkage with banks has provided the members of the Groups the facility of not only pooling their thrift /savings and access to credit from the banking system, but also created a platform through which they could launch a number of livelihood initiatives and also facilitate the empowerment process.

While the first decade of the programme was meant to demonstrate the potential of SHGs to organise themselves and be instrumental in managing their own savings and extending emergent micro credit needs, the second decade laid emphasis on establishing the replicability of the model across the regions, with focus on resource poor regions of the country. This decade also witnessed greater confidence among the financing banks to "own" up the programme as a potential business model thereby extending its outreach to the current level. The development planners including the Government of India and the State Governments also recognised the real potential of the SHG movement in development of the poor and it was made an essential ingredient of all poverty alleviation programmes of the Government. Even the private sector started realising the untapped potential of SHGs for deep penetration to the emerging rural markets. The turbulence witnessed in the Micro Finance sector in the recent past due to the mushrooming growth of Micro Finance Institutions (MFIs) and their questionable ways in which they went ahead in extending their

outreach and credit intensification, could not make any significant dent in the popularity of the SHG-Bank Linkage Programme.

The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. From almost 100% of the SHGs linked to Banks at the pilot stage from southern states, the share of southern States in the total number of SHGs linked shrank to 46% by March 2012, while the share of eastern States (especially, West Bengal, Odissa, Bihar) shot up to over 20%. The third decade of the programme promises to be one of maturing the linkage programme with livelihoods support, lot more innovations in the product range offered through SHGs and path breaking reforms in leveraging technology to improve efficiency, while extending its outreach to more geographical regions, especially the most resource poor regions of the country. It is widely believed that the SHGs of the poor will be the vehicles leading the march of India's emergence as a super economic power in the next decade. A number of countries, especially the developing countries and international agencies are turning to India to learn from its experiments with Micro Finance and to explore possibilities of replication of the model in other parts of the globe. Together the 8 million SHGs of the poor maintain a balance of over 6550 crore in the Savings Bank accounts with the Banks, while they are estimated to have harnessed savings of over 22000 crore of which nearly 70% (over 15000 crore) goes for internal lendings. Over 4.4 million SHGs are regularly availing credit facilities from the Banks. During 2011-12 alone, over 1.15 million Groups availed loans amounting to 16535 crore from Banks and together 4.4 million Groups have loans to the extent of 36340 crore outstanding against them with the financing banks as on 31.3.2012. As the credit availed by the Groups along with their internal savings are revolved many times within the group for shorter durations, the multiplier effect makes the process much larger than the basic figures indicate. NABARD had been publishing data on Micro Finance in India every year along with an analysis of the data compiled through various stakeholders like partner NGOs, financial institutions, Government Departments, etc. and this publication and data contained therein are based on returns submitted by participant banks covering Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks. In addition to the analysis of data on the extent of savings harnessed by the SHGs, credit availed by SHGs across agencies and across the geographical spread, the publication also highlights the facilitating role played by NABARD in further refining the SHG-Bank linkage programme by bringing in more stakeholders into this sector, helping it to extend its outreach to more unbanked areas and by extending the scope of financial services rendered through such groups. The publication also highlights a brief of the discussions at a National Colloquium organised during the year with participation from different stakeholders soliciting issues connected with the design of the SHGs, a few pilot innovations made by NABARD, product innovations to support livelihood groups (JLGs) etc.

2. PROGRESS UNDER MICRO FINANCE DURING 2011-12

An update on micro Finance as at the end of March 2012 is being presented in 3 different sections. The progress under the SHG-Bank linkage programme has been covered in the first part, while the activities of MFIs has been covered in the second part. Various innovative initiatives and support services like capacity building of all stakeholders of micro Finance programme etc. is covered in the third part. Maps detailing SHG coverage ratio in ten priority States is covered in the final part. More detailed statistical information on the progress of these activities have been presented at the end of the report. SHG-Bank Linkage Programme Detailed analysis of the SHG-Bank Linkage Programme across the geographical spread of the country and across the financing agencies is being presented in this section. The analysis covers the broader components of the programme, namely inclusive growth, savings, loans and the recovery performance. Table-1 gives the growth of SHGs – saving as well as credit linked—for the last 3 years, separately for all Groups, Groups formed under SGSY and exclusive Women Groups.

Under the SHG-Bank linkage programme, over 103 million rural households have now access to regular savings through 7.96 million SHGs linked to banks. About 27% of these SHGs are savings linked through the SGSY programme – the rural poverty alleviation programme of the Government of India where predominantly households below the poverty line are admitted as members. There has been a decline in the amount of savings balance with banks to the extent of 6.7% as compared to the previous year although the number of SHGs saving linked has shown a

growth of 6.7% during the year. This decline is almost entirely attributable to the groups formed under SGSY where the decline was to the extent of 23.2%. Increasing awareness at the SHG level about the advantage of using the savings for internal loaning is also partly responsible for the decline in saving balance with banks.

3. OVERALL PROGRESS UNDER SHG-BANK LINKAGE FOR LAST 3 YEARS

The number of saving linked SHGs now stands at 7.96 million with a membership of over 103 million poor households. While bulk of these savings is used for internal lending within the Group (over 70%), the balance is maintained in the savings accounts with the financing banks. Over 79% of SHGs linked to banks are exclusive women groups, which is one of the most distinguishing features of Micro Finance sector in the country. The balance in the savings accounts of the banks as at the end of March 2012 stood at 6551.41 crore. Among the major States, Karnataka SHGs maintain the highest S.B. balance of over 16000 per SHG followed by Punjab of nearly 12500 per SHG. Among the regions, southern region is highest at 10080 per SHG and northeastern region recorded the lowest balance of 4159 per SHG. On an average, the SHGs maintain a balance of 8230. Commercial Banks account for 58% of the savings account maintained by SHGs and RRBs 27% and Cooperative Banks the remaining 15%. Further, over 4.36 million SHGs have now access to direct credit facilities from the banks and the total bank loans outstanding against these groups is over 36340 crore as on 31 March 2012 i.e. an average of 83500 per group. About 1.15 million SHGs were extended fresh loans to the extent of 16535 crore during 2011-12 by all banks averaging 1.44 lakh per group. Although fresh lending to SHGs during the year showed an increase of 13.7% over last year, the steady decline in the number of SHGs being extended fresh loans by banks for the last 3 years is a matter of concern. Number of SHGs having outstanding loans with banks is also showing a decline partly due to the continued decline in the number of SHGs being extended fresh loans by banks for the last 3 years.

While the quantum of fresh loans issued to SHGs by banks rose by 13.7% during the year to 16535 crore (to 11.48 lakh SHGs) as against 14548 crore disbursed last year (to 11.96 lakh SHGs), the number of SHGs obtaining fresh loans from banks during the year declined by 4%. What causes more concern is the fact that the number has been declining during the last 3 years, though the rate of decline has come down from nearly 24% last year to 4% this year. Kerala, West Bengal and Odissa reported maximum decline in the number of SHGs being extended fresh loans during the year. The average size of fresh loans extended ranged from 1.80 lakh per SHG in the southern region (1.5 lakh last year) to 0.75 lakh in the western region (the lowest average was 0.65 lakh for eastern region last year). The average loan size across the regions was 1.44 lakh per SHG. Considering that on an average 80% of the SHG members avail loan at a time, the average per member loan issued works out to 14000. Among the financing banks, Commercial Banks and RRBs extended loan of 1.65 lakh on an average per SHG while cooperative Banks lent 0.65 lakh only per SHG. While Commercial Banks accounted for 63% of the savings balance of SHGs, their share in fresh lending to SHGs was only 60% whereas RRBs with a Savings share of only 20% accounted for 30% of the fresh loans issued during the year. This is suggestive of cautious attitude of the Commercial Banks in lending for SHGs as compared to RRBs.

The number of SHGs having loans outstanding against them from banks declined by 9% during the year to 43.54 lakh as against 47.87 lakh last year although the quantum of loans outstanding increased to 36340 crore (16.4% increase over last year). Partly the decline can be attributed to the continued decline in the number of SHGs being extended fresh loans by banks over the last 3 years. All states except Karnataka, Himachal Pradesh and Puducherry in the southern region recorded decline in the number of SHGs having outstanding loans. Average amount of loan outstanding ranged from 47000 per SHG in eastern and western region to 1.08 lakh in the southern region. The average loan outstanding across the regions works out to 0.83 lakh per SHG. Among the States, all southern states averaged about 1.07 lakh (Karnataka being the highest at 1.30 lakh per SHG) or above per SHG while Gujarat recorded the lowest average of 24000 per SHG. Among the agencies, Commercial Banks had an average outstanding loan of 1 lakh per SHG while RRBs had 0.67 lakh and Cooperative Banks 0.43 lakh. Considering that substantial portion (nearly 70%) of the savings from the members of SHGs also goes for internal lending besides the outstanding credit from the banks; the total pooled resources outstanding at the members' level can be pegged at over 51000 crore.

4. DEVELOPMENT AND POLICY INITIATIVES.

4.1. SHG Guidelines

Revisiting the SHG-Bank linkage guidelines issued two decades back, NABARD, issued revised guidelines after holding numerous rounds of discussions with various stakeholders. The key changes in the guidelines include allowing voluntary savings for SHG members either by opening individual bank accounts/reviving existing “no frill accounts” or by depositing the voluntary savings within the SHG corpus without any additional entitlements. The approach is intended to facilitate SHG members to steadily graduate from community banking to individual banking. The second key feature of SHG 2 is about extending initial loans to SHG as flexible cash credit facility instead of term loans. The limits are granted based on the estimated savings potential of the SHG for the ensuing 3-5 years while actual operation of the limit is to be based on actual savings harnessed. The guidelines also suggests creation of enterprise/ livelihood based groups (JLGs) within the SHGs as a separate entities without disturbing the functioning of SHGs; while higher loan requirements for a few enterprising members could be accessed through JLGs. The guidelines also suggest risk mitigation mechanisms like audits, ratings and also about leveraging active members of SHGs to serve as Business Facilitators for helping the bank monitor the functioning of SHGs.

4.2. Intensifying SHG promotion in backward & Left Wing Extremism affected districts.

Programme envisages positioning an anchor NGO in each of the 150 backward districts of the country for promotion and financing of Women SHGs. The project envisages a tie up with at least 2 bank branches in each block of the district for financing the SHGs promoted. The role of the partner NGO is expected to be for longer term and not merely for promoting and enabling credit linkage of these groups, but also for serving as a business facilitator, tracking, supporting livelihoods and also being responsible for loan repayments. Besides, providing the partner NGO support for promotion of SHGs, a Service Charge of 5% p.a. of average loan outstanding is to be levied from clients for continued handholding the SHGs by the anchor NGO. Promotional support to anchor NGOs will be funded by NABARD out of WSHG Development Fund of 100 crore created for the purpose.

4.3. SHG Federations as Self Help Promoting Institutions

Realizing the inherent strengths of SHG federations being associated entities and having a clearer understanding of SHG members needs, aspirations as also nuances of SHG functioning; a scheme to facilitate Federations to serve as SHPI for formation and credit linking of SHGs with the banks with grant assistance from NABARD was introduced during the year.

4.4. PACS as Self Help Promoting Institutions

A scheme to encourage Primary Agriculture Cooperative Society (PACS) to function as SHPI for promotion and nurturing of SHGs was introduced during the year. Besides, forming SHGs and facilitating its savings and credit linkage directly or through branches of the affiliated DCCB, the PACS are expected to improve their business and their client outreach. The approach is also expected to improve the participation of cooperative banks share in the SHG-Bank linkage programme and also leads to its improved business and profitability of PACS.

4.5. Posting Micro Finance anchor persons for SHG intensification

A pilot programme, with the objective of strengthening the Self Help Group movement, is being implemented across 25 resource poor districts from 10 priority states of the country. The programme aims at leveraging the services of retired bankers by placing them as District Micro Finance Anchor Persons (DMAP). The role of the DMAP in the district will be to prepare a road map for promotion of SHG-BLP, to establish a SPIN (Self Help Institutions Network), facilitate conduct of training programmes for SHGs, facilitate better MIS & document success and failure stories, serve as anchor resource person for SHG-BLP and facilitate promotion of livelihoods, etc.

4.6. Action Research in facilitating voluntary savings in SHGs

The sources of income for SHG members are predominantly seasonal in nature. At the same time major part of their expenditure habits are routine in nature coupled with occasional contingencies.

With the objective of gathering some leads on the propensity of the SHG members' habit to save for meeting their future financial needs and the extent to which the available banking services and their products can meet such aspirations, an action research pilot on voluntary savings is being implemented across ten districts in five states of the country viz. Chhatisgarh, West Bengal, Maharashtra, Tamilnadu and Kerala. The pilot will cover about 500 members from 50 matured SHGs from these states. The pilot entails carrying out the need mapping of the SHG members, enabling a suitable framework for them to save beyond their compulsory group savings amount, suggesting suitable financial products for meeting their future needs, imparting financial education to the members and studying the impact of the process over a period of one year.

5. EMPOWERMENT LEVELS

At family level :	
Before joining SHG	After joining SHG
<ol style="list-style-type: none"> Husband did not permit them to go out alone, quarrel about meetings. Did all housework, serving food to husband, feeding children, and washing clothes. Were like slaves to husband. In-laws ill treated them. 	<p>Now they are able to go where they want and get permission easily.</p> <p>Husband took their own meals, sometimes fed the children, or completed cooking. At least wash their own clothes.</p> <p>Do not depend on husband for money. They consult husband.</p> <p>In-laws speak nicely, share the work when they have to attend meetings.</p>
At Community level :	
<ol style="list-style-type: none"> As women no respect in society. Could not talk as equals to men. Had a fear of society. Lot of opposition in village to their forming SHG. 	<p>Now their opinions are valued on common issues.</p> <p>Now invented to Gram Sabha, given respect.</p> <p>Have taken up issues of violence against women, got culprits remanded. Men in the community are afraid of them.</p> <p>Now seen as getting things done from Govt. and non govt. sources.</p>
At the level of govt. functionaries :	
<ol style="list-style-type: none"> Very scared of going to govt. officers. Only men did. Women did not know what they did when they went. They would go to govt. offices and wait to be called. Often they were asked to come another day. 	<p>Now they go to govt. offices. They know where to go, for what work.</p> <p>Now they meet important officials like BDO, Collector. Their work is done quickly.</p> <p>Now they understand banking procedures Govt. officials contact them to implement schemes in health, education, etc.</p>

6. CONCLUSION

The SHGs are excellent entry points for organizing and bringing the poor together to take care of their development by themselves. There have been many studies since the last two decades on the SHG movement and its efficacy as an institution for poverty alleviation especially for women and evaluating DWACRA program. All these studies have concluded that the group mode is better for delivering the development strategies for women. In the decade a few studies conducted in and outside the country have also reconfirmed that the SHG movement has created not only awareness among women but have also helped them to take up income generating activities thereby facilitating economic empowerment.

The evidence of women's empowerment through Self-Help Groups provides a varied picture. The women in empowerment and in a better position to negotiate the use of the loans taken by them take up gainful activity and participate in the marketing of their products. However there is a need

for a more in-depth analysis of the SHGs in India in order to ascertain whether the increase in women's access to credit has had similar negative impacts in increasing their susceptibility to violence within the family. In-depth gender studies need to be conducted in order to ascertain whether there is an undercurrent of resentment among men as a result of the great importance being given to women in the formation of SHGs and their better access to credit.

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