

# SHG-LED Women Empowerment

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## Abstract

In India, the Covid-19 outbreak has engulfed into misery one and all with almost similar intensity. However, the wrath of uncertainty and hitches has been more unprecedented for the already vulnerable like women. In this scenario, the role of Self-Help Groups (SHGs) becomes pivotal for the cause of the overall development and empowerment of women. A Self-Help Group (SHG) is a village-based financial intermediary committee usually composed of 10-20 local women. The members make small regular saving contributions for a few months until there is enough capital in the group for lending. Funds may then be lent back to the members or other villagers. These SHGs are then further 'linked' to banks for the delivery of microcredit. It lays emphasis on capacity building, planning of activity clusters, infrastructure build-up, technology, credit and marketing. Over the years, the SHG movement has grown significantly in India, and today there are over 7 million SHGs across the country with more than 70 million members, mostly women. The SHG movement has been instrumental in promoting rural entrepreneurship, generating employment opportunities, Inclusive society, bridging gender divide and empowering women.

## Introduction

The last few years have seen interest among policymakers in women-led rural entrepreneurship. Much of it has sought to leverage the experience gathered from the estimated 46 million rural poor women mobilised through the Self Help Group (SHG) architecture. These organisations, since their start in the 1990s (introduced based on Prof. Yunus's Grameen Bank model), have been an effective vehicle, especially in providing financial intermediation solutions for unbanked rural women.

SHGs are voluntary associations of economically poor, usually drawn from the same socio economic background and who resolve to come together for a common purpose of solving their issues and problems through self-help and community action.

India has witnessed state-led promotion of SHGs through a three-tiered architecture of community institutions at group, village and cluster levels. These have been via both Central schemes – the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (NRLM), for instance – and state government initiatives such Kudumbashree in Kerala and Jeevika in Bihar. There are today dedicated autonomous organisations – so-called State Rural Livelihoods Missions or SRLMs – which, even while bureaucrat-led, nurture SHG initiatives with the support of development sector professionals and last-mile community cadre. As the membership in SHGs has grown, there have also been attempts at thrusting new functions – including using them as a delivery channel for government projects, be it toilet construction (Swachh Bharat) or avenue tree plantations (the Haritha Haram scheme of Telangana).

## Various Committees and SHGs:

Committee	Purpose	Recommendations	Action Taken
S. R Hashim (1997)	To review poverty alleviation and	Shift focus from an individual beneficiary	IRDPA and its associated schemes

	employment generation program of Ministry of Rural Development (MoRD)	approach to group based business development.	were merged and a new scheme 'Swarnjayanti Gram Swarozgar Yojana' (SGSY) was launched. It provided self-employment to BPL households through formation of SHGs.
R Radhakrishna (2009)	To review the performance of SGSY	Suggested changes in its design from a top down poverty alleviation approach to a community managed livelihood approach.	Emphasis was given to linking SHG members to social welfare programs. SGSY was restructured into National Rural Livelihood Mission (NRLM) to provide sharper focus on poverty alleviation. NRLM has been renamed as Deendaya Antyodaya Yojana — National Rural Livelihoods Mission (DAY-NRLM).

## Self-help groups (SHGs) are the panacea for rural self-reliance

- Credit availability – Bank credits are not easily accessible to individual poor, but by forming a SHG, there are make better prospects for bank credits. (Often without collateral). Under the SHG-Bank linkage programme, many SHGs have become institutions of micro-credit.
- Entrepreneurship – Opportunities for self-employment through setting of micro-enterprise.
- Skill development – Skill development program undertaken by SHGs improves employability of members involved.
- Rural poverty – SHGs have become a vehicle to lift people from below poverty line, generate awareness about welfare and developmental schemes of government, monitor its implementation etc. Positive correlation between SHGs and poverty can be inferred from the fact that southern states with high number of SHGs (71%) have average poverty rate at 9% as against nation's average of 21%.
- Improved living standards – As a result of increased jobs there is rise in income which enhances access to food, health services and overall rise in living standards.

- Women empowerment – By providing employment opportunities, financial and social security SHGs help improve the status of women and creating awareness regarding their rights and responsibilities, as pointed by the 2nd ARC report.
- Literacy rates – with more women participation and their enhanced status address issues such as nutrition poverty and low literacy rate.
- Social capital – The SHGs provide a forum in which people can meet on a regular basis and discuss various issues or concerns that the members face in their day-to-day life which acts as the basic source of social capital generation.

### **DAY-NRLM & Women Empowerment**

#### **Objectives:**

- To eliminate rural poverty through the promotion of multiple livelihoods and improved access to financial services for the rural poor households across the country.
- To reach out to all rural poor households and impact their livelihoods.

**Aim** - to reduce poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities, through building strong grassroots institutions for the poor.

- The programme aims to ensure that at least one-woman member from each rural poor household (about 9 crores) is brought into women SHGs.

#### **Dashasutras Under DAY-NRLM**

- Earlier SHGs movement followed five principles. These were - Regular Meetings; Regular Savings; Regular Inter-Loaning; Timely Repayment of Loans; and Up-to-date books of Accounts.
- Later five additional principles were started to be followed - Health, Nutrition, and Sanitation; Education; Active involvement in Panchayati Raj Institutions (PRIs); Access to Entitlements and Schemes; and Creating Opportunities for Sustainable Livelihoods.
- Taken together, these principles form Dashasutras under DAY-NRLM.

### **DAY-NRLM & Empowering Process**

The nucleus of DAY-NRLM been built around a basic human nature of the feeling of self-worth and the self help. Following four pillars of the scheme ensure the empowerment process in DAY-NRLM –

- **Social Mobilisation, Formation And Promotion Of Sustainable Institutions Of Poor**
  - These community-based organisations adhere to core principles of democratic governance and financial accountability.
  - It participates effectively in local governance and development, mediate livelihood concerns and social issues affecting the poor members, facilitates access of the poor to entitlements and public services.
- **Pillar Of Financial Inclusion**
  - Here focus is laid on both demand and supply-side interventions.
  - Demand-side interventions ensure the promotion of effective book-keeping: provision of capital support to SHGs; creating a culture of prompt repayments of loans etc.
  - Supply-side interventions confirm the formation of sub-committees of State-level Bankers Committee in all states; bankers' sensitisation on concept, practices, etc.

- **Livelihood**

- The focus is on strengthening existing and new income sources, promotion of opportunities. The scheme empowered women SHGs to take up non-farm livelihoods activities too.
- Start-Up Village Entrepreneurship Programme (SVEP) promoted rural start-ups in the non-farm sector.
- **Social Inclusion and Convergence Platforms** established by SHGs are leveraged for better implementation of multiple public welfare schemes/programmes.

### **Women Entrepreneurship and Economic Progress**

- There are mainly three central aspects of entrepreneurship: (a) uncertainty and risk, (b) managerial competence, and (c) creative opportunism or innovation.
- Hence, promotion of entrepreneurship through SGs would require empowerment of millions of SHGs.
- If women SHGs are empowered they can ensure job opportunity by effectively utilising available resources into profitable products as per the local need and the acceptability of consumers.

### **Issue & Challenges**

- The SHG movement traversed from the “thrift and saving” in the 1980s to the “livelihood” based economic empowerment method. Despite such progress, it is suffering from many challenges, as discussed below.
- Universal social mobilization – Identification and inclusion of the poor remains a challenge. There is need to develop community resource persons for participatory identification of poor.
- Training, Capacity Building & Skill Upgradation – There is lack of appropriate training plans, quality training and availability of expert training institutions.
- Universal Financial Inclusion – Lack of uniform financial management systems at all tiers of SHGs has impacted the growth in bank accounts, improvement in financial literacy, and absorption capacity of community members.
- Multiple & Diversified Livelihoods – There is lack of progressive leadership for inclusiveness of small-sized enterprises at the federal level. Market/ forward linkages, is largely missing.
- Support Structure at the Community - Creation of business environment, enhancement of skills, and identification of value chains with proper clustering across the state along with positioning competent human resources in the SHGs ecosystem are required.
- Schematic Convergence – Field level schematic convergence is the need of the hour to bring synergies directly or indirectly with the institutions of poor.

### **Way Forward**

The current policy Intent is seemingly to reinvent the SHG movement with an economic development focus, emphasising on women’s entrepreneurship as an engine of growth in rural India. The shift in focus from community development to the hard metrics of a market also presents policy challenges of a different kind.

- Calls for a new institution having a deep functional relationship with the SLRMs, to leverage the latter’s strengths of mobilisation and last-mile presence. Such a state-level institution could even be a

not-for-profit company registered under Section 8 of the Companies Act, 2012.

- Second, the internal management team of the proposed institution should be a combination of young business management professionals and experienced government line department staff on deputation. Besides, state governments must engage successful micro and small entrepreneurs as mentors to the new women SHG enterprises. This would mean a shift from the traditional approach of engaging only state agencies in microenterprise development initiatives.
- Third, government financial support to the new promoting institution should be restricted to initial start-up costs, thus putting the onus on it to be lean in structure and generate own revenues to cover operating costs. The government needs to realise that financial inclusion and economic development are two different functions, even if the target group is the same poor rural women. Social cohesion has been the binding factor for SHGs and vital to their success in financial intermediation. But economic development is a function where collectivisation can work only if the business itself favours sharing of resources. And where business logic drives collectivisation, the member-owned institutions should not blindly adopt, but adapt, the design principles of SHGs in terms of structure, culture, governance and management processes.
- It is equally important to ensure that working on rural growth via SHGs should not end up instrumentalising women. In certain states, policymakers tasked with SHGs have targeted the household as a unit in economic development initiatives. This is based on a flawed assumption that livelihoods are a household function shared by men and women, whereas savings and credit are individual-led with women better-positioned for that.
- Rural micro-enterprises run by SHG members suffer from critical bottlenecks, whether in raising funds for start-up, growth and working capital or accessing high-quality technical assistance. Governments need to structure financial products addressing these needs, calling for a shift from a unit-cost based standardised budgeting approach. Evidence from the field should be used to improve access to collateral-free credit through institutions such as the Credit Guarantee Fund Trust for Micro and Small Enterprises.
- There is a tendency to club all micro-enterprises, including women-owned ones, into a singular category of subsistence-oriented outfits, i.e. those primarily run by households for own needs. Such categorisation blunts customised support for those entrepreneurs needing specialised support to grow. States should adopt a pyramidal strategy for financial and technical assistance, based on the stage and size of enterprises.
- Lastly, the success of policy should not be measured based simply on the number of enterprises promoted and expenditures incurred.

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