

Role of Self-Help Groups in Women Empowerment in Indian Economy

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Abstract

With the key objective of poverty alleviation, social and financial inclusion, Government of India has been promoting social and economic empowerment of women through promotion of women's self-help groups (SHGs). An attempt has been made in this study to understand the SHG movement in India with focus on various initiatives undertaken by Government in promoting SHGs, analyze the progress and current status of SHGs, their role in women empowerment in India and evaluate the challenges in strengthening SHG movement in India.

The study reveals, that, there is uneven growth of SHGs in India. There is growth and concentration of SHGs in few big states and there is a need to develop a strategy to reach areas and states where the SHG movement has not reached properly, to make widespread financial inclusion possible. The assistance to existing SHGs and promotion of new SHGs should be channelized properly and evenly to all states. A holistic view of current status and statistics of SHGs, their role in women empowerment and areas which really need intervention should be found out by Government before introducing any new scheme to promote formation of SHGs or aiding women empowerment.

Keywords: SHGs, Women Empowerment, India, Financial Inclusion

Introduction

"There is no chance for the welfare of the world unless the condition of women is improved." - *Swami Vivekananda*

"Can you better the condition of your women? Then there will be hope for your well-being. Otherwise you will remain as backward as you are now." - *Swami Vivekananda*

Countries all over the world have realized that empowering women plays a key role in development of a nation. It is observed that those nations who take steps to empower women, demonstrate improved development indices. For a long time, poor women from rural Indian landscapes have been deprived of equal opportunities as compared to their male counterparts on issues of access to education, employment opportunities, financial empowerment and power of making independent decisions.

With the key objective of poverty alleviation, social and financial inclusion, Government of India has been promoting social and economic empowerment of women through promotion of women's self-help groups (SHGs). "SHGs are small informal group of 10-20 individuals, who are homogenous with respect to social and economic background and come together voluntarily for promoting savings habit

among members and for a common cause to raise and manage resources for the benefit of group members.”¹ It is observed that empowerment of women through Self-Help Groups (SHGs) benefits not only the individual woman, but also their family and their social circle to which they belong. Self-help groups promote financial inclusion of the poorest of the poor, underprivileged, discriminated women and motivate them to contribute as equal partners in development of the economy.

Literature Review

(Bisai, S. 2017) undertook a comparative study to examine the performance of SHGs in the drought-prone areas verses non-drought-prone areas of West Bengal. The study concluded that the formation of SHGs in drought-prone areas has definitely resulted in higher income opportunities and better livelihood pattern among poor families. Differences were observed in the performance of SHGs between drought-prone areas and non-drought-prone areas, but it was suggested that these deficiencies can be overcome by Government initiatives to educate the members about their legitimate rights, about the legal or formal procedures to get credit from institutional sources, training, awareness and viability of the group activities and also Government support in marketing activities these SHGs.

(Lonkar, Kadam, Nimbalkar, Daware, & Yenge, 2017) presented a case study of Turkey farming introduced as an attempt of poverty alleviating tool to attain sustainable livelihood for selected rural women from Satara District of Maharashtra. It was observed that through Turkey farming, there was 13.37 per cent rise in income per batch of Turkey reared by women beneficiaries belonging to BPL families. The study concluded that with training on Turkey farming, rural women can become a small scale entrepreneur to generate additional income for livelihood security.

(Katti & Gavade, 2017) studied the linkage between Banks and Self Help Groups and government schemes confined to women empowerment. They concluded that although several women centric schemes have been introduced by Government, the awareness among users is low and therefore should be properly publicized, process of application should be facilitated and rapid appraisals should be done so that fund utilization is at maximum.

(Krishnamurthy, Joseph, Pradhan, & Rao, 2017) conducted an exploratory factor analysis to study the feasibility of inclusion of women in adoption of rural renewable energy projects in south-eastern Maharashtra. The study suggested that factors like investment readiness, learning towards rural renewable energy project, awareness towards financing rural RE project should be considered by renewable energy policy makers to build capacity upon existing microfinance skills before commencing such projects.

index, communication index and meeting index.

(Asha, K., & Khan, I. M. 2018) studied the profile of rural women involved in the income generating activities of self-help groups in Jaipur district of Rajasthan. They found that majority of women were aged 21 to 40 years, belonged to general caste, were involved in business, were educated up to middle school, were having no land, had medium material possession, were from Joint family, belonged to large families, were having medium socio-economic status, were having medium social participation, were married, were having medium annual income had undergone no training and were having medium mass media exposure and there was no correlation observed between the profile and type of SHG.

¹Master Circular On Self Help Group - Bank Linkage Programme 2018-19, NABARD

(Ramakrishna & Rao, 2018) studied how self-help groups act as the catalyst for the promotion of entrepreneurial activities among rural women and also focused on the role played by NGOs in supporting the self-help groups and members to venture in entrepreneurial activities. The study identified the difficulties involved among rural women and members of the self-help groups in venturing into entrepreneurial activities and made suggestions to overcome the problems.

Objectives of the study

- To analyze the progress and current status of SHGs.
- To understand the role of SHGs in women empowerment in India.
- To evaluate the challenges in strengthening SHG movement in India.

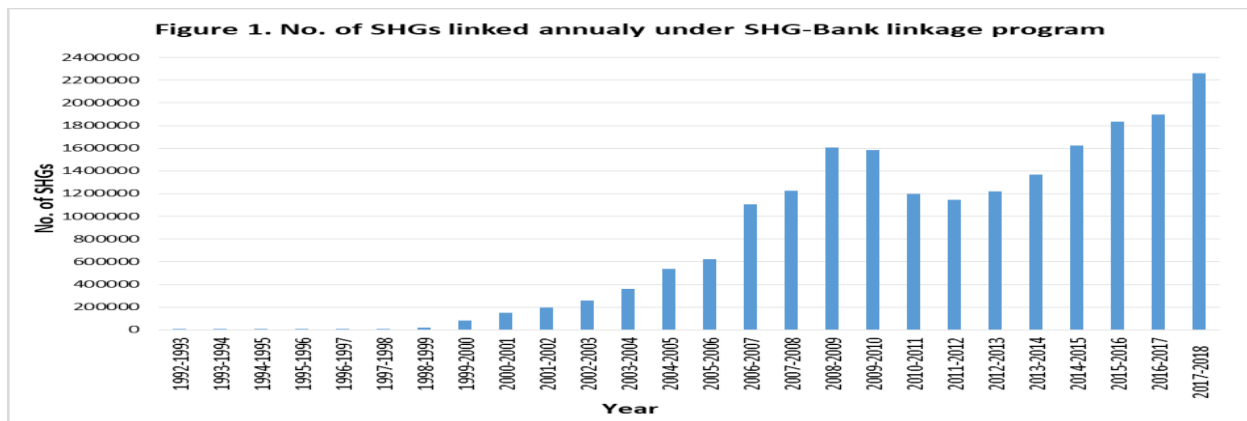
Methodology followed

Secondary data is used for analysis. Secondary data is collected from Government websites, Reserve Bank of India (RBI), National Bank for Agriculture & Rural Development (NABARD), Indiatat.com, and other published information. Data has been analyzed with employing statistical tools like percentages, proportions, etc. and graphs are used to represent relationship among various factors to draw meaningful inferences. The data from various sources is compiled from the year 1992-93 to 2017-18 with focus on the year 2017-18.

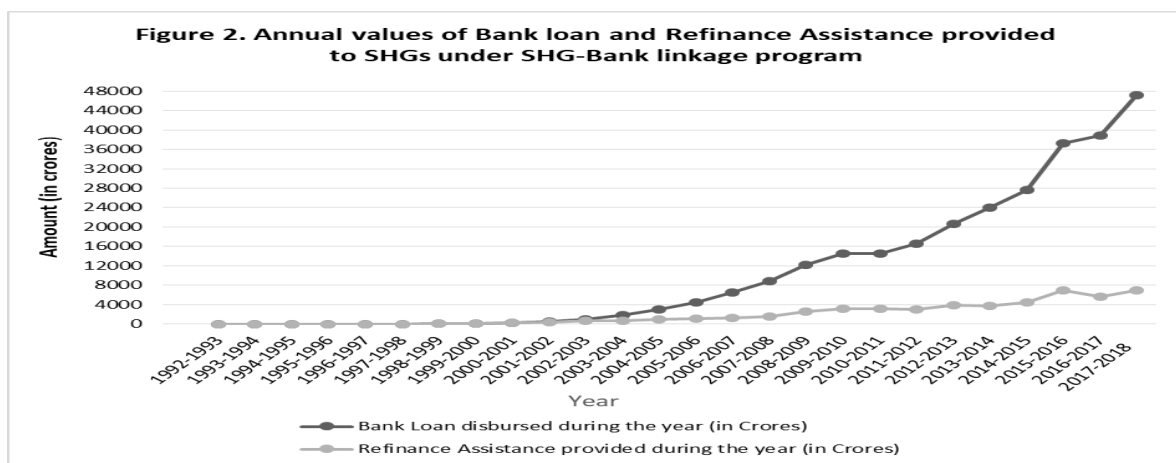
Progress and Current Status of Self-Help Groups in India

- Over a span of 26 years, the movement of formation of SHGs has registered tremendous growth, and currently according to (Table 1) there are 87.44 Lakhs active SHG units as on 31st March, 2018 out of which, the total number of SHGs credit linked during the year 2017-18 are 22.61 lakhs as per (Table 2) availing 47186 Crores of loan in the year. Out of total SHGs, exclusive women SHGs were 20.75 Lakhs who had availed loans worth 44558.74 crores.² This also indicates that women SHGs accounted for almost 92% in the total number of SHGs savings and credit linked during the year and around 94% of total loan was given to women SHGs.
- (Table 1) indicates that out of the total number of 87.44 Lakhs SHGs, 51.53% of share of SHGs comes from five major big states namely Tamil Nadu, Andhra Pradesh, Maharashtra, West Bengal and Karnataka where their share in SHGs ranges from 9% to 11%. Other 11 states whose share in total is around 44.53% have share ranging from 1.75% to 6.80%. Last 20 states have only 3.94 % share in total number of SHGs. Each of them have share less than 1% in total number of SHGs. These states are mainly small states, North eastern states and union territories. (Table 1) indicates that although the total number of 87.44 lakh SHGs depicts promising growth, their spread is concentrated in few states only and there is much scope of growth in North Eastern states as well as other smaller states.

² Source: NABARD Report on Status of Microfinance in India 2017-18



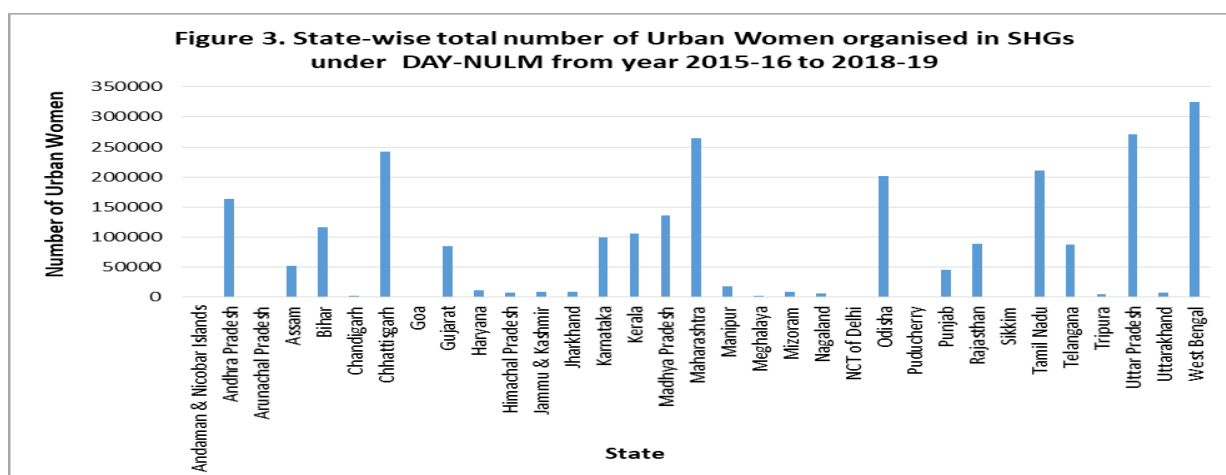
The (Figure 1) and (Table 2) depicts that the growth in the number of SHGs has been positive and increasing trend is seen. (Figure 1) indicates that in the year 2010-11 and 2011-12, there was a slight fall in the number of SHGs linked under SHG Bank linkage programme and afterwards again an increasing trend was seen.



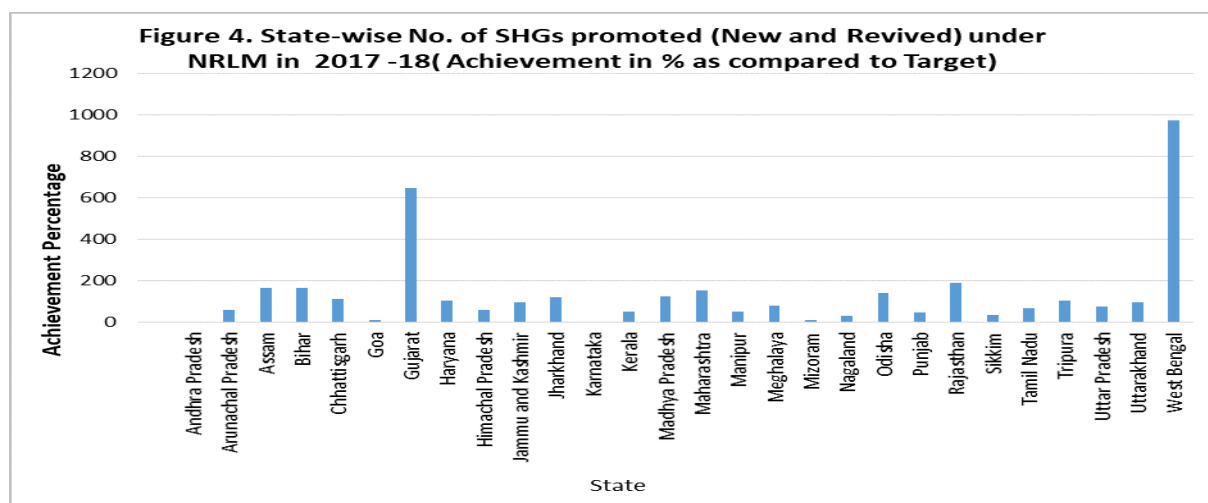
(Figure 2) and (Table 2) indicate the progress in bank loans granted and refinance assistance provided to SHGs during the period from 1991-2018. The amount of bank loan availed by SHGs has depicted a constant increase. Refinance assistance has not seen a similar trend. If refinance assistance is increased, then it will help better financing of SHGs.

(Table 4) indicates the state-wise number of SHGs disbursed loans under SHG bank linkage programme during the period from 2015-16 to 2017-18. It is observed that out of the total loan disbursed during the period, 45% of the total loan amount has been granted to SHGs of Andhra Pradesh followed by 22.20% to Telangana and 15.15% to Tamil Nadu. Another 15.16% of the total loan amount is being shared by states Kerala, Maharashtra, Tripura, West Bengal, Madhya Pradesh, Chhattisgarh, Karnataka and Odisha, their individual share in total loan ranging from only 1% to 3.45%. Remaining 24 states and union territories have a very low percentage of share in total loans sanctioned or none at all. This indicates that although the total amount of bank loans disbursed shows an increasing trend in (Figure 2), the geographical outreach has not been even and the benefit is reaching to SHGs of only few states.

(Figure 3)³ indicates that West Bengal has the highest number (324721) of urban women organized in SHGs under DAY-NULM followed by Uttar Pradesh, Maharashtra, Chhattisgarh, Tamil Nadu, Odisha, Andhra Pradesh, Madhya Pradesh, Bihar and Kerala. Sikkim has the lowest number of urban women (304) organized into SHGs followed by none in Andaman & Nicobar Islands, Goa, NCT of Delhi and Puducherry. This status indicates that there is lot of scope of outreach and financial inclusion of women, by formation of SHGs under DAY-NULM in various states.

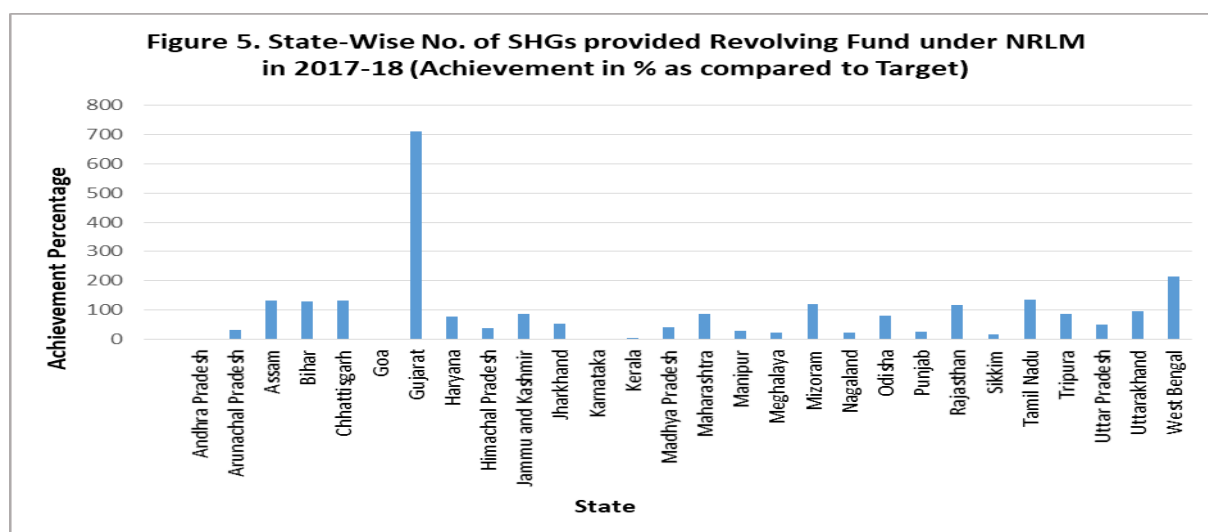


(Figure 4) and (Table 5) indicate that West Bengal has highest percentage achievement (974%) as compared to the target in terms of number of SHGs promoted during the year 2017-18 followed by Gujarat which has recorded (648%) achievement. There are some states like Andhra Pradesh which record no growth, which also might indicate saturation of SHGs in these states, as already confirmed by data in (Table 1). There is scope of improvement in states like Goa, Mizoram, Nagaland, Sikkim, Manipur, Punjab, Arunachal Pradesh and Himachal Pradesh.



³Source: data.gov.in

(Figure 5) and (Table 5) indicate that Gujarat shows highest record achievement percentage (709%) in term of number of SHGs provided revolving fund during the year 2017-18 followed by West Bengal (216%). Here again the percentage achievement is dismal in states – Goa, Sikkim, Nagaland, Meghalaya, Punjab, Manipur, Arunachal Pradesh, Himachal Pradesh. The percentage achievement is low in Kerala and Andhra Pradesh too, but as pointed out earlier, it may be possible that they already have good number of SHGs (Refer Table 1), who have availed loans and revolving funds already and are now well established, so might not be needing further assistance. (Table 5) shows that number of SHGs provided community funds were largest in Bihar (77221), followed by West Bengal, Odhisha, Uttar Pradesh, Tamil Nadu and Assam. In terms of number of SHGs provided community funds, again lowest numbers were observed in states of Goa, Manipur, Arunachal Pradesh, Himachal Pradesh and Punjab. Revolving fund is given to SHGs that have been practicing ‘Panchasutra’ (Regular meetings; Regular savings; regular inter-loaning; Timely repayment; and Up-to-date books of accounts).⁴ Under DAY-NRLM, Revolving funds at the rate of Rs.10,000-15,000 per SHG and Community Investment fund to the extent of Rs.2,50,000 per SHG is provided to take up self-employment for income generation and livelihood activities.⁵ To improve access to revolving fund and community fund to states who show lower achievement rates, the focus should be training to women members of SHGs, increasing their financial literacy levels and motivating them to follow Panchasutra principles.



(Table 3) denotes selected state-wise SHG groups trained under financial literacy in DAY-NRLM as on March 2018. Here too Bihar records the highest percentage in terms of number of SHGs trained which is 50%, followed by Kerala (12.10%), Jharkhand (10.53%) and Manipur the lowest at 0.02%.

Recent Initiatives undertaken by Government:

- The Times of India⁶ on July 6th, 2019 reported that Budget 2019 aimed at women led development with special focus on strengthening the Self Help Groups (SHG). It was proposed that every verified woman SHG member having a Jan Dhan bank account will be allowed an **overdraft of**

⁴<https://aajeevika.gov.in/content/components/financial-inclusion>

⁵ Press Information Bureau, GOI, Ministry of Rural Development.

⁶Economy without women is like bird without a wing. (2019, July 6). *The Times of India*.

Rs.5,000. Also one woman in every SHG will be eligible for a loan of up to Rs.1 Lakh under the MUDRA scheme. **Pradhan Mantri MUDRA Yojana (PMMY)** was launched in 2015 for providing loans to the non-corporate, non-farm small/micro enterprises. As per the Annual report of MUDRA 2017-18, in terms of number of accounts, the share of women borrowers was about 70% and 40% of loan amount sanctioned was the share of women borrowers in total loan amount sanctioned during the year. Under NRLM mission there is an **Interest Subvention for SHGs scheme** through which all women SHGs are eligible for interest subvention to avail the credit upto Rs 3 lakhs at 7% per annum. Those women SHGs who repay in time will get an additional subvention of 3%, reducing the effective rate of interest to 4%. This scheme was available in few backward districts. In Budget 2019, it was proposed to expand the scheme to all the districts to increase the outreach of the SHGs.

- The Hindu Business line⁷ on August 30, 2019 reported of the fact that the **Government e Marketplace (GeM)** portal run by the Department of Commerce has entered into a pact with the Small Industries Development Bank of India (SIDBI) to make it easier for women entrepreneurs, self-help groups, and various loan beneficiaries under special schemes of the government to sell their products on the platform. Special initiatives of GeM like 'Womaniya' and 'Start-up Runway' are going to be initiated. The GeM is an open online, transparent platform which will empower SHGs as payments are made within guaranteed time frame by auto-debiting the GeM Pool Account. There is a choice of bill discounting too thus facilitating working capital financing requirements.

SHGs and their role in Women Empowerment

The promotion of SHGs has provided substantial livelihood opportunities to women in India thereby making them financially independent, their awareness about savings and availability of credit facilities has increased. They are more sensitized about community issues and are coming together to play an extended role in community development by spearheading movements related to health, education and assuming leadership roles. For sustainable livelihood, women through their SHGs are making handmade jewellery, undertaking weaving activities, making bricks, making solar power panels, making decorative items, undertaking cattle rearing, dairy activity, production of cash crops, organic farming, manufacturing washing powder and other cleaning items and many more such activities are being ventured into by women to ensure them a sustainable livelihood. This in turn is increasing their confidence levels and financial independence allows them to have a say in household decision making. Being a member of SHG leads to increased awareness about Government schemes and entitlements and thereby better implementation and outreach of Government initiatives is also seen.

Challenges in Strengthening SHG Movement

The examination of progress and current status of SHGs in India in this study reveals that there is uneven growth of SHGs in India. Some states like Tamil Nadu and Andhra Pradesh have very high percentage share of number of savings linked SHGs whereas North Eastern states, Union territories and few North and North West states like Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh have very low concentration of SHGs as compared to these bigger states. Number of SHGs disbursed loans under SHG

⁷GeM signs pact with SIDBI to facilitate business of MSMEs, self-help groups. (2019, August 30). *The Hindu Business Line*

bank linkage programme (Table 4) also shows a similar trend where it is observed that out of the total loan disbursed during the period from 2015-16 to 2017-18, as high as 45% of disbursed loans have been granted to SHGs of Andhra Pradesh. So the disbursal of loans to SHGs has concentration in few big states and there is need of attention for assistance to SHGs in other smaller states to ensure uniform growth of SHGs in all states across India. The assistance to existing SHGs and promotion of new SHGs should be channelized properly and evenly to all states, fund allocation under different schemes should focus on states which are still behind in terms of growth in number of SHGs. There is a need to coordinate the efforts of Government (Central and State), the Self-help promoting institutions like NABARD, RBI, NGOs, Cooperatives, Commercial Banks, Social Entrepreneurs, other Microfinance institutions for the spread of SHG movement to empower poor, especially poor women in India.

Conclusion

The role of SHGs in women empowerment cannot be understated. Several initiatives are undertaken or being proposed by Government of India to ensure growth of SHGs in India, with the main objective of women empowerment. The analysis in the study indicates that there is a need to develop a strategy to reach areas and states where the SHG movement has not reached properly, to make widespread financial inclusion possible. It is proven that growth of SHGs has direct impact on wellbeing of women and lead to women empowerment. Before proposing new schemes for SHGs, Government should critically examine the status and outcome of existing schemes to find out the outreach to the target audience. Overlapping schemes create chaos and chances of defaults, discrepancies are more. A holistic view of current status and statistics of SHGs, their role in women empowerment and areas which really need intervention should be found out by Government before introducing any new scheme to promote formation of SHGs or aiding women empowerment.

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