Socio-Economic Upliftment of Women Through SHGs in India

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Abstract

A Self-Help Group (SHG) is a village-based financial intermediary usually composed of 10-20 local women or men. Most self-help groups are located in India or outside especially in South Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are ‘linked’ to banks for the delivery of micro-credit.

Key Words: Socio-Economic, financial, banks

Introduction

The Self Help Groups initiative was adopted by India several decades ago in order to alleviate poverty, and improve women’s ability to achieve rights and well-being. At the beginning, Self-Help Groups are informal associations of people who choose to come together to find ways to improve their living conditions. They help to build Social Capital among the poor, especially women. The most important functions of a Self-Help Groups are

- to encourage and motivate its members to save,
- to persuade them to make a collective plan for generation of additional income, and

and to act as a conductor for formal banking services to reach them. Such groups work as a collective guarantee system for members who propose to borrow from organized sources. Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of micro-finance services to the poor. The range of financial services may include products such as deposits, loans, money transfer and insurance. SHG is a holistic programme of micro-enterprises covering all aspects of self-employment, organization of the rural poor into self Help groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing. It lays emphasis on activity clusters based on the resources and the occupational skills of the people and availability of markets. Self-Help Group refers to self-governed, peer controlled, informal group of people with same socio-economic background and having a desire to collectively perform common purposes. Here poor people voluntarily come together to save whatever amount they can save conveniently out of their earnings, to mutually agree to contribute to a common fund and to lend to the members for...
meeting their productive and emergent needs. (1)

SHGs have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the emergent credit needs of members of the group.

Objectives of Upliftment of Women SHGs

1. To study the role of micro finance in women empowerment.
2. To study the performance of SHGs in region level.
3. To analyse the empowerment which women member get in SHGs,
4. To inculcate the habit of saving and among rural women to build up trust and confidence between the rural women and the bankers
5. To develop the group activity so that various welfare and development programmes can be implemented in a better way with the participation of these women group

Formation of Self Help Group

The formation of SHGs is highly relevant to make the people of below poverty line hopeful and self-reliant. SHGs enable them to increase their income, improve their standard of living and status in society. It acts as a catalyst for bringing this section of society to the mainstream. Ultimately, the nation reaps the advantages of socialism. The Government of India and various state Governments have been implementing various programmes for rural upliftment. However, rural poverty and unemployment still persist in the country. This problem is becoming severe and acute. The available latest statistics relating to the Indian Economy indicates that about 26% of the total population in the country belongs to the rural poor.

Activities of Self Help Groups

There are various activities in Self Help Group

Small saving mobilization is one of them, it may be should be made in order to mobilize financial resources. The idea is top generate the habit of saving from whatever income is earned in the household.

The second one is Arrangement of funds, it may be arrange the fund in small quantities and with in time. It is also expected that the members return the money borrowed in time, and with interest so that other members also benefit. Records and account is the most important aspect of management of the Self Help Group as well as of trust building among the member. The Self Help Group has to be secure that all account and the books of account are up to date and maintained to secure transparency and accuracy. Correct account books show the goodwill of the firm and secure its credibility. It is also the useful in future planning and decision making.

Training and Development Activities

Self Help Groups need constant support, assistance, guidance and advice from the promoters and other development agencies. They need constant monitoring, training and education support in order to help them improve their working capacities and capabilities. The members might need some equipment and
technology support. SHGs need to continue improve their capacities. (2)

Members oriented Action approaches are conceived and implemented which are recommended and demanded by the members. Most of these programmes are social and economic and even cultural. Such programmes are also usually the agenda of the development project which promote SHGs. Programmes can be educational, additional income generation, labour intensive activities, watershed-related and public works construction activities, harnessing water resources from drinking irrigation, health, education, vocational training etc.

Overview of the SHG movement in India
The Self Help Groups initiative was adopted by India several decades ago in order to alleviate poverty, and improve women’s ability to achieve rights and well-being. At the beginning, SHG was an initiative undertook by NGO but later on due to its success in improving live standards and delivering public goods and series,

- In late 1980 Myrads, an NGO located in south India, formed approx 300 autonomous SHG known as the Credit Management Groups.
- The National Bank for agricultural and Rural development found SHG as an interesting and effective strategy to provide banking services to the so called ‘unbankable’ people.
- During 1991 to 1992 nabard is consultation with RBI, commercial Bank CBs and NGO launched the pilot project of linking the SHG with commercial Banks, based on NABARD guidelines.
- During the 1990 and 2000, given its success the government had become a key promoter of SHGs. Decentralization of power at the Panchayat’s level in 2004 gave local bodies more teeth and SHG came to be recognized as a powerful institution for the poor.
- In March 2005 the programme had provided credit to 1618456 SHG with a membership of over 24 million poor families or about 120 million poor people, making it the largest microfinance initiative in the world.

Some requirement of Self Help Group
- A self help group to be successful must complete a minimum period of six months since its inception regular meeting and attendance for all members regular saving from his resources and provide loan to other members.
- To complete whole record of his books
- The power of each member is same to same and regular repayment of loan.
- Proper leagaly and resolution.

Types of Self Help Promoting Agencies
Most SHGs are formed with assistance from a promoting institution self help promoting institutions. The main types of self help promotion institutions given

- Non Governmental Organization MYRADA, PRADAN, DHAN FOUNDATION AND CARE- NGO
- Government (Department of Panchayat Raj and Rural Development, Women and child development, women development corporation and all state...
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- Poverty reduction Programmes (kudumbashree, indira Kranti patham, vazhumdu katuvooom, mavim, and mission shakti)
- State and Commercial Bank (ICICI, HDFC)
- SHG Federations, cooperatives, Cooperative Banks,

Self Help Group and Micro Credit
Microfinance is an economic development approach that involves proving financial series through bank to low income. Microfinance is a tool against poverty by ending the beneficiary to create sustainable active It is to increase their incomes and improve the living conditions of entrepreneurs and their families.

Poor people need a variety of financial services, not just loans. Microfinance is a powerful tool to fight poverty. Microfinance means building financial systems that serve the poor. Microfinance can pays for itself, and must do so if it is to reach very large numbers of poor people. Microfinance is about building permanent local financial institutions that can attract domestic deposits, recycle them into loans, and provide other financial services. Microcredit is not always the answer. Other kind of support may work. Interest rate ceilings hurt people by making it harder for them. Microfinance works best when it measures and discloses its performance. (3)

The importance of microcredit can be analysis as under

- It Provides a cost effective approach to formal institutions for expanding and reaching out to poor;
- it Offer an effective alternative to pursue the objective of growth by facilitating the empowerment of rural poor women;
- It helps to cater to the consumption and production needs of poor women;
- It provides a platform for poor women to participate in mainstream of economic activity; and
- Its helps in capacity building by providing greater awareness on various development and welfare programmes relating to women and child health in general and education of children is particular.

The SHGs, by providing access to financial services and informing the women members about the various welfare programmes especially targeted to women and children, truly empower women by making them partners in bringing about the needed social and economic transformation. The efforts of SHGs are thus, to a very great extent, contributes to address the gender issues of economic development in India. There is some reasons. In order to remove disparity between men and women. To make the rural poor women self dependent and build the confidence and capacity in women to take up a strong position both on social and political area. To make a strong women by brining them into the mainfocus on development and to improve the financial strong. To income generation from new employment opportunities, self employment and entrepreneur. Many self-help groups, especially in India, under NABARD's 'SHG Bank Linkage' program, borrow from banks once they have accumulated a base of their own
capital and have established a track record of regular repayments.

This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest. (4)

**Micro finance in Self Help Groups**

A Self-help group (SHG) is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can be found in other countries, Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.it is a group which help every needy.

A SHG may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the bookkeeping simple, flat interest rates are used for most loan calculations.

**Progress under Microfinance Bank loan disbursed to SHGs by the Banking Agency-wise position during the year 2016-17**

(Amt Rs. lakh)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Banking Agency</th>
<th>No. of SHGs</th>
<th>LOANS DISBURSED</th>
<th>No. of SHGs</th>
<th>LOANS DISBURSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commercial Banks</td>
<td>1116442</td>
<td>2429701.86</td>
<td>984877</td>
<td>2237341.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(58.81%)</td>
<td>(62.65%)</td>
<td>(57.38%)</td>
<td>(61.97%)</td>
</tr>
<tr>
<td>2.</td>
<td>Regional Rural Banks</td>
<td>557540</td>
<td>1161300.40</td>
<td>522028</td>
<td>1112462.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(29.37%)</td>
<td>(29.94%)</td>
<td>(30.42%)</td>
<td>(30.81%)</td>
</tr>
<tr>
<td>3.</td>
<td>Co-operative Banks</td>
<td>224138</td>
<td>287113.38</td>
<td>209375</td>
<td>260510.16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(11.82%)</td>
<td>(7.41%)</td>
<td>(12.20%)</td>
<td>(7.22%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1898120</td>
<td>3878115.64</td>
<td>1716280</td>
<td>3610313.26</td>
</tr>
</tbody>
</table>

*Source: Status of Microfinance in India 2016-17: A NABARD Publication*
The above table maximum contribution by SHGs to commercial Banks in loan disbursed. There are 1116442 SHGs attached out of 1898120 (58.81%) and loan disbursed amt. 2429701.56 lakh out of 3878115.64 lakhs (62.65%). In 2nd on contributed by regional Rural Bank, there is 557540 SHGs attached out of 1898120 (29.37%) and loan disbursed amt. 1161300.4 lakhs out of 3878115.64 lakhs (29.94%) and there is minimum contribution by Co-operative Banks.

In against women SHGs 984877 out of 1716280 and percentage contribution with commercial Bank 57.38% and loan disbursed 2237341.08 lakhs out of 3610313.26 lakhs (61.97%) and 2nd one contribution by Regional Rural Bank there is 522028 SHGs attached out of 1716280(31.42%) and amount disbursed Amount 1112462.02 lakhs out of 3610313.26 lakhs (30.81%) and minimum contribution by Co-operative Bank there are 209385 women SHGs attached out of 1716280 (12.2%) and loan disbursed out of 260510.16 lakh out of 3610313.26 lakhs (7.22%).

**SHG Model and Linkage with Bank**

This model covers financing of micro finance institution by Banking agencies for the lending to SHGs and other small borrowers.

The SHGs Bank linkage programmes a major plank of strategy for delivering financial series to the poor in a sustainable manner since its inception in the early 1990. The SHG Bank linkage model is the indigenous model of micro credit evolved in India.

NABARD has launched to introduce the Bank linkage programme in February 1992. SHG Bank linkage gathered momentum in the country.

Self Help Groups are voluntary, small group structures for mutual aid and the accomplishment of a special purpose. They are usually formed by peers, who have come together for mutual assistance in satisfying a common need. (5)

SHG have federated into larger organization. Typically, about 15 to 50 SHG make up a organization with on or two representative from each SHG and with several inter groups decision making structures. The most important model is the SHG Bank linked model. There is three difference schemes of linkage of SHGs to the financial institutions have emerged.

1. **Banks themselves, formed and finance the SHGs.**

   In this model, the Bank itself acts as a self help Group promoting institution. Banks themselves take up the work of forming the groups, nurturing them over a period time, opening their saving accounts and providing loans to them after satisfying itself about their maturity to absorb credit.

2. **SHG are formed by NGOs, Government and other agencies but financed by bank.**

   In this model, some groups are formed by facilitating agencies like NGOs, government agencies community base organizations.

   They facilitate organizing, forming the groups. Banks give loans directly to these SHGs. A large number of NGOs are actively participating under this model.
3. Banks finance to SHGs through NGOs and other agencies as financial intermediaries.

In this model, banks are not in a position to even finance SHGs promoted and nurtured by other agencies due to various reasons. The NGOs are encouraged to approach a suitable bank for bulk loan assistance. This is used by the NGOs for lending to the SHGs. Thus, the NGOs act as both facilitators and Micro Finance intermediaries in such cases. Some other agencies like NBFCs are also coming up to take up this role.

**Number of SHG’s and saving Amount in region wise as on 31st March 2017**

<table>
<thead>
<tr>
<th>SR No.</th>
<th>Region</th>
<th>No. of SHGs</th>
<th>%</th>
<th>Saving Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Central Region</td>
<td>848514</td>
<td>9.89%</td>
<td>83898.12</td>
<td>5.21%</td>
</tr>
<tr>
<td>2.</td>
<td>Eastern Region</td>
<td>1953076</td>
<td>22.77%</td>
<td>336538.57</td>
<td>20.88%</td>
</tr>
<tr>
<td>3.</td>
<td>North Eastern Region</td>
<td>452887</td>
<td>5.28%</td>
<td>22955.70</td>
<td>1.43%</td>
</tr>
<tr>
<td>4.</td>
<td>Northern Region</td>
<td>457199</td>
<td>5.33%</td>
<td>49676.28</td>
<td>3.08%</td>
</tr>
<tr>
<td>5.</td>
<td>Southern Region</td>
<td>3724598</td>
<td>43.43%</td>
<td>979657.70</td>
<td>60.79%</td>
</tr>
<tr>
<td>6.</td>
<td>Western Region</td>
<td>1140601</td>
<td>13.30%</td>
<td>138696.27</td>
<td>8.61%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>8576875</td>
<td>100.00%</td>
<td>1611422.64</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Sources: Status of Microfinance in India 2016-17: A NAWARD Publication**

From the above table it is evident that the southern region holds a dominating position among all the region is respect of No. of SHGs registered in the term of % and in number of the SHGs registered in the region are 37,24,598 with a % of 43.33, where as the second largest region holding the maximum number of the SHGs in Eastern region where the no of registered SHGs stands to 19,53,076 sharing a percentage of 22.77% in the total no of SHGs registered. Although the western region also holds a good no. of SHGs registered i.e. 11,40,601 and sharing 13.3% of total SHGs registered. Followed by central region having 9.89% in the total share. The North Eastern Region and North region show a shabby position both in term of no. and % of share in the total SHGs registered. This may mainly be due to lack of support of policies of Govt. and NGO’s should come up with effective policy measures and funding and the government of the respective states should also come up with sound policy in order to improve the condition of SHG in the state.

An analysis of saving account of SHGs with bank region wise reveals that out of Rs 16,11,422.64 lakhs of saving in the country as on 31st march 2017. Rs.9,49,657.70 lakh of saving are from southern region(60.79%) which is highest amount of saving by southern region of SHGs. At the next level eastern region 20.88% of total saving amount in the country. Followed by 8.6% in western region, 5.21% in central region and as against this eastern region amt for only 1.43% of the total saving amount of the SHGs with the banking in country.

It is concluded that there are regional in equalities in country regarding number of SHGs and amount of savings with banks by the SHGs southern region records
heighest percentage. While northern region records lowest percentage in the region of the county. This shows the backwardness of women in the northern region.

**Progress of women under SHG-Bank linkage programme during past three year.**

<table>
<thead>
<tr>
<th>SHGs saving with Banks as on 31st March</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
<td>Amount</td>
</tr>
<tr>
<td>Total Number of SHGs</td>
<td>76.97</td>
<td>11059.84</td>
<td>79.03</td>
</tr>
<tr>
<td>Total women SHGs</td>
<td>66.51</td>
<td>9264.33</td>
<td>67.63</td>
</tr>
<tr>
<td>Percentage of women group</td>
<td>86.41%</td>
<td>83.77%</td>
<td>85.58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan disbursed to SHGs during the year</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
<td>Amount</td>
</tr>
<tr>
<td>Total Number of SHGs</td>
<td>16.26</td>
<td>27582.31</td>
<td>18.32</td>
</tr>
<tr>
<td>Total women SHGs</td>
<td>14.48</td>
<td>24919.75</td>
<td>16.29</td>
</tr>
<tr>
<td>Percentage of women group</td>
<td>89.05%</td>
<td>83.53%</td>
<td>88.92%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan outstanding against SHGs as on 31st March</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
<td>Amount</td>
</tr>
<tr>
<td>Total Number of SHGs</td>
<td>44.68</td>
<td>51545.46</td>
<td>46.73</td>
</tr>
<tr>
<td>Total women SHGs</td>
<td>38.58</td>
<td>45901.95</td>
<td>40.36</td>
</tr>
<tr>
<td>Percentage of women group</td>
<td>86.35%</td>
<td>89.05%</td>
<td>86.37%</td>
</tr>
</tbody>
</table>

(No. of SHGs in lakhs and Amount in Rs. Crore) (figures in percentage indicate Increase/Decrease over the Previous year)

**Source: Status of Microfinance in India 2016-17: A NABARD Publication**

From the above table SHGs bank linkage Programme has now become the largest community based microfinance initiative with 85.77 lakh SHGs as on 31st March 2017. Covering more than the 10 crore rural House holds. There are net growth 2.68% in 2015-16 and 8.53% in 2016-17 in SHGs and there was net addition growth in saving amount 23.79% in 2015-16 and 17.69% 2016-17. During the 2016-17 banks provided loan to 18.78 lakh SHGs (22% of Total SHGs) as against to 18.23 lakh SHGs (23.2% of Total SHGs) during the 2015-16 the Growth o women SHGs to
loan provided 12.5% in 2015-16 and 5.34% in 2016-17. It is poor increase in 2016-17 like as growth in loan distribution growth 40.92% in 2015-16 and 4.92% in 2016-17. But share of women is maximum percentage.

**Progress under microfinance saving of SHGs with Banks and Women SHGs all India Position. As on 31 March 2017**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Agency</th>
<th>Details of SHGs Saving linked with Banks</th>
<th>Out of Total SHGs Exclusive women SHGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of SHGs</td>
<td>No. of Members</td>
</tr>
<tr>
<td>1.</td>
<td>Total of all public Sector Commercial Banks</td>
<td>381566</td>
<td>44962382</td>
</tr>
<tr>
<td>2.</td>
<td>Total of all Private sector banks</td>
<td>628766</td>
<td>8288116</td>
</tr>
<tr>
<td>3.</td>
<td>Total of Regional Rural Banks</td>
<td>2586318</td>
<td>29447887</td>
</tr>
<tr>
<td>4.</td>
<td>Total of Co-operative Banks</td>
<td>1546129</td>
<td>18291276</td>
</tr>
</tbody>
</table>

**Source: Status of Microfinance in India 2016-17: A NABARD Publication**

Finding of Self Help Group in India. It is found that the SHG-Bank linkage programme the number of SHG Improve in 2015-16 is 2.68% and 8.53% in 2016-17 but while saving amount increase 23.79% and 17.79% there is SHGs persons get more saving against the SHGs. The women group is more participle in SHGs group. Women are getting economically and socially empowered after participating to SHG group and saving amount approx 85.36% women participating in 2016-17 out of total SHGs. In loan disbursed to SHGs 90.42% of women participating to hole SHGs. There is significant improvement in the Income of the respondent after joining SHGs.

**Suggestion to Improve Women SHGs Position**

On the basis of the study, following suggestion are offered:

1. SHGs should provide a new opportunity for women to come together, meet regularly, discuss, debate and exchange view on important common issues.
2. SHGs should contributes to increase women’s influence on household decision making to emerging financial power through their association.
3. SHG services can be utilized to fight against social evils like child labour, dowry system, to promote small norms, infrastructure development and in other useful social works.
4. Instead of officials or village leaders, motivating the women to form into group to serve its members, people should come together on their own volition.
5. NGOs and Government should take necessary steps for marketing the goods produced by SHGs.
6. Attendance at meeting should be made mandatory to inculcate the group cohesiveness among all the members.
7. Periodical training at regular interval to group members on self management aspect may be imparted with the help of experienced resources persons.

Conclusion
SHGs programme clearly plays a central role in the lives of the poor. The programme in various blocks all seem to be very successful in reaching poor clients importantly, there is evidence of increased household income. This is a very significant indicator of impact. Standard of living for the program participants has increased and also the food security is much more for the program SHGs. For the individual level, there is evidence that the programme attracts already relatively empowered people and that empowerment occurs among some SHGs through programme participation. The process of empowerment manifests itself in increased self esteem. Programme participation is also associated with changes in decision making at the family level. Microfinance is playing a significant role in alleviate poverty and rural development. Women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required. Microfinance to the rural SHGs is a way to rise the income level and improve the living standards of the rural women. The self help groups have proved the way for economic independence of rural women. Thus, it can be concluded that the self help groups contribute substantially in pushing the conditions of the female population up and through that chip in poverty eradication as well. Form the above analysis we can conclude that inspire of the concerted efforts taken by Swranajayanti Gram Swarozgar yojana. Self help Groups have been playing considerable role in training of Swarozagars, infrastructure development, marketing and technology support, communication level of members, self confidence among sample members, change in family violence, frequency of interaction with outsiders, change in the saving pattern of SHG members, change in the cumulative saving pattern of SHG members per months, involvement in politics, achieving social harmony, achieving social justice, involvement in community action, sustainable quality and accountability,

Reference