
Helping hands for SHGs of Indian constitution and Government

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Introduction:

'SELF HELP GROUPS' in short SHGs. The group has a name with a large meaning itself. Becoming a member of this group is like you are going to help yourself to get rid of bad circumstances, Such as poor economic conditions. SHGs consists 10 to 20 members. These members keep some amount aside from their wages. This is how these members save some amount to repay the loan. Weather it sounds easy it is quite difficult for women. Especially for those women who belong to the country like having Male Dominance, lack of education, poverty and malnutrition.

Women don't get the job easily. If they get the job they face discrimination on the ground of sex, caste and religion. They don't even get the equal payment for equal work. Where there in other countries women don't have a freedom to speak bravely, our Indian constitution gives most importance to every Indian woman.

The self-help group movement in India began in the 1980s when several NGOs mobilized and organized poor communities in rural areas to provide formal channels for social and financial support. The program gained momentum with the National Bank for Agriculture and Rural Development (NABARD) linking a small number of groups with banks. Called the Self-Help Group Bank Linkage Program (SBLP), the revolutionary initiative connected group members – many of whom had never had a bank account before – to formal financial services in a sustainable and scalable manner.

As of 2014, over 4.19 million self-help groups had outstanding bank loans and 7.42 million had savings accounts with banks under the SBLP. Over the last two decades, the SBLP has proven to be a great medium for social and economic empowerment for rural women. Today, these self-help groups are seen as more than just a conduit for credit – they also act as a delivery mechanism for various other services ranging from entrepreneurial training, livelihood promotion activity and community development programs.

Despite early success, however, the growth of SBLP has slowed in the last five years. Several factors have contributed to the deceleration. The microfinance crisis in 2010 led to the perception of self-help group being inextricably linked with the development of the microfinance program. NABARD too acknowledged issues of regional imbalance, less than ideal average loan size, lack of monitoring and training support by self-help group federations, delays in opening bank accounts, impounding of self-help group savings by banks as collateral, and escalating non-performing assets of self-help group loans with banks. Several studies have also found that self-help groups grapple with issues related to governance, quality, transparency and irregularity in their functions.

The Evidence

An ongoing study at IFMR focuses on understanding these challenges better, along with evaluating the role that self-help groups play in uplifting the livelihoods of people in rural areas. It is one of the first rigorous studies in India that evaluates the impact of self-help groups on the livelihoods of rural poor.

The study, Inclusive growth through microfinance and entrepreneurial training: An impact study, uses a randomized control trial approach to analyze the impact of self-help group program on a broad set of socio-economic indicators (e.g. consumption, expenditure, income, credit and savings patterns, business creation and profitability, health, education, food security). Our recently conducted midline evaluation yielded some encouraging results:

Households in the treatment sample (i.e. households that had been randomly selected to be part of a self-help group) were 10% more likely to save on a regular basis and 5% more likely to have outstanding loans.

Moreover, households with self-help group members were 8% more likely to have formal loans (largely driven by loans from self-help groups) and 9% less likely to have informal loans (driven by a drop in loans taken from friends and shopkeepers).

Women in self-help groups also scored 6% more on average on the empowerment index – a scoring tool based on political and community engagement parameters to assess the women's agency in their public

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lives. These higher scores were primarily compelled by the propensity of women in self-help groups to engage with government officials or community leaders to bring up issues and directly campaign for solutions.

Despite the relatively positive results, the study found that over time groups were disintegrating on account of coordination issues. Few members knew how to maintain the group's required financial documentation, so if those members left, the groups would also dissolve. Low levels of literacy among the rural women in our sample was also part of the challenge.

Ideally these issues can be minimized with constant and enduring structural handholding support from the self-help group promoting institutions (SHPIs). However, it may not be sustainable for these institutions to provide long-term support due to several resource constraints. An alternative study conducted by APMAS on the quality and sustainability of self-help groups in Bihar and Odisha found similar results. Self-help groups in Bihar were relatively younger and had stronger ties with the SHPIs that facilitated targeted livelihood promotion activities, whereas groups in Odisha lacked institutional support. This resulted in higher non-performing assets – around 18% compared to 6% in Bihar – and suggested that groups that are well-supported by their SHPIs have higher repayment rates when compared to groups without continued supervision and monitoring.

The Future of Self-Help Groups

The self-help group program has shown to be successful at connecting under-served customers with financial services. How can challenges be overcome to improve and revitalize such programs?

Self-help groups should be regularly monitored, and their promoters must reinforce structures that ensure the members have the requisite help for at least the first five years. The promoters need to help groups in discussing issues in the social and development purview, enabling groups to have constructive, critical discussions that help them become better community members.

Resources should go toward periodic capacity-building of all members, to make the group the collective, democratic effort of all members instead of a few who are better informed. With the Indian Government's recent focus on digital financial inclusion, several efforts are underway to digitize the self-help group platform. However, investing in training of group members could go a long way in ensuring a smooth transition from manual to technological platforms.

Government should leverage the self-help group platform to expand the financial inclusion agenda of the country. Given the popularity of self-help groups in rural India, it can act as an intermediary to provide financial services in their community. Recent pilots on using self-help group members as bank agents showed some encouraging results in terms of number of transactions and percentage of active accounts. Similar innovations are needed to reshape the SHG movement and use it for the best possible outcome.

Since its initiation, self-help groups have come a long way. Through economic and social assistance, they have proven to not just uplift the livelihoods of low-income households but also empower their social, economic and political lives. With the ever expanding scope of the self-help group channel, it is important for stakeholders to invest in providing the right kind of support to maximize the impact these groups can have on livelihoods. Important constitutional and legal provisions for women in India:

The Constitution of India not only grants equality but also empowers state to adopt measures of positive discrimination in favor of women for neutralizing the cumulative socio-economic, education and political disadvantages faced by them.¹

Constitutional privileges:

- The state to make any special provision in favor of women and children. (article 15 (3))
- The state to direct its policy towards securing for men and women equally. The right to an adequate means of livelihood. (article 39 (a))
- To promote justice on a basis of equal opportunity and to provide free legal aid by suitable legislation or scheme or any other way to ensure that opportunities for securing justice are not denied to any citizen by reason of economics or other disabilities. (article 39 A)
- The state to extend special provision for socially and economically backward classes for their advancement.²

All this constitutional privileges make women strong. I must say if you are going through legal process nobody has the power to stop you, no matter 'who' you are.

Government provisions for SHGs:

Recently the government approved the provision of interest subvention for women SHGs ensuring that they shall avail loans up to 300000 rs. At the interest rate of seven percent by the states. The government is making all the efforts to spread the concept and the medium of SHGs across the country to help achieve inclusive growth.³

- RBI directed to public sector banks (PSB) to provide loans to SHGs at a rate of 7% per annum
- The Swarnjayanti Gram Swarajgar Yojna (SGSY) scheme comes under the ministry of rural development to reduce poverty.⁴
- The Microfinance schemes of NABARD have made a smooth foray into the role played by the microfinance in eradicating poverty and empowering women to manage the enterprises.⁵
- Many programs from garebi hatao to IRDP were started by the government enthusiastically but they were not able to achieve their objectives.⁶

Conclusion:

The constitution and the government really have a helping hand. Banks under the RBI are providing loans to SHGs at a low interest rate. This seeks positive impact on it. Hence the women are getting connected through SHGs. What all we need is the Empowerment of women. And after all empowering a woman is like moving towards Indian growth.

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