



Self-Help Group: A boon for women's socio-economic empowerment and transfer of technology

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ARTICLE INFO	ABSTRACT
<p>Research Article Received on February 12, 2023 Revised on March 02, 2023 Accepted on April 17, 2023 Published on April 28, 2023</p> <p>Article Authors D. D. Sharma, Swati</p> <p>Corresponding Author Email drdds62@rediffmail.com</p>	<p>Women constitute a significant section of society and have proven their talents in every field of life but still they are not getting equal treatment compared to their male counterparts. Self-Help Groups (SHGs) have proved to be a boon for their social, economic and political environment. The genesis of SHG in India can be traced back to formation of Self-Employed women's Association (SEWA) in the year 1970. After that, the SHG Bank Linkage Project launched by National Bank for Agriculture and Rural Development in the year 1992 further blossomed this World's largest micro-finance project. The SHG functions on Panchsutra <i>i.e.</i>, five principles <i>viz.</i> regular meeting, regular saving, regular inter-lending, regular repayment and regular maintenance of books/records. Presently there are three types of models of SHGs in India. In Model-I, SHGs are formed and financed by the banks, in Model-II, SHGs are formed by the Non-Government Organizations (NGO) and formal agencies but financed indirectly by the banks where as in Model-III, SHGs are financed by the banks using NGO's as financial intermediaries. There are four types of Self-Help Groups namely Women Self-Help Group, Youth Self-Help Group, Disabled Self-Help Group and Tribal Self-Help Group with respective age limit of their members as 18-60, 18-35, up to 60 and 18-60 years. Five main stages are involved in the development of SHGs namely, pre-formation (1-2 months), formation (3-6 months), stabilization phase-i (7-12 months), stabilization phase-ii (13-18 months) and finally growth and expansion stage (19 months and above). Self-Help Group gives the members a platform where they can freely exchange their ideas, thoughts and social or economic problems, makes them self-reliant/self-dependent and improves the socio-economic status of the group members. Various public and private institutions/organizations such as Rashtriya Mahila Kosh, Working Women Association, Bhartiya Mahila Bank etc. are engaged in further promoting and strengthening Self-Help Groups in the country. These SHGs are playing a pivotal role not only in the rural women's empowerment but also in transfer of technologies particularly to the vulnerable and down trodden section of our society.</p>
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Women constitute half of the world population but getting hardly ten percent of the world income because of their dependency on men. In rural India, Women are the most underprivileged, disadvantaged and vulnerable section of our society.

Though the women have proven their presence in various fields of life, yet they are lagging behind their male counterparts in various aspects like literacy, unequal wages, gender discrimination, biasedness etc.

The literacy rate of women as compared to men was found to be low in India. As per the report of National Statistical Office (NSO) the India's Average literacy rate was 77.70 % for the year 2021 with Male literacy rate as 84.70 % and Female literacy rate as 70.30 % thus, necessitating empowerment of rural women particularly in social, political and economic aspects. In this context Self-Help Groups have proved to be a boon for the rural women especially for their economic development. Self Help Groups is a voluntary group that encourages the rural women to come forward and makes them competent and self-employed.

Samuel Smiles was the person who first used the word "Self-Help" in the year 1859 to refer the persons who grow personally via their own determination and efforts with the little outside help occasionally to speed up the process. It has a tendency to develop a sense of self-respect and self-reliance as well as to strengthen the work habits, among the rural women. According to the National Bank for Agriculture and Rural Development (NABARD), Self-Help group is a small, economically homogenous and affinity group of the rural poor, voluntarily formed to save and mutually agreed to contribute to a common fund, to be lent to its members as per group decision for their socio-economic development.

As per IFFCO foundation Self-Help Group (SHG) is an unregistered group of micro-entrepreneurs having homogeneous social and economic background to meet their emergency needs on the basis of mutual help. It serves the principle by the women, of the women and for the women and became more significant particularly after the year 1976, when the Economist Professor Muhammad Yunus from Bangladesh started experimenting with micro-credit and women's Self-Help Groups (SHGs) who through empowering the poor women strategy brought about a revolution in the fight against poverty in Bangladesh. The main objective of the group is to develop equitable relationships that promotes the human well-being and serves as a medium to deliver the micro-credit to its members. It is effective not only in facilitating women to realize their inner strengths but also directly addressing rural poverty.

Genesis of SHGs

The Genesis of SHG in India can be traced back to formation of Self-Employed Women's Association (SEWA) in the year 1970. After that the SHG Bank Linkage Project launched by National Bank for Agriculture and Rural Development (NABARD) in 1992 has blossomed this world's largest micro-finance project. Then, NABARD along with Reserve Bank of India (RBI) permitted SHGs to have their savings accounts in banks from the year of 1993 onwards. This action gave a considerable boost to the SHG movement and paved the way for the SHG-Bank linkage program.

In the year 1999, Government of India introduced Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs. It covers all aspects of self-employment such as, organization of the poor into Self-Help Groups, training, credit, technology, infrastructure and marketing etc. The programme emerged as National Movement in the year 2011 and became National Rural Livelihoods Mission (NRLM) – World's largest Poverty Alleviation Programme which evolves out the need to diversify the needs of the rural poor and provided those jobs with regular income on monthly basis. The programme facilitated universal access to the affordable cost-effective reliable financial services like financial literacy, bank account, savings, credit, insurance, remittance, pension and counseling on financial services to the poor and down trodden people.

Functions of Self-Help Groups

The following functions are performed by Self-Help Groups:

- SHG makes the members self-reliant and self-dependent.
- It gives them a platform for exchanging their ideas, thoughts and problems (social & economic) in cordial and friendly environment.
- It improves the socio-economic status of the group members.
- It develops the decision-making capacity in the group members.
- It inculcates the feeling of mutual help and cooperation among the group members.

- It makes them confident and develops strength for solving their problems.
- Enhances the general awareness among the members about literacy and various government programmes/schemes.

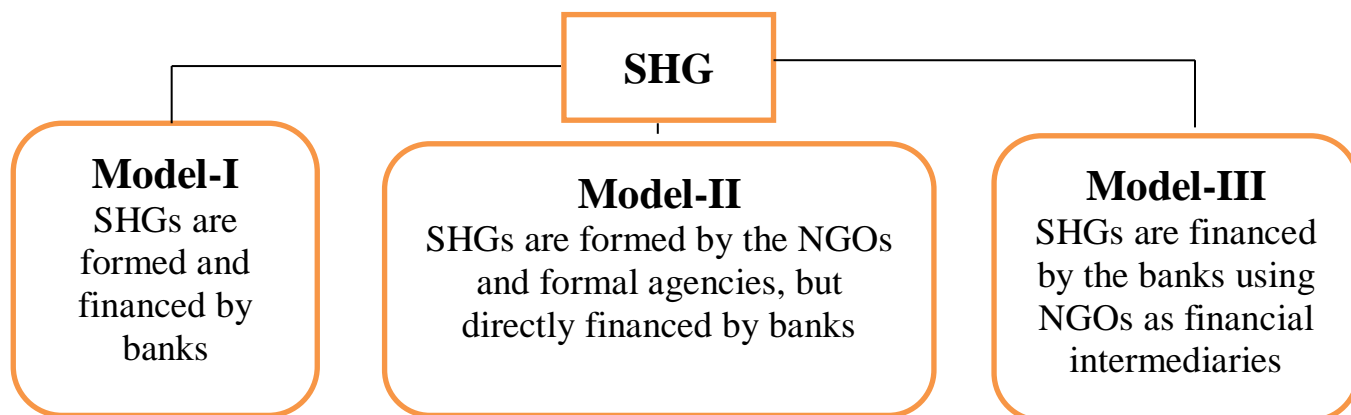


Fig 1. Three Models of SHG-Bank Linkage Programme

Models of SHG-Bank Linkage Programme

Model-I

Under this model, the banks themselves act as Self-help promoting institutions *i.e.*, forming and nurturing the groups, opening their savings accounts and providing them bank loans.

Model-II

This model appears to be the most popular model amongst bankers. Under this model, NGOs and formal agencies in the field of micro-finance act as facilitators. These agencies propagate the message, organize groups, train them in thrift and credit management and nurture them over a period. The banks in due course, link these groups by directly providing loans to them.

Model-III

In this model, NGOs undertake the dual role of both as facilitators and financial intermediaries and help in formation of SHGs, nurturing them, training them in thrift and credit management. Eventually, the NGOs approach banks concerned for bulk loan assistance for lending to the SHGs. However, the numbers of SHGs linked under this model are found to be relatively small.

Panchsutra or Five Principles of SHG

The Self-Help Groups function on the five principles *viz.* regular meeting, regular saving, regular inter-lending, regular repayment and regular maintenance of books or records.

Advantages of SHGs

- Women SHG make their members independent from social constraints; and allow them to make independent decisions
- It allows for micro-level entrepreneurship within the rural society and thus, reduces too much dependence on agriculture.
- The collective team effort by the SHGs for financial inclusion allows for the improvement in the living standard, family planning, health-care, particularly the vulnerable sections of the society.
- The members of the SHGs are encouraged to open savings accounts in banks which assures them improved living conditions, increased spending on education, health etc.
- It acts as a window for better technology/skill up-gradation and ensures freedom, quality, self-reliance and empowerment for the members of SHGs.

Indicators of Effective Self-Help Groups

An effective Self-Help Group should be small *i.e.*, 12 to 20 members, should believe in self and mutual help, similar interests, fixed term of office bearers, accountable/ responsible elected officials who are always ready to strengthen group cohesion.

Group meetings should be held at least fortnightly at scheduled day and time. Attendance register should be maintained with average 90 percent attendance, frame its own rules governing its conduct/ behaviour etc., committed to the group for its personal growth/ progress, common fund, collective decision-making capability and should have collective leadership. An efficient SHG should regularly maintain account books/ records like attendance register, minute books, saving ledger, receipt and payment vouchers, cash book, loan ledger etc., over dues should not exceed five percent of outstanding, provision of penalties on defaulters, need based and priority-based loans to members with revolving fund of Rs. 10000/- to 15000/- to meet out the immediate credit needs of the SHG members. A minute book holds the detail of meetings, name of members and group rules etc. Savings and loan register holds the details of members' savings separately and the group as a whole. Members' Passbook aims to encourage regular savings; and weekly register contains the summary of receipts and payments and is done every week and repeated in every meeting.

Table 2. Development Stages of SHGs with time period and focus of activities

Stages of Development	Time Period	Focus of Activities
Pre-formation	1-2 months	Identifying the poor through participatory rural appraisal methods in hamlets/villages/towns.
Formation	3-6 months	Motivation to form groups, select group leaders, develop rules and norms, conduct meeting, pooling savings, collection of small loans, group cohesion and maintenance of accounts.
Stabilization (Phase 1)	7-12 months	Leadership stabilization, training of leaders and members, regularized and increased savings, informal interaction with other groups/clusters. Begin the process for issuing loans, handling/helping defaulters to repay.
Stabilization (Phase 2)	13-18 months	In addition to above activities initiation of income generating programmes, linkage of banks, support to new groups, demonstrative effect on others to form group.
Growth and Expansion	19 months and above	Strengthen linkages with banks, creation of assets for groups and members, spreading concept building and promotion of new groups.

Rashtriya Mahila Kosh (RMK)

Rashtriya Mahila Kosh (RMK), sponsored by Government of India (Department of Women and Child Development) was set up in the year 1993 having its Head Office is in New Delhi.

Table 1. Four types of SHG functioning in India

S. N.	Type of Group	Age limit
1	Women Self-Help Group	18-60
2	Youth Self-Help Group	18-35
3	Disabled Self-Help Group	Up to 60
4	Tribal Self-Help Group	18-60

Source: <https://aajeevika.gov.in>

Now the question is how the Self-Help Group comes into existence. There are following five stages:

Stages of Development of SHGs

According to NABARD (1994), there are five stages in the development of Self-Help Groups. These are presented along with time period and focus of activities in each stage.

Institutions for Promoting Self-Help Groups

Following institutions/ organizations are engaged for promoting SHGs in the country:

The objective is to assist the rural women living the below poverty line in undertaking income generating activities through provision of package of financial and other services and encouraging promotion of women SHGs.

The main function of RMK is to provide credit for facilitating production and economic activities along with some support of training for skill up-gradation. Non- Government Organizations (NGOs), Women Credit Cooperatives and Women Development Corporation which are operating on sound lines with at least three years' experience can avail of short- and long-term loans from Rashtriya Mahila Kosh.

Working Women's Forum (WWF)

The Working Women's Forum (WWF) Chennai-based voluntary agency and a women's organization in Southern India which was founded in 1978 by Arunachalam in Madras (Chennai). It aimed to empower poor women in Southern India by providing microcredit, health care and training. The main objective of the forum is to provide organizational support to women workers in the informal sector, such as street vendors, silkworm growers and silk weavers, handicraft producers, washerwomen and fisherwomen on trade lines for improving their living conditions. In the 1981, the WWF established its own bank both for mobilizing savings of its members and providing credit to them. It has now become a vehicle of economic freedom and social change for the most oppressed and deprived sections of Indian society particularly in the rural areas.

Non-Government Organizations

The Non-Government Organizations play a significant role in motivating the rural women to organize themselves and to form into SHGs in order to educate, train the group members in managing the group activities like maintenance of books of accounts, conducting meetings, management of funds etc., to inculcate, promote thrift and savings habit among the group members and to help in institution building along with the development of individual and to help the SHG in identifying raw materials and local resources. They help the group members to upgrade their skills and technology to make the best use of resources, to make available credit facilities and to act as a link between the rural poor and the banks. They also facilitate in educating and training the group members to utilize credit properly and to improve their economic conditions, to help the group members in exploring markets for

their products, to work as facilitator in the meetings of the SHG and to act as friend, philosopher and guide to the SHGs.

Self-Employed Women's Association (SEWA)

Self-Employed Women's Association of India was founded in the year 1972 with its headquarters in Ahmedabad. The goal of SEWA is to ensure full employment and self-reliance for all its members in whom a woman secures for her family: income, food, health care, child care and shelter. Its aims to mainstream marginalized and poor women in the informal sector and helps them to come out of the clutches of poverty. The SEWA experiment has shown that when women are organized as workers or producers, it boosts up their self-esteem which ultimately makes them significant contributors to society's wealth.

Bharatiya Mahila Bank (BMB)

On 19th November 2013, the Government of India inaugurated its first Women Bank named "Bharatiya Mahila Bank" a saving and lending institution that is being run by the rural women having its Headquarters in Delhi with its initial nine branches located in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Ahmedabad, Lucknow, Guwahati and Indore having a capital base of Rupees 1000 crores. The BMB possessing 25 branches by the end of 2013 financial year has now expanded to towns and rural areas. The bank emphasizes the women's access to banking service because only 26 % of the women in India have bank accounts and helps in creating more job opportunities for women by financing projects that are women-oriented *viz.* supporting Self-Help Groups, Skill Development Programmes like toy making and loans for kitchen improvement. Although the bank caters to the rural women, the men also can open their account or obtain loan, yet there is a condition for loans *i.e.*, the project must either be women-oriented or employ more women.

Government Provisions and Programmes National Rural Livelihood Mission (NRLM) Aajeevika

It is launched by Ministry of Rural Development (MoRD), Government of India in June 2011.

The central objective of the Mission was to establish efficient and effective institutional platforms of the rural poor that enable them to increase household incomes through livelihood enhancements and improved access to financial and public services and the Mission aimed to mobilize 10-12 crore rural households into self-help groups in a time bound manner by 2024-25. The Mission has been designed to bring about a sustainable improvement in the livelihoods of the poor through building strong community institutions. NRLM facilitates universal access to the affordable cost-effective reliable financial services to the poor including financial literacy, bank account, savings, credit, insurance, remittance, pension and counseling on financial services. The focus of the NRLM financial inclusion and investment strategy is to “make the poor the preferred clients of the banking system and mobilizing bank credit”. NRLM expects that the investment in the institutions of the poor would leverage the bank credit of at least Rs.1,00,000/- accessible to every household in repeat doses over the next five years. It has provided interest subvention for all eligible SHGs to get loan at 7% per annum from mainstream financial institutions. Further, additional 3% interest subvention is available only on prompt repayment by SHGs in most backward 250 districts of the country. **Source:**

<https://aajeevika.gov.in/nrlmrepository/documents/nrlm>

Akshara Mahila

It was initially started in West Godavari district and later the model was adopted in the entire state of Andhra Pradesh. It is a Literacy Programme for Women Self-Help Groups. The programme was launched on April, 5, 2000 and for all round development of women self-help groups and established a link between literacy and poverty alleviation programmes. Since, SHGs, members have to record money transactions and interact with banks and officers; Illiteracy of members has become a major hurdle in effective functioning of the groups. Hence, they were keen to improve their literacy skills for which SHG is taken as the unit for literacy instruction.

Features of Akshara Mahila

It is a group-based approach which believes in self-help spirits and Community participation.

It has convergence with district rural development agency and organizes various short duration courses/activities by using new primers, teaching and learning aids. The Ministry of Rural Development, Government of India also motivates the effective Self-Help Groups by providing awards/incentives for the outstanding performance of the SHGs under Day-NRLM. One of such programmes was virtually organized on the 8th March 2021 with an intention to celebrate the achievements and success of community members on the International Women’s Day. On this occasion, 30 most effective SHGs from different states were shortlisted for the awards. SHG women from more than 650 locations across various states in the country were reported to be connected during the live streaming of the program. Out of these shortlisted SHGs, four prominent SHGs viz. Jiwan Jyoti Self-Help Group of Mashobra, Shimla (HP), Nav Durga Self-Help Group of Alirajpur, Madhya Pradesh, Nari Shakti Self-Help Group of Bijnore, Uttar Pradesh and Kalyan Self-Help Group of Rajasthan were honoured with awards.

Some Observations Pertaining to SHGs during Covid-19

Women Self-Help Groups in India had risen to the extraordinary challenge of COVID-19 (Coronavirus) pandemic. They met out shortfalls in masks, sanitizers and protective equipment’s in running community kitchens, fighting misinformation and even providing banking and financial solutions to remote and far-flung communities/ areas. Women’s self-help groups (SHGs) had come to the fore as foot soldiers in India’s fight against COVID-19 (Corona virus). So far, more than 19 million masks had been produced by some 20,000 SHGs across 27 Indian States. With huge numbers of informal workers losing their livelihoods during the lockdown and food supply chains getting disrupted in some areas, SHGs had set up over 10,000 community kitchens across the country to feed stranded workers, the poor and the vulnerable sections of the society. Women were found running help desks and delivering essential food supplies to the elderly and the quarantined people. In Jharkhand State, where large numbers of people migrated to other states for work, they started a dedicated helpline for returning migrants and other vulnerable families.

Junaid Ahmad, the World Bank's Country Director in India had rightly remarked that "Women at the center of development have been an important story in South Asia. In these extraordinary times, when we are all united in our fight against the Covid 19 virus, these women's groups are playing a critical role. Similar, views were also expressed by Alka Upadhyay, Additional Secretary in India's Ministry of Rural Development that across the country, women's SHGs have risen to this extraordinary challenge with their immense courage and dedication. World Bank in its report also remarked that their quick response to food insecurity and shortages in goods and services shows how this decentralized structure can be a vital resource in times of crisis. The strength of India's rural women will continue to be essential in building back economic momentum even after the most critical period is over.

Source: *worldbank.org*

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