

An Impact Assessment of SHG Initiative and Capacity Building of Stakeholders Through Micro Finance Towards Women Empowerment in Rural India

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Abstract

SHG (Self Help Group) may be a sustainable tool of entire development for the weaker section of society if it's all stakeholders will be capable to pay desired attention towards their role and potential initiatives. Thus the system inculcates the existence of self sufficiency, self-reliant, self-respect etc value based elements in the development process. So the challenge is before us to analysis the situation and causes of this people's own organization to get appropriate solution of the burning problem of the system. The study is a pilot effort in this direction. This study is meant for the purpose of understanding the nature and requirement of SHG for sustainable development as well as women empowerment in rural India.

Key words- Self help groups, society, weaker section
The SHG initiative

In Indian scen ario NABARD (National Bank for Agriculture and Rural Development) set up policy frame work in 1999. Micro finance dominated as SHG a grass root level institution. SHG bank linkage concept was evolved by Asia Pacific Regional Agricultural Credit Association (APRACA) and German Agency for Technical Cooperation during the workshop in Nanjinga in China in 1986 and the action project were implemented in Indonesia, Philippines, Thailand and India. In India NABARD the apex financial institution with exclusive focus on integrated rural development supported in 1986-87 MYRADA (Mysore Resettlement Development Agency) sponsored Action Research project on saving and credit management of SHG for assessing its efficacy to help the group. Encouraged by the result, NABARD launched a pilot project in 1991-92 on linking SHG with banks with basic objective -

- (1) To evolve the supplementary credit strategy to meet the credit need of the poor.
- (2) To build mutual trust and confidence between

bankers and the rural people.

- (3) To encourage banking activity both on saving as well as credit side in segment of the population that the formal credit institutions usually find to difficult to cover. Micro enterprises classified as livelihood activities and growth micro enterprises.

The Vision of SHG

The people become united to achieve their common goals. Actually it is the concept of self and mutual help. It is said that "God help them who help themselves". These united people become agree with their small savings (capital also) and entrepreneur spirit to face the challenges towards economic strengthen for the betterment in living standard as well as strong willpower base collective steps of the poor against the exploitation of moneylenders. In further extent they become able to develop and implement the productive plan through coming together in meaningful way with little efforts and resources. They become committed for forthcoming action on moral value - "one for all and all for one". It just not limits till economic development of common man but also help in survival of their socio-cultural and humanitarian status. The founder of SEWA (Self Employed Women's Association) Ela Bhatt has rightly stated in a seminar that micro finance will be enhanced if it focuses more on social security, insurance and housing.

Micro credit Vs. Micro finance- Towards concept

Micro credit and Micro finance are associated with SHG concept. Thus it is necessary to understand the fundamental differences between both words.

Micro credit

The main features of micro credit are - small size of saving at frequent interval, intra group appraisal system and prioritization, saving first, credit next, small size loans, shorter repayment periods, market rate of interest, smaller repayment installment, less risk and focus on women etc.



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Micro finance

Micro finance refers the entire range of financial and non financial services including skills up-gradation and entrepreneurship development, rendered to poor for enabling them to overcome the poverty. It consist small scale financial services- primarily saving, credit and insurance provide to people who has farm or fish or herd, who operate small or micro enterprises where goods and services are produced, recycle, repair or provided to gaining income by renting their means to other individuals and groups at local level. The concept of micro finance was introduced to provide adequate credit by following the simple procedure. Micro finance is often used by those who work in informal sector of the economy. It is the tools to empower the women through social and collective action at grass root level. SHG is the one forms of such action. The significant level of people's participation in the promotion of credit delivery system and its proper use may secure the good recovery level against borrowings and assure the sustainable development of targeted weaker section of the society.

Poverty lending approach vs. Financial system approach and SHG

Under the poverty lending approach the focus is given to reduce poverty through government or donor funding. While financial system approach advocates commercial microfinance for economically active the poor through non financial methods as creating jobs etc. Thus its aim is the widespread financial services to the poor and it match with SHG aims.

SHG toward mainstreaming

SHG helps to-

- Unite the people to be strengthened to satisfy common needs or goals on basis of cooperation.
- Develop the confidence for self help and mutual help to meet the defined objectives of the group.
- Inspire the small saving habits and fulfill their emergency, incidental and planned needs.
- Prevent exploitation of local money lenders through easy availability the micro credit.
- Bring up the status of living respectively the health, education and other fundamental needs of the family.
- Reduce the density of discriminated behavior and secure the respectable place of the women

member in the family and society. It assures the active or creative participation towards main stream of the nation's development through individual efforts.

- Democratic management system of SHG helps in capacity building and positive vision and productive attitude among the members of group. It is the efforts of mainstreaming gender through micro finance.
- Awareness building for regularizes the income sources help in poverty alleviation and improve their living standards with significant level of self-confidence.
- Develop the vision and decision making capability of productive and calculative risk among the members of the SHG. So this weaker section of the society become able to determine their own terms and conditions to manage the group activities, common fund on mutual consent and manage it in democratic manner.

Objective of the Study

- To know the efforts required for group formation that could survive in desired manners.
- To know the present vision of SHG's members and determine the future direction of integrated SHG system respectively to and desired improvement.
- To assess role of stakeholders in SHG and search appropriate alternatives for their capacity building.
- To know the impact of support services available for SHG rendering its promotion.
- SWOT analysis of SHG towards women empowerment in rural area.

In brief this study will focus on assessment of SHG in the light of guiding principles of sustainable rural development. In further extent it will be able to find the cause responsible for slow, uncertain and undesired results. Micro loaning strategies, mutual trust between banks and poor, promote saving habit and proper use of loan by the members etc forces are covered to reach on concrete solution in the interest of stakeholders.

Hypothesis

- Only statistical target achiever approach is following in the formation of group. It shows



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the process of group formation is not proper and result comes as very poor situation of this SHG organization in plenty.

- Although the participation of members is not active and creative in desired way thus it is the prime cause of passive situation of SHG yet no doubt about initial level of awareness building of the women segment of rural society.
- Lack of strategic vision and planning among the members i.e. functioning of group limit till small saving which become irregular.
- Lack of visionary mutual understanding among the members may be the most responsible factor.
- Lack of proper organization management, motivational spirit and techno-managerial skills etc factors play major role in the slow or rigid progress of the group.
- Lack of backward and forward linkage if productive activity carried by the group.
- Lack of proper networking communication among the stake holders related with SHG.

Experimental

The present study has covered only one village-Pundhra in Manasa Taluka of Gandhinagar district in Gujarat state. Ten SHG were selected (Table 1) randomly formed between the years 1996 to 2003 in the village. We selected five members from each SHG along with group leaders on the basis of availability at the time of interview. The researcher has also interviewed Keshubhai Patel, IVR - NABARD and his colleague Anandiben Patel who played key role in the promotion and formation of these groups in the village.

Village profile

It is the mixed populated village but Patel community dominates as higher caste. One or two male members mostly from each family are outside the village for the purpose of fruitful earning. Agriculture and animal husbandry is the traditional prime occupation. Literacy rate is higher in the village. Dena Banks, Cooperative society, Mahila Mandal and youth association, dairy, hospital, farmer's club, educational institutes are the major formal and informal support services.

He took initiation to motivate his colleague Anandiben to form the SHG and then didn't see back.

Table 1- Selected groups undertaking the study

Sr. No.	Name of the group	Total members	Selected members	Date of beginning	President/secretary
1.	Anad	20	5	01.09.1996	Patel Anandiben G
2.	Khodiar	20	5	01.01.1997	Patel Gitaben A.
3.	Yogeshwar	20	5	03.03.1997	Patel Kapilaben C.
4.	Krashana	20	5	17.01.1999	Patel sarojben M.
5.	Ghanshyam	20	5	06.02.1999	Mewada Bhartiben
6.	swaminarayan	20	5	06.04.1999	Patel Chachiben R.
7.	Jai ambe	20	5	03.06.1999	Darji Lataben
8.	Ashirvad	20	5	10.06.1999	Patel kokilaben B.
9.	Mahadev	20	5	26.02.2000	Rabari jomben
10.	Harisidhhi	20	5	15.05.2003	Mewada lataben

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He developed the people's faith or believes with this system and made bank linkage of the groups. Now women members transacted with bank without any difficulty. He clears that the 80-90% presence of the members in the meeting is due to religious events or concern. The ratio of loan recovery is mostly 100%. Good character of IVR Keshubhai, clean image, fair intention, accuracy and transparency in accounting the all related matter etc are major components behind this group formation success. Thus, SHG members energize by assuring the possible assistance and regular feedback of IVR.

Efforts made for SHG Formation

- Initially the promoter made regular touch and meeting to convey them towards group formation and stability.
- The guidance of NABARD and assistance assurance of Dena Bank provided to encourage them.
- Develop a system for regular monthly meeting with compulsory presence of the members as a part of memorandum.
- Develop the understanding of record keeping system as a part of transparency.
- Encourage the members for directly dealing with bank in the concern of SHG by away the fear.
- Study visit organized for the members to buildup strong believes in SHG system.
- Assist in develop the meaningful bridges within stakeholders concern with SHG to inspire the members for dealing in desired way as well as to carry the SHG activities in well define way.

Results and Discussion

It has been found that group formed under influence of IVR and promoter who belong from the same village and working with a religious institution-Gayatri parivar. As response received that 78% people convinced to form or join in group join on family and social relationship. Towards objective to join the group 30% respondents said that they join the group under socio-political influence as well as conveyed by neighbor while 25% comes with the understanding that saving will be collected and may be used in mutual urgency(25%) and rest of them 20% think to get bank loan to get rid of moneylender's exploitation. But no response received to start individual and common

business. Thus group formed and saving also started to be deposit in the bank. Share collection was not a problem due to sound condition of family. But no eagerness for entrepreneurship building was reflected in people for the purpose of earning.

About the meeting of group there is mix situation i.e. only 30% respondent assure about regular meeting while 35% accept that meeting held but after intervention or initiation of bank manager or group promoter/ organizer. About rest 35% said that it is formality deemed to be complete as collection of saving contribution door to door. The participation status of group members regarding healthy discussion and in decision making has not positive sign. The situation showed that in 45% respondent expressed that only heads of the group discuss and others are passive and 25% said only some selected members are participate in discussion rest 30% give opinion that all members participate in decision making.

There was no clarity among the stakeholder about the role. They have fear to take responsibility to run the SHG. It shows the passive participation of the members in the group. A response received about fears of members against the security of saving in the group that majority (75%) has no fear while some of them (15%) show the possibility of undue happening being intervention of male family members and rest (10%) can't say clearly about future situation. This is the positive indication toward strengthen of SHG.

Groups have no strategic vision to carry any profit making activity in SHG. So the future become in dark at a sight. They may be irregular or likely to be broken in near days if no any innovative perks take place among them. This problem faced in those groups whose members are in financially sound position.

It has also found that the meetings of those groups were more regular whose members belong to same religious body. And somewhere meetings held but level of participation did not find meaningful.

Here accounting system is clear in all groups due to bank linkage. Even in the part of officials of the group ready to give transparency and buildup mutual faith. Due to strong mutual trust the members have no fear for their saving as well as security against lending by others. Opinion of members against the security of loaning in the group found positive (85%)

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it shows the high level of mutual trust and honesty of an individual. Due to inter-lending group activity the members of the SHG become free from the exploitation of money lenders and got back ownership on their assets of against loan.

Most of the group managed SHG activity or responsibility internally in democratic manner. The members have wisdom to manage or handle well deposit and borrow matters in the group. Generally members did not agreed easily to carry the responsibility as president and secretary due time wastage, collection of installment of saving from the members, maintain the record and assure the recovery of loan lent by the members of the group. It become possible with regular & meaningful meeting and clear understanding with them as well as better cooperation of bank sectors and other related agencies. In a group on in average 20% members showed interest to take initiation for better running of the group activities respectively the defined policy measurement. They are capable to maintain their register or necessary records.

Banks and other stakeholders are also having faith in the SHG system due timely recovery or maintenance of the records but not have enough interest due to increasing transaction cost and lower entrepreneurship activity of the group. Opinion of members about reliability regarding accounting, proper documentation in the group- member officials are honest so transparency in accounting system maintain (25%), although they don't have wish to cheat yet no proper knowledge of accounting system(65%), can't say anything(10%).

Under SWOT analysis SHG towards women empowerment the respondent disclose their view as a part of strengthen and proper use opportunities available in the environment that 35% feel that they get confidence, 25% said that it open the way to develop the vision to bring self sufficiency while rest of nearly40% respondent said they that the fear to transact with bank and other market forces has reduced they become able to take decision in their own way. While weakness and threat they felt about marketability. In their social system didn't allow them to work at outside. In this part they identified some problem. These are as follows-

- Visionary leadership toward potential use of this approach for entire development as lacking of

co-operation and proper coordination of other members due to lacking of clarity of their role and training input.

- 10-20 members group, different mind, economic inequality are the cause of problem. Time spare for the meeting or the business of group is other problematic issue.
- Such people don't need debts but food shelter medicine and skills training to get better opportunity of employment.
- Lack of entrepreneurship spirit among the members. They are not interested to carry any business activity due to caste factors. If is given at their home, they may accept this opportunity.
- Male dominancy over the SHG procedure

Some suggestion may be useful that conclude on the opinion of respondent.

- Training required for group stability in long run. Need to improve agriculture and animal husbandry camps to increase the income level.
- Need for fruitful guidance and motivation for income generation and widespread of the SHG concept.
- The rate of interest on inter-lending should be varied according the purpose of usage. It will secure socio-economic harnessing of the members as well as leave positive effect on recovery ratio. It will be able to reduce various social evils that occur with money.
- Response made about suggestions of members against the security of loaning in the group- Loan should be for productive essential purpose (35%), loan should be limit economic situation (30%) no compulsory loaning (10%) responsibility decides of a committee of the members who also decide the amount and installment collection timely (25%).

Conclusion

The impacts of these efforts keep as the number of SHG formation with bank linkage within short period. It is said that the socio-religious or cultural forces play significant role in this process. But they could not survive well in defined manner because of low will power or uncertain will. If we analysis it on the ground of women empowerment we should see it in the light of sustainable concept the level of efforts



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is not satisfactory as qualitative manners. We should understood first those women empowerment means is to be able to build up the self confidence level to deal their matter concern with economic status, take decision with freedom and wisdom. They can play their role actively in the society and the mainstreaming of the nation. Nobody could dare to avoid them from main stream of the nation. Unfortunately in present situation these SHG are under boundary of various limitations. But we should not disappoint with present because we all know well that Gujarat is the fertile land to grow the business with coexistence of female gender. Although in rural area this segment is not directly involve in business with marketing side which deemed to be man dominant, yet nobody can't deny form the participation of women in the rural production i.e. in agriculture, animal husbandry and small scale business unit. Since long one book HUNNER MAHASAGAR (collection of traditional production practices towards self reliant of this women segment in rural India) wrote focusing on rural cottage industry practices carried by rural women in north Gujarat. So the positive hope is still here for re-existence of this scenario (women empowerment) desired under SHG. At last it may state rightly that "Light lighted the next" so this process continues in motivate manners and help to spread out the movement of women empowerment with self sufficiency in economic sector. It will also reflect their socio-humanitarian situation in the man dominant society.

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