

CHAPTER-1

INTRODUCTION

Executive Summary

This Research study begins with a background discussion about unemployment and poverty in rural areas and why low-income persons seek self-employment as a viable option towards building social and human capital to work towards poverty alleviation. It moves on to a discussion of a qualitative analysis the impact of SHGs on individual members, family, and community life, changes in skills, knowledge, and attitudes, successful outcomes, and the development of human and social capital. Utilizing these findings, effectiveness of Women SHGs in the promotion of micro enterprises is discussed, suggesting that micro enterprise development is a viable option for poverty alleviation, and community economic development.

This research study examines the Effectiveness of Women SHGs in the promotion of micro enterprises in Rajasthan and Tamilnadu, specifically, the development of social and human capital through micro enterprise development to work towards poverty alleviation.

The growing commercialisation of rural economy, increasing dependence of agriculture on external inputs, mobilizations of savings towards construction and the growing education have opened up new vistas for the micro-enterprise development in India. Micro enterprises in the study area, as else where, are undergoing a very remarkable change in terms of their capital composition. While certain traditional industries are carried out with low technology, using low quality raw material and catering to the low-income groups of the customers, many others are facing urgent need to enhance their capital base for productivity improvement, cost reduction and innovate for effective marketing. All these are requiring additional capital investment for which the entrepreneurs need credit. At the same time, a few enterprises employing slightly improved technologies, using better quality raw materials and catering to the low income as well as the regional markets have been able to generate sizeable surpluses.

The experience in promoting micro enterprises in the regions of poverty suggests that markets are dynamic and for enterprises to be sustainable, the entrepreneurs must be able to understand the behaviour and character of markets and respond appropriately to the

challenges of competition. Micro enterprise promotion among the very poor requires comprehension of the market dynamics. Markets being highly dynamic in character, enterprises are under constant risk due to relative ease of entry and exit conditions.

The study shows that SHGs are still in a state of flux and their sustainable development depends on a number of factors, which are both internal and external to the group. No doubt, SHGs have set a new empowerment agenda for financial intermediation by banks. Further, SHG as a system has infused certain synergy among its members to move up in the socio-economic ladders from passive onlooker into an active partner/stakeholder in the development process. Today, SHGs in India have become a potential tool for the empowerment of women, social solidarity and socio-economic betterment of the poor in their own setting.

1.1 Introduction and background

Throughout history, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the conditions they face. **Self Help groups**, as we know them, go back at least to the 1930s, when Alcoholics Anonymous started in USA. While self help groups have distinct characteristics, the philosophies of the self help movement overlap with various other ways of working. Community Development, which became established as a discipline in the late 1980s, shares the concept of empowerment. In the past two decades, the self-help movement has mushroomed. AA, the largest self-help group, reports over one million members in the US. One estimate places the total number of people in self-help support groups at 20 million. There are groups for addictions—Alcoholics Anonymous, Gamblers Anonymous, Debtors Anonymous; for families—Families of the Mentally Ill, Mothers of Twins Clubs; for illness/disability—National Association of People with AIDS, Tourette Syndrome Association; for mental illness—Emotions Anonymous, Recovery, Inc., GROW; for bereavement—The Compassionate Friends, Survivors of Suicide, Widow to Widow; and for lifestyles—Single Mothers by Choice and Society for the Second Self (cross dressers),etc.

Self Help Group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination, etc) to support each other and to work together to change the disadvantage affecting them. Activities that groups do include community education, information, mutual support etc.

Self Help group (SHG) is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common village problems and plan solution, share information; make efforts to improve their health and literacy skills.

Self Help Groups are not charity or simply community based groups. They are made of and controlled by the people affected. Group members are not volunteers. Although the work is usually unpaid, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous, and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. Self-help groups build on the strengths of their members.

SHGs have another very important role to play particularly in the transfer of technology to user group population. It has been found by the members of SHGs that they offer them organizational base, large resources, and access to modern technology leading to employment and income generation. Thus, SHG movement among the rural poor in different parts of the country is emerging as a very reliable and efficient mode for technology transfer. However, it is strongly felt that the pace of transfer and popularization of technologies must be accelerated so that even the small farmer can benefit from new technologies.

1.2 The Effectiveness of Self-help Groups in Global Context

The emergence of self-help groups can be seen as a response to industrialization, the breakdown of the kinship system, and the decline of the community (Katz & Bender, 1976; Humm, 1997; Kessler et al. 1997), although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care (Gartner & Riessman, 1977). Currently, the increasing interest in providing services that are family-centered is also considered a factor contributing to the increased number of self-help groups (Rosenbaum et al., 1998). Despite the variety of explanations for the self-help phenomenon, the consensus is that there is a need for a new model to supplement and complement professional services, and that self-help groups are growing at an unprecedented speed worldwide. For example, about two percent of Canadians belonged to self-help groups in 1987 (Gottlieb & Peters, 1991), approximately 10 percent of Israel's population, was estimated to have some type of involvement in a self-help group (Ben-Ari & Azaiza, 1995), and cancer self-help groups were found to be prevalent in major cities in China (Mok & Zhang, 2001). In the United States, self-help group participation amounted to 10 million in 1996 (Kessler et al., 1997) and it was recently noted that more Americans try to change their health behaviors through self-help than through all other forms of professional programs combined (Davison et al., 2000). The proliferation of self-help groups in various countries can be seen as an initial indication of self-help group effectiveness, because groups will cease to exist without value.

The self-help movement is becoming a global phenomenon. In some countries, self-help groups already exist for every medical condition listed by the World Health Organization (Riessman, 2000a), and they are serving people who encounter almost every physical,

behavioral and emotional problem (Humphreys, 1997; Kessler et al., 1997). In spite of the rapid growth of self-help groups in India, the full potential of utilizing self-help groups remains untapped. One of the reasons may be attributed to the lack of systematic research and solid methodological foundations. Little was known about how helpful self-help groups are to members, and what kind of social impact they have brought about. The research component of the self-help phenomenon has clearly been left behind by the self-help movement itself.

Theoretically and empirically, the effectiveness of self-help groups has been widely documented in global context. The “helper-therapy principle” postulated by Riessman (1965) pointed to the process by which helping others has a therapeutic effect on the helper, and the self-help group provides the context for members to gain the unique benefits that may arise from helping someone who has the same problem as the helper. Rappaport (1993) asserted that self-help groups, which offer the venue for, shared experience; emotional support and social learning can help constitute a social identity. Along the same line of thinking, Yalom (1995) contended that self-help groups provide a unique opportunity for growth, social experimentation and change. Past research has also identified several major outcomes of self-help groups. These include: emotional support, acceptance, empathy, affirmation, spirit of hope, and sharing of feelings; provision of factual information and sharing of experiential knowledge; development of a sense of community; and individual and collective empowerment (Gottlieb, 1982; Kurtz, 1988; Borkman, 1976; Levy, 1979; Gartner & Riessman, 1977; Katz & Bender, 1976; Gidron et al., 1991; Jacobs & Goodman, 1989; Bennett et al., 1996; Humphreys & Rappaport, 1994).

1.3 SELF HELP GROUPS: PATH WAYS OUT OF POVERTY IN INDIA

Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings (in actual term Thrift) and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation. Almost all major donor agencies support SHGs in India in one way or another, and many success stories are available, describing how membership in a SHG changed the life of a particular individual or group for the better. Many NGOs are promoting the SHG mechanism and linking it to various other development interventions. Whereas there is ample evidence that the SHG approach is a very effective, efficient and relevant tool for organizing and empowering the poor, do arise with design, development

and introduction of programmes to promote income-generating activities (IGAs) that will generate sufficient, sustainable and regular income.

The approach towards poverty alleviation is based on the formation of self-help groups at the grass root level. This brings about the necessity for organizing them in a group by which they set the benefit of collective perception, collective decision-making and collective implementation of programme for common benefits. This organization holds the power and provides strength and acts as an anti dote to the helplessness of the poor. The group saving of self helps groups serve a wide range of objectives other than immediate investment. The approach has evolved over the years in India. Before understanding the strength of SHGs as a tool in Poverty Alleviation, it is imperative to understand the evolution of various Poverty Alleviation programs in India.

1.4 PERSPECTIVES OF POVERTY ALLEVIATION IN INDIA

Empowerment of the poor encompasses three basic dimensions-reduction of poverty, creation of employment, and erasing inequality. Since the magnitude of poverty challenges the very basis of State as an independent economic and political unit, it has been realized by the policy planners that development, needs to be people centered and participation oriented across various interfaces. Poverty Alleviation has thus assumed a new thinking and new practices have emerged through integrated community participation of the poor. The basis of the concept of micro finance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Inspired by the success of the Bangladesh Grameen experiment, the self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. Micro finance, which synergies the thrift and credit habits of the poor in a participatory and informal setting, is now widely acknowledged as a strategic tool to dent poverty in all poverty alleviation programmes. With the fast expanding Self Help Groups movement covering nearly 8 lakhs SHGs across the country, India is poised to provide pragmatic solutions by demonstrating the success of micro finance for eliminating total poverty in the coming decade.

Poverty as a global phenomenon has varied genesis, dimensions, and definitions. The definition of poverty is to be derived from a holistic approach to the multidimensional problem. While human poverty is generally interpreted based on motivation levels, income poverty is defined on the basis of minimum income levels required to meet basic consumption needs and amenities. The definition of poverty needs to go beyond these conventional interpretations and cover the deprivation of human dignity caused by vulnerability to social and cultural shocks resulting in a low quality of life. The eradication of poverty has been

an integral component of the strategy for economic development in India. 'Poverty line', the basic indicator of poverty according to the Planning Commission, is defined as "total consumption expenditure at which one can expect a person to be adequately nourished in the specific society under consideration". The underlying assumption is that people at the poverty line have just enough money to provide themselves with food that translates into 2200 calories per person. Large sample surveys are conducted by the National Sample Survey Organisation (NSSO) to obtain the consumption expenditure of various groups of the population at an interval of approximately five years. Based on this, the incidence of poverty is estimated at national and state levels. It has indeed declined from 54.9% in 1973-74 to an all-time low of 26.1% in 1999-2000.

In view of the larger distribution of poor geographically as well as the magnitude of the population below poverty line, the central government has taken a pro-active stand in dealing with the problem. Policy planners have explored the following approaches in designing different poverty alleviation programmes.

- Area development to decrease regional disparities and to take care of vulnerable regions affected by natural calamities.
- Sectoral approach to assist the poor in their livelihood activities with major emphasis on farming.
- Targeted approach for a section of people by creating employment generation through development programmes.
- Empowering approach through financial incentives and credit support for self-employment enterprises in farm and non-farm sector.
- Multipronged approach with integrated spatial and social development

1.5 OVERVIEW OF POVERTY ALLEVIATION PROGRAMS IN INDIA

Programme	Target	Objectives	Approaches
POVERTY ALLEVIATION PROGRAMS INITIATED WITH AREA/ SECTORAL/SECTIONAL APPROACH IN SEVENTIES & EIGHTIES			
1) Command Area Development Programme (CADP)	Equitable development of backward areas	Area Development Approach
2) Drought Prone Area Program (DPAP)	Relief/rehabilitation/ promotion of suitable livelihoods in the affected areas.	Area Development Approach

Programme	Target	Objectives	Approaches
3) Hill Area Development Programme (HADP)	Development of hard terrain and disadvantaged areas	Area Development Approach
4) Modified Area Development Programme. (MADP)	Development of hard terrain and disadvantaged areas	Area Development Approach
5) Small Farmers Development Agency (SFDA) & Marginal Farmers and Agriculture Labourers Development Agency (MFAL)	Small and Marginal Farmers	Provision of inputs for poor farmers to pursue livelihoods in agriculture and allied activities.	Sectoral Development Approach
6) Fish Farmers Development Agency (FFDP)	Fish Farmers		Sectoral Development Approach
7) Large Agricultural Multipurpose Society (LAMPS)	Rural Poor	Direct assistance for livelihood promotion	Sectoral Development Approach
8) Economic Rehabilitation of Rural Poor (ERRP)	Rural Poor		Sectoral Development Approach
9) Massive Assistance Programme (MAP)	Vulnerable People		Sectoral Development Approach
10) Special Assistance Programme (SAP)	—do—	Special Assistance to Vulnerable sections livelihoods/health/Literacy	Sectoral Development Approach
11) Development of Women and Children in Rural Areas (DWCRA)	Women & Children	Empowerment of Women & Child Education	Sectoral Development Approach
12) Scheduled Caste Action Plan (SCAP)	SCs	Empowerment of SCs	Sectoral Development Approach

Programme	Target	Objectives	Approaches
POVERTY ALLEVIATION PROGRAMS INITIATED WITH INTEGRATED APPROACH IN NINETIES			
13) Integrated Rural Development Programme (IRDP)	Rural poor	Functional, temporal & sectoral integration development of national resources human resources and provision of initiatives for holistic approach.	Integrated Approach
14) Integrated Tribal Development Agency (ITDA)	Tribal poor	As above, targeting tribal poor who constitute major disadvantaged section of poor	Integrated Approach
15) Twenty Point Economic Programme (TPEP)	Rural & Urban poor	Removing social and economic disparities raising productivity.	Integrated Approach
POVERTY ALLEVIATION PROGRAMS INITIATED RECENTLY WITH BENEFICIARY TARGETED & CREDIT SUPPORT FOR SHGs			
16) Swaranjayanthi Gram Swarozgar Yojana (SGSY)	Rural poor	Integrated initiatives for providing infrastructure, credit, marketing, utilities & services, training, etc., for promoting self employment, gender equality, community development projects, and overall empowerment of poor aimed at poverty alleviation.	Individual and self help group approaches cluster promotion, Direct grants/subsidy cum-credit support.
17) Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	Urban Poor	Self employment for urban poor	Individual & SHG subsidy credit support/training.
18) Jawahar Gram Samridhi Yojana (JGSY)	Rural poor	Employment assurance through wage employment. Provision of shelter with subsidized cost	Beneficiary targeted

Programme	Target	Objectives	Approaches
19) Credit linked margin Money Scheme of KVIC	Rural poor & Semi Urban poor	Self-employment through village enterprises with training & markets.	Beneficiary targeted with credit subsidy support
20) Prime Minister's Rozgar Yojana (PMRY)	Educated unemployed youth	Self employment through micro enterprises with training	Beneficiary targeted with credit and subsidy support/ training.

1.6 INDIAN EXPERIENCE OF POVERTY INITIATIVES

The first anti-poverty program “**Anthyodaya**,” aimed at the poorest of the poor, was kicked off in Orissa, the most backward state of India. Encouraged by the success of the scheme, a national programme was launched on a large scale under the name **Integrated Rural Development Programme** (IRDP) targeting below poverty line families in rural areas. This programme modified with the inclusion of Self Help Group pattern for beneficiaries under the name **Swarn Jayanthi Gram Swa Rozgar Yojana**, which continues to be the biggest employment generation programme for poverty alleviation in rural areas. The vulnerability of poor to passive risks of drought are tackled under Drought Prone Area Program (DPAP) where long term and sustainable asset creation is adapted as strategy for specific disadvantaged regions. IRDP, with massive dose of subsidy coupled with liberal bank finance and without collateral, was a large-scale financially structured initiative with project management units headed by senior bureaucrats in the country. Both programs were multisectoral in nature, as the programmes typically contained components from various sector such as roads, drinking water supply, and education. The administration of these centrally sponsored schemes could be traced to the system of centralized economic planning in 1952 which invariably resulted in the centre taking a proactive role in formulation of development programmes falling in state list of subjects such as rural development, social, welfare, health, family welfare, area development, etc. The reasons for such an approach were generally scarcity of resources as well as technical expertise with states – and also the need for leadership initiative, which could be provided more effectively by the central government.

1.7 STRATEGIC SHORTCOMINGS IN POVERTY ALLEVIATION PROGRAMS

Three decades of experiments with poverty under the schemes have attained varying degrees of success due to some shortcomings in design and delivery.

- Improper delivery system affecting outputs in an adverse manner
- Insufficient funds for projects

- Project Management Units were not sustainable management entities with dependence on several institutions both promotional and financial.
- Public sector banks expected to play a constructive role, and only could address the development issues partially.
- Lack of proper supervision and monitoring of schemes.
- Lack of sharp focus on objectives with “plan driven approach” rather than demand driven approach.
- “Top down strategies” bypassing the total participation of beneficiaries and grass root level local governing institutions, who are the stakeholders of the schemes
- Emphasis on asset creation instead of gainful employment
- Operation of overlapping schemes with similar objectives resulting in funds leakage for unintended beneficiaries.

1.8 Conceptual evolution of micro finance in India

The irrepressible desire and inherent capacity of poor to improve their living for themselves is considered as the foundation for concept of Micro Credit. Propelled by the demonstrative success of Bangladesh Grameen Experiment Micro Credit is acknowledged as an effective channel to take the poor into a new domain of economic empowerment. Micro credit movement assumed global advocacy through Micro Credit Summit held in February 1997 at Washington. The summit representing 1500 institutions and 137 countries is a landmark in the collective crusade against poverty undertaken by the developed and developing countries together. The Micro Credit Summit launched a nine-year campaign to reach 100 million of the worlds poorest families by the year 2005. Micro credit is referred as providing “Credit for self employment, financial and other business services including savings and technical assistance.

Most of the countries have long-established cooperative movements, including credit cooperatives. In most countries in South Asia and also in Indonesia, credit cooperatives have been largely unsuccessful in extending financial services to poor households. Generally, the cooperative movement includes people of all income levels within a particular village or community, and does not target the poor. Moreover, management of the cooperative movement has been inadequate in most countries.

In some countries such as India and Pakistan, a large proportion of cooperatives is reported to be non-functional, due to financial mismanagement and inability to recover dues. Even where they are functional, management is often dominated by rural elites, with funds allocated on the basis of patronage rather than needs. Frequently they rely heavily

on government funds and are largely owned and controlled by governments. In India and Pakistan, for instance, state and provincial cooperative departments have the right to be represented on the board of directors, and can exert considerable influence on the management of cooperatives. For instance, permission may be needed to hold elections, invest funds, change their area of operations, use funds from their reserves, and similar matters. Particularly in India there are very few highly successful cooperative banks and societies, which are devoted specifically to providing financial services to the poor, such as SEWA Bank and Working Women's Forum etc,

Micro - credit is distinctly different from other poverty alleviation schemes. Loans under micro - credit programs are very small, on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. Micro - credit continues to target the rural and urban households, with emphasis on women borrowers, provision of finance for creation of assets and their maintenance and bringing in greater quality of services. The beneficiaries are identified by micro - credit providers themselves independently or through NGOs/Self Help Groups/ the repayment period is generally very short. The amount is increased based on the borrower's repayment history.

Micro - credit is a novel approach of banking with poor with the distinct advantages of high repayments of loans and low transaction cost. Various micro - finance initiatives have gathered pace in the recent years. In Micro - Credit NABARD's role has been twofold, viz., promotional and financial. Promotional efforts assume the form of the SHG - Bank Linkage programme and facilitating training. Financial involvement is in terms of providing refinance, revolving fund assistance and grants.

Over the last decade micro finance has become an accepted institutional framework for taking financial services to the poor. Micro finance has now evolved into a type of independent financial system of its own and there are a number of variants in micro finance institutions and systems. But broadly they can be classified into two—the individual approach and the group approach. An example of the group approach, where the group itself, not the individual member, is the client, is the self-help group program in India.

In all countries there are wide variety of small, informal savings and loans groups, such as rotating savings and credit associations (ROSCAs), which operate informally and are not registered. In at least three countries, these or similar groups have been institutionalised to some extent by involving them in formal micro finance programs. In India self-help groups (SHGs) are an integral part of the National Bank for Agriculture and Rural Development (NABARD) program for linking banks and SHGs. Nevertheless, they are generally not registered. Under Indian law, SHGs are only required to be registered (as a society, trust or cooperative) if they have more than 20 members. For this reason, many SHGs restrict their membership

to 20 persons or less. It is also observed in Gujarat and some other parts of the country that some larger SHGs operate informally and are not registered.

The purpose around which an SHG is initially formed varies depending on the kind of program being implemented and the need for collective working. It varies from managing a collective resource to promoting a social cause. In the context of microfinance, SHGs are formed (and sometimes old SHGs established with another purpose are converted) to foster savings and credit. A small group of individuals become members and pool their savings on a regular basis to form a collective fund. This fund is then rotated as credit amongst the members through a system of self-generated norms. Hence, the basis of the SHG is the mutuality and trust in depositing individual savings in group funds. Once the initial trust is established, the incentive or motivation for a member is the access provided to financial services through the common pool fund, which is higher than the individual's own savings. Once such an SHG is formed and stabilized (through repeated rotations of their own savings converted to mutual credit), it is possible for it to become a source of funds to others outside the SHG.

Indonesia has hundreds and thousands of groups engaged in savings and credit. Some of these are indigenous, based on traditional custom, while others are the result of action by government agencies, community groups and NGOs to form groups in connection with various government-initiated microfinance schemes. These include Bank Indonesia's microcredit project and program linking banks with self-help groups (PHBK), the income-generating project for marginal farmers and landless of the Ministry of Agriculture, and the newer mass programs (IDT and Prosperous Family program). There is no provision for registration of SHGs, nor are they regulated except in the context of the particular government program from which they arise.

Similarly in Thailand, some of the community organisations involved in the microfinance programs of the Government Savings Bank (GSB) and Urban Community Development Office (UCDO) are registered as cooperatives. However, most are unregistered and operate informally. For instance, figures from UCDO show that of the 385 members with savings activities, only 66 are legally registered as cooperatives while the other 319 are not registered and operate informally.

Moreover, in most countries the cost of subjecting MFIs to full prudential regulation and supervision would be prohibitive. In Bangladesh, for instance, there are around 1,000 NGOs involved in microfinance. And while MFIs in other countries do not have nearly the same outreach as in Bangladesh, the number of MFIs is not necessarily less. In India there are perhaps as many NGOs engaged in microfinance as in Bangladesh, plus some 90,000 primary agricultural credit societies and thousands of self-help groups. In the Philippines,

there are some 500 MFIs reaching a combined total of only 30,000 borrowers. In Thailand there are more than 1,500 community organisations engaged in microfinance.

In India, there are at least three official second tier institutions, which on-lend to specialist MFIs. However, none of them imposes rigorous performance and reporting standards. The second tier institution with the largest lending program is Rashtriya Manila Koch (RMK). For a partner organisation to borrow from RMK, it should have at least three years experience in thrift and credit administration, a 90 per cent recovery performance during the last three years (in practice, RMK generally accepts a recovery rate in the range of 80 to 90 per cent), satisfactory funds management and financial performance, and a good track record of work in the socioeconomic field. These requirements are all quite general in nature. There are also a number of requirements relating to loans by the partner organisations to individual borrowers. Further, partner organisations are supposed to maintain 10 per cent of the loan provided by RMK as reserves, but this is not strictly enforced.

The performance and reporting standards imposed by two other significant second tier institutions, the Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) are even less specific than those imposed by RMK and do not provide a basis for monitoring the financial performance of the NGO.

As a part of its mandate, NABARD initiated certain research projects on SHGs as a channel for delivery of micro-finance in the late eighties. Amongst these, the project sponsored by the Mysore Resettlement and Development Agency (MYRADA) on "Savings and Credit Management of SHGs" was partially funded by NABARD in 1986-87. In 1988-89, in collaboration with some of the member institutions of the Asia Pacific Rural and Agricultural Credit Association (APRACA), NABARD undertook a survey of 43 nongovernmental organizations (NGOs) in 11 states in India, to study the functioning of microfinance SHGs and their collaboration possibilities with the formal banking system (NABARD, 1991). Both these research projects produced encouraging possibilities, and NABARD initiated the pilot project called the SHG linkage project in 1992. NABARD also held extensive consultations with the Reserve Bank of India. This resulted in issuing a policy circular to all commercial banks to participate and extend finance to SHGs (RBI, 1991). NABARD also issued a broad set of flexible guidelines in February 1992 (NABARD, 1992) to the formal rural banking system, explaining the project's modalities. The project was extended to the regional rural banks and co-operative banks, in addition to the commercial banks in 1993.

1.9 Origin of SHGs in India

- In 1976, **Prof. Mohammed Yunus** of Bangladesh started women's groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank

named **Bangladesh Grameen Bank**. Its report in February 1998 states that the bank has 1138 branches and covers 39572 villages. It has 2367503 members of which only 124571 are men. The bank has disbursed a cumulative amount of US \$ 2714.61 Million whereas the savings of the members has reached US \$ 202.73 Million.

- With the success of BGB and similar organisations elsewhere, the concept of **Micro credit** has gained momentum in India. Based on this success many Non-Governmental Organisations (NGOs) in our country are involved in organising SHGs and they serve as an agent between the bank and the poor.
- Self- help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.
- In our country the pioneer in this field is **Self-Employed Women's Association (SEWA)**. Without the Grameen model SEWA was started in 1972. Though started as a Trade union for women in the unorganised sector, today SEWA boasts of running the first Women's Bank in the country. By the year 2000 SEWA has a membership of 209250. The SEWA Bank has 87263 depositors, and 41757 borrowers whose loan outstanding us Rs.887 lakhs 4 as on March 1998. SEWA has also networked many co-operatives and emerged as the largest federation of co-operatives in the country.
- In Southern India organisations like **PRADAN, MYRADA, ASSEefa, MALAR** etc. have entered into this rural credit system. PRADAN has a membership of 7000 women who have availed 40000 loans worth \$ 600000 as on March 1997. MYRADA has 62769 members who have saved RS.48 lakhs and availed loan to the tune of Rs.2.90 crores. MALAR has a membership of 15000 women who have saved RS.86 lakhs and availed loan to the tune of Rs.2.23 crores.
- NABARD refinances the banks, which lend to SHGs. As per NABARD's Annual Report 1998-99, banks have financed 30447 SHGs with a finance of Rs. 53 crores as on 31st March 1999. The repayment is excellent. The Finance Minister in his budget speech has asked NABARD and SIDBI to increase the number of SHGs to 100000. Even this number will be minuscule as it will cover only 2000000 people in our country which has nearly 38 crores of people below poverty line.

- MALAR has emerged as a new self-reliant model for our nation. An offshoot of the Total Literacy Campaign in Kanyakumari District, MALAR has emerged as an organisation of poor women who share the interest income to sustain a full time structure, office and training schedule. This has kindled a new hope. Already 10 districts in Tamilnadu have undergone training at MALAR and started similar organisations for micro-credit.
- Revamping of the rural credit system has already started. The banks Regional Rural Banks, Co-operatives and SHGs linked with Non-Governmental Organisations (NGOs) have a role to play. There is need for closer study to support the system. So that the country can eradicate poverty at least in the beginning of the next millennium. NABARD introduced a Pilot Programme for starting and lending to SHGs in 1992 based on the experience of BGB and MYRADA. Now seeing the success in repayment many banks are eager to lend to SHGs and because of the pressure from Govt. NABARD has started giving targets to Banks.
- NABARD also provides training support, Grant cum Aid support for micro credit under it's different schemes. SIDBI has entered this field late but now SIDBI has formed a Micro-credit foundation, which gives loans to NGOs after rating them by an external agency. The minimum loan is Rs.50 lakhs and it is to be used only for micro enterprises.
- Rashtriya Mahila Kosh - an organisation promoted by Govt. Of India also gives direct loans to NGO's for on lending with incentives for proper repayment. All Banks including co-operative Banks and Private Banks lend to SHGs based on their savings at the ratio of 1:1 initially and this can go upto 1:4. Suddenly World Bank and IMF have found a way to reach the poor through NGOs and they see this an opportunity to reduce poverty and also to prevent the poor from agitation because of the ill effects of their Economic policies.
- The Government of India, which is under IMF and WB guidance, has launched schemes scrapping Integrated Rural Development Programme, Scheme for Urban Micro enterprises, Prime Ministers, Urban Poverty alleviation programme and TRYSEM. The Schemes are known as (1). Swarnajeanthi Gram Swarozhar Yojana - SGSY. (2). Swarnajeanthi Sahahari Swa Rozhar Yojana - SJSRY

The former is for Gram Panchayats and the latter for Town Panchayats, Municipalities and corporations. According to this scheme, the Panchayats will select the good group with assistance from BDO, Bank and NGOs and provide Rs.10000/- as revolving fund - free of Interest and then banks will provide loan to the group - seeing the performance. There is an individual subsidy of 30% for those who do individual enterprises and 50%

subsidy for Group enterprises. After the introduction of this scheme NGOs and Panchayat are forming groups or trying to get control of the Groups and funds. The scheme has a trap. If the repayment under this scheme is less than 70% in a Panchayat, nobody will get loan in this panchayat.

- After the Micro Credit summit held at Washington WB, IMF and many foreign funding agencies have directed their projects towards micro-credit. Now Govt. of India has also directed CAPART and other funding agencies to focus on micro credit because of which all NGOs are running after people to for SHGs so that they can get funds.

Thus a slow and steady SHG movement started during 1990s in India truly representing the concerns of the poorest of the poor.

<u>Regional Spread of SHGs in INDIA</u>	
● Southern Region:	64%
● Eastern Region:	13%
● Central Region:	11%
● Western Region:	6%
● Northern Region:	5%

If we see the presence of SHGs in India, 64% of total SHGs are in Southern India that to particularly in A.P and Tamilnadu, where as SHG movement is very weak in Northern and western states (Pl. see table for details)

SHGs IN VARIOUS STATES OF INDIA (As on March, 2003)

States	No. of SHGs
A.P.	281338
TN	98410
Karnataka	62178
Uttar Pradesh	53696
Orissa	42272
WB	32647
Maharashtra	28065
Rajasthan	22742
MP	15271

In developing micro finance in India, especially through the SHGs, a major role is that of the promotional institutions. Several institutional variants of the Self-Help Promotion

Institutions (SHPIs) have come to the fore since the beginning of the last decade. In India, the promotional institutions are basically of three types: (1) Government (2) Banks and (3) NGOs. These institutions have over a period of time developed systems and practices, some of which can be emulated as best practices and some others which should be learning points for caution.

1.10 Government as a SHPI

As in all developing countries, in India development was considered to be the government's responsibility and it started several subsidy-linked credit programs where it had a major role right from the stage of identifying of the borrowers to the disbursement of credit and subsidy. The results of these pro-grams were not positive. Experience has shown that the non- involvement of the people has led to an attitude of total dependence on administrative efforts. This was especially true in credit programs for the rural poor. To overcome this, government started adopting participatory approaches to rural development, particularly the SHG approach. The entry of the government into the self-help group movement was through the Rashtriya Mahila Kosh, which started funding NGOs for forming and nurturing SHGs. Later, the Indira Mahila Yojana came into existence, which also facilitated the group formation and nurturing process. Few States like Andhra Pradesh, Maharashtra, Karnataka, and Tamilnadu taken very successful initiatives in this regard.

In India a number of micro-credit schemes have been introduced, first in form of cooperatives and later in form of loan melas for rural financing. Targeting women - specific programmes however started much later mainly by NGOs such as SEWA, PRADAN, MYRADA etc. The Government later entered this arena through Rashtriya Mahila Kosh, Indira Mahila Yojana, STEP and through NABARD. Of late the Rural Women's Development and Empowerment Project known as 'Swashakti' has reached a take off stage in nine States by involving NGOs fully for its delivery of various components of the Project leading to holistic empowerment of women, by making them stakeholders alongwith the State Government Departments, Banks and beneficiaries.

There has also been a significant shift in the manner of funding the schemes. The Micro-Credit Rating International Ltd. (M-CRIL) in a study found that micro-finance had started to shift from being almost exclusively donor funded to being significantly finance through debts. Loan funds were sourced increasingly from apex level NGOs and developmental banks like NABARD and SIDBI, cooperative banks such as SEWA and even commercial banks. The Reserve Bank for example has been actively intervening to ensure that development banks and commercial banks play a active role in financing the SHGs and small micro-enterprises without demanding collateral and without putting the women's group through banking loans and such other bureaucratic red-tapes.

The Government promoted SHGs through the following programmes in various parts of India to strengthen SHG movement:

DWCRA Groups:

Groups with a maximum membership of 15 women are formed by the Department of Rural Development under the Development of Women and Children in Rural Areas (DWCRA) scheme. Thrift is used an important point for entry and micro financing among members. The scheme focuses on organization of women into groups to foster a collective approach to their problems and to enhance their bargaining power. These organised women pull many of the Government programmes into their respective villages for their benefit.

Under DWCRA Rs.25,000 is provided to the group as lump sum grant. The members can use it collectively or share it on prorata basis and can be used for any income generating activity. DWCRA recognizes that thrift and credit is essential for improving livelihood. Members are encouraged to save their money as a common fund. Training in leadership, attitudinal changes, and skills for income generation is an integral part of the DWCRA scheme.

SGSY Scheme:

Swaranjayanthi Gram Swarozgar Yojana (SGSY) is a modified version of IRDP with a focus on group approach. Cost of group formation and development is met from SGSY funds amounting to Rs.10, 000 per group over a period of 3- 4 years. Process approach and social mobilization with minimum of 50% of women groups are salient SHGs approaches. Grading of groups is done once in six months to ascertain their status of performance and corrective capacity building is undertaken. Assistance for economic activities is given through bank loan-cum-scheme subsidy to individuals in groups as well as to groups.

Anganwadi groups:

These groups are formed by the Department of Women and Welfare at the habitation level for implementing health, nutrition, and literacy programmes for women. Micro finance is extended to the members for taking up income generating activities as individual or as group enterprises.

Joint forest management groups:

Village communities in notified forest areas are formed into Vana Samrakshana Samithis (VSS) to conserve forest wealth. Social mobilisation through the SHG route is being achieved under this programme. Village communities are exhorted to take up alternative income generating activities.

Watershed management groups:

Farmers in the watershed areas are formed into groups for implementing improved techniques of watershed development with the intervention of a facilitating agency, normally an NGO. While on-farm development activities are funded through grant support, these groups are also encouraged to take up microfinance, with thrift as an entry point activity.

Rashtriya Mahila Kosh groups (RMK groups)

These are groups formed by NGOs and funded by RMK, a fund set up by the Government of India for associating women to undertake income-generating activities. Credit is extended to individual women in the group mode.

Micro finance programmes of CAPART

The Council for Advancement of People's Action and Rural Technology (CAPART) is set up by the Ministry of Rural Development, Government of India, to fund voluntary organizations and community based organizations engaged in serving rural areas. CAPART occupies a significant space in shaping the development innovations of NGOs and catalyzing development initiatives to reach the poor.

The main objectives of the scheme is:

- to fund VOs and CBOs already working with self help groups to extend their reach to new areas and improve the quality of existing groups
- to extend training support to potential VOs and registered CBOs who are desirous of working in the area of micro finance and self help groups.
- to identify and support VOs and registered CBOs having outstanding experience in formation of SHGs and micro finance who would act as resource centres. The unit cost for the promotion of group is worked out to a maximum of Rs.9, 000/- per group, which includes expenditure for a 3-year project cycle.
- to fund Rs.10, 000/- per SHG without interest, where bank linkages are not available as revolving fund.
- to finance up to Rs.2.00 lakhs as bridge funds for a federation of over 100 active SHGs

SWA-SHAKTI PROJECT (Assisted by IFAD & World Bank)

This is a rural women's development and empowerment project encompassing six important states of Bihar, Gujarat, Haryana, Madhya Pradesh, and Uttar Pradesh with a central project support unit in the Department of Women & Child Development of the Government of India to facilitate the implementation.

The broad components of the scheme are as follows:

- Institutional capacity building for women's development
 - promotion of women SHGs, cluster associations, and capacity building
- Supporting mechanism for income generating activities
 - mobilization of investment funds, provision of business management, and technical support services
 - mechanism to access social programmes and leverage funds for community asset creation.
 - to assist in improving women's access to social services such as health and child care
 - to create and improve community assets such as drinking water, sanitation, and day care centres.
- Provide effective project management systems
 - to strengthen the capacity of central and state level agencies to manage

Kudumbashree Project

The project is launched by the Government of Kerala with the active support of the Government of India and NABARD for wiping out absolute poverty from the state within a period of 10 years. This project aims at combining the self help group approach with demand led convergence of available services and resources to tackle the multiple dimension and manifestation of poverty holistically. The project is implemented through Community based organisations. This project is based on the successful experience of the **Alapuzha model (a district in Kerala) of poverty alleviation** with community participation, which won the UN Award at the 50th Anniversary of UN at New York in 1995. Kudumbashree aims at

- Empowerment of women through community based organizations
- Formation of informal banks for the poor
- Promotion of micro enterprises and establishment of rural marketing networks.
- Striving for convergent community action

District Poverty Initiatives project: (VELUGU)

This project is being implemented in Andhra Pradesh with the aid of World Bank. The project aims to organise the poorest of the poor in selected districts through convergence

of resources. The project has components of organization capacity building, linkages, and capital support. The project envisages “common interest groups” to focus on accelerated progress in poverty alleviation. CIG members, mostly drawn from existing groups, are motivated to take up economic activities and community welfare programmes through the provision of revolving fund (Rs.20, 000/-) called common investment fund.

SJSRY (Swarna Jayanthi Shahari Rozgar Yojana)

SJSRY is an anti-poverty programme launched by the Government of India for eradicating absolute poverty from urban areas. The community development structure provides the channel for the delivery system of the scheme. The scheme has two sub components - Urban Self Employment Programme (USEP) and Development of Women and Children in Urban Area (DWCUA). DWCUA helps urban poor women in setting up gainful employment through group activity.

1.11 Banks as a SHPI

Among the formal institutions, next to government, banks play a major role as self-help promotion institutions in India. For several years, since the nationalization of the commercial banks, there has been a commitment at the highest policy levels, towards improving access to financial services for the poor. Several policy measures have also been in force to ensure this, such as the allocation of committed bank funds to small loans (priority sector banking), subsidized interest rates (ranging from 4% to 10%) for micro loans, and the opening of small rural bank branches. Hence, the mainstream banking system in India has always been involved in microfinance as a special area of their operation.

At the operational level, this policy commitment has been implemented usually by linking bank credit to a targeted program of the government of India. The Integrated Rural Development Program (IRDP) was a typical example. Based on this program, several projects of the government of India have had a strong microfinance component either through the banks or through government-established financial institutions. A further institutional focus was given to rural lending through small loans by establishing the regional rural banks in 1975. The SHG linkage program is located in this national policy and institutional context, where there is a vast network of primary lending institutions to deliver microfinance on the one hand, and an apex national level institution, namely NABARD, to provide policy support and refinance on the other.

Banks have been slow in entering the field of microfinance from the angle of both promoter as well as lender. In general, banking institutions have treated the formation and promotion of SHGs as an activity which is strictly for voluntary agencies or non governmental organizations and not for mainstream commercial bankers. But the problem in India is that

well-intentioned NGOs, which can take up these activities, are confined to relatively smaller pockets of the country. If banks see a new opportunity and a new market in microfinance they can-not always expect a ready-made institution to absorb their lending portfolio. It may be necessary for some banks to take up the work of forming and promoting SHGs on their own if they view it as a profitable market and a profitable business opportunity. Several banks, especially regional rural banks (RRBs), have done pioneering work in forming, promoting, and later financing SHGs. (Pl. see SHG -Bank Linkage model I)

In this method, the role of mobilizing and forming the SHG is taken up by the bank branch itself. There is no NGO facilitation. Although this model is not common, many banks have shown interest in forming SHGs themselves. However, this alternative is fairly unique, as banks do not usually go into social mobilization roles. Irrespective of the quality of the SHGs formed, the weaknesses of this alternative are obvious. The core competency of a banker is finance and not SHG formation. Even if the SHG formed is for the limited purpose of fund rotation, substantial effort has to be made to form SHGs. Further, SHGs formed only for receiving external funds may not be sustainable. The advantage of this alternative, however, is that it exposes the banker to social realities firsthand. Also, in all the places where NGOs are not operating, some mechanism needs to be found to improve access to microfinance.

There are at least three different SHG-Bank linkage models operational in India. For details please see the diagrams.

Historical Development of Rural Credit System In India

The first effort in institutionalizing rural credit was made by the Government of India in the first decade of the present century with the passing of the **Co-operative societies Act in 1904** to support the country's predominantly agricultural economy. Though the country witnessed significant growth of the commercial banks since then, their involvement in rural lending was negligible till the mid-sixties. Following the introduction of social control in 1967 by the Government of India & later nationalization of major Commercial Banks in 1969, these banks also were directed to involve themselves in rural lending. Later in 1975, Government of India also introduced a specialized state sponsored, regionally based & rural oriented Regional Rural Banks with the objective of accelerating rural economic development of the identified target groups i.e., weaker sections comprising small & marginal farmers, agricultural labourers, artisans, small entrepreneurs etc.

In 1981 **National Bank for Agriculture and Rural Development (NABARD)** came into existence. Rural financing has been playing & will continue to play an important role in the development of the Indian economy as 75% of the India's population lives in its

villages. Commercial Banks, co-operative credit institutions & RRBs, which form an important segment of the rural financing system, have been helping in progressive monetisation of the rural economy through their operations in the rural areas. Although the institutional share in total rural credit has increased many fold over the years there is still a large institutional credit gap.

Despite the multi agency approach adopted for providing rural credit, certain inbuilt formalities viz. documentation, restricted working hours, loan amount, purpose of loan & proximity factors have been causing inconvenience to the deserving rural poor. Yet, exploitation of the rural poor continues by the local money-lenders. Only 2% of the 500 million small & micro entrepreneurs are accessed to formal sources all over the world.

There is need to provide them micro credit. The Banks have evolved a new approach to reach out the rural poor, named “**SELF HELP GROUP FINANCING**”. In India local money lenders dominate the rural areas. Self Help Group Financing (SHG) - a new concept. SHG - a group of rural poor generally comprising of small/marginal farmers, landless agricultural labourers, rural artisans, women folk & other micro entrepreneurs organised themselves to achieve socio economic development by raising resources at their level initially & linking with the bank subsequently with the help of NGOs.

MILESTONES IN SHG-BANK LINKAGE IN INDIA

1992

- Launching of Pilot project of linking 500 SHGs with the banking system.

1993

- Introduction of bulk lending scheme to NGOs by NABARD. Studies on Transaction Cost conducted by external experts.

1994

- Extension of policy Support by RBI - beyond the Pilot phase. Unleashing the concepts of banking with poor. Extension of support for capacity building of NGOs by NABARD.

1995

- Setting up Credit and Financial Services Fund (CFSF) within NABARD - to support expansion of the programme.
- Setting up a working group on NGOs & SHGs - to assess ground realities and identify operational issues in implementation of the programme.
- Extension of Revolving Fund Assistance to Federations of SHGs by NABARD.

1996

- Mainstreaming SHG-Bank Linkage by banks - RBI and NABARD notifications.

1997

- Organizing National level Training consultation meet - thrust on trainers training.
- First experiment of RRB as Self Help Promoting Institution (SHPI).
- Up scaling training and awareness programmes by NABARD and the banking system.

1998

- Extension RRB as SHPI to other 10 other RRBs.
- Documentation of rating/grading practices for SHGs' appraisal.

1999

- Recognition of potential of SHGs by GOI by Setting up task force on supportive regulatory & policy framework.
- Extension of RRB-SHPI-experiment to 2 more RRBs.
- Deregulation of interest rates in SHG lending
- Emphasis on studies documentation and dissemination.
- Provision of promotional grants to NGOs for SHG promotion- development NGO appraisal tools.

2000

- Thrust on widening the range of SHPIs.
- SHGs credit linked crosses 1,00,000.
- RBI advises banks to finance Microcredit organizations.
- Emphasis on flooding market with quality SHGs by NABARD.
- Thrust on expansion of the programme in Union Budget.
- Recognition of potential of Farmers Clubs as SHPIs.
- Roping in Rural Volunteers as potential SHPI.
- II National Consultation meet on training to redesign training modules, contents and methodologies.
- Collaboration with Indira Gandhi National Open University - for commencing a distance education programme on women's empowerment and SHGs.
- Introduction of State level Awards for best performance.
- Evaluation studies on impact on SHGs.

- Setting up a separate fund for scaling up the programme-microfinance Development Fund.
- Technical collaboration with GTZ, Germany commenced.

2001

- Crossing 2,00,000 mark of credit linked SHGs.
- Thrust on backward States & districts.
- Extension of RRB-SHPI module to all RRBs.
- Launching of National Level newsletter.
- Conceptualizing the use of technology in micro Finance.
- Initiating efforts all developing a comprehensive Management Information System for SHG -Bank Linkage programme.
- Exposure visits to other mF initiatives for clients and banks.
- Launched studies to assess Savings pattern for the poor.

2002

- Intensifying training interventions through exposure visits.
- Focus on backward states/provinces Encouraging and facilitating internalization of rating and self-rating techniques.
- Launching a pilot in IT in microfinance.
- Launching studies to understanding the commercial prospects of SHG linkage.
- Support by way of promotional grants to NGOs closes to 500 nos.
- About 50% of the 10-year mission covered. Diffusion of knowledge and experience with International mF practitioners.
- Redefining the role of banks in the programme as enhancing business opportunities NOT mere Service providers.

(Source: NABARD, Mumbai)

SHG-Bank Linkage-Physical and Financial progress as on 31 March, 03

No. of New SHGs	255882
Union Budget	150000
Total No. of SHGs	717360
% of Women	90%
Commercial Banks	48
RRBs	192
Cooperative Banks	264
No. of States/UTs	27
No. of Dists. Covered	412
No. of NGOs & SHPIs	2800

Progress at a Glance (31.3.2003)

- No. of poor families having access to Bank Credit: 11.6 million
- Estimated No. of poor people assisted : 58 million

SHG-Bank Linkage-Physical and Financial progress as on 31 March, 03

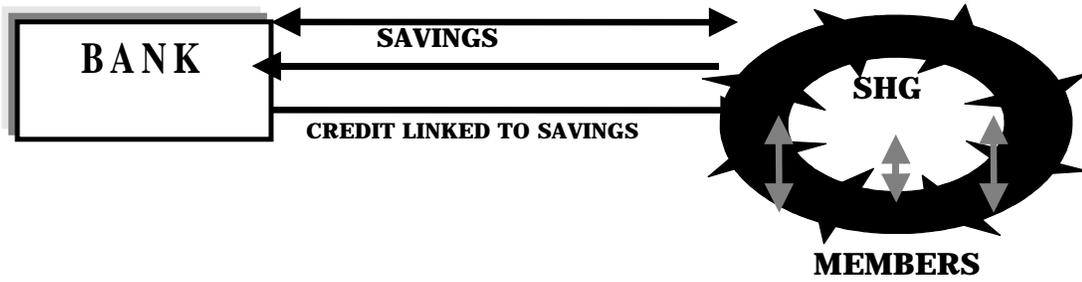
Ground Level Credit during 2002-03 (Rs. cr.)	1022.30
Cumulative micro-credit from banks (Rs. cr.)	2048.70
Average bank loan per SHG (Rs.)	28559
Average bank loan per family (Rs.)	1766
Prompt repayment of loans by groups	95%
Refinance support from NABARD during 2002-03 (Rs. cr.)	622.30
Cumulative refinance as on 31 March 2001	1418.80
RFA to NGOs (Rs. cr.)	18.33

Participation of RFIs in Linkage programme

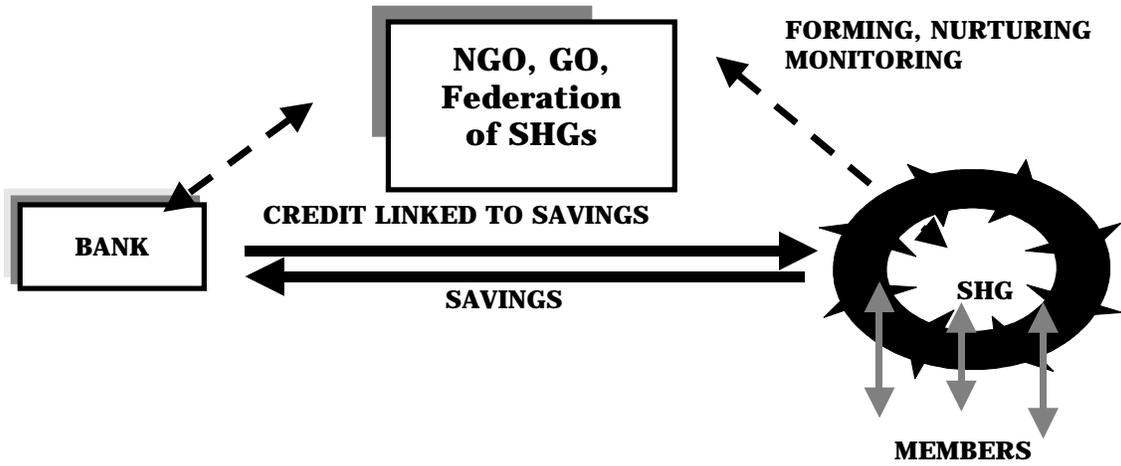
Commercial Banks	27 PSBs and 21 Pvt. banks participated
Andhra Bank	61417 SHGs
SBI (largest)	83265 SHGs
Indian Bank	32892 SHGs
Other Important Banks	SBH, IOB, BOI, BOB, Syndicate Bank, UBI
Private Banks	Vysya Bank, ICICI Bank, GTB

SHG BANK LINKAGE MODEL - I

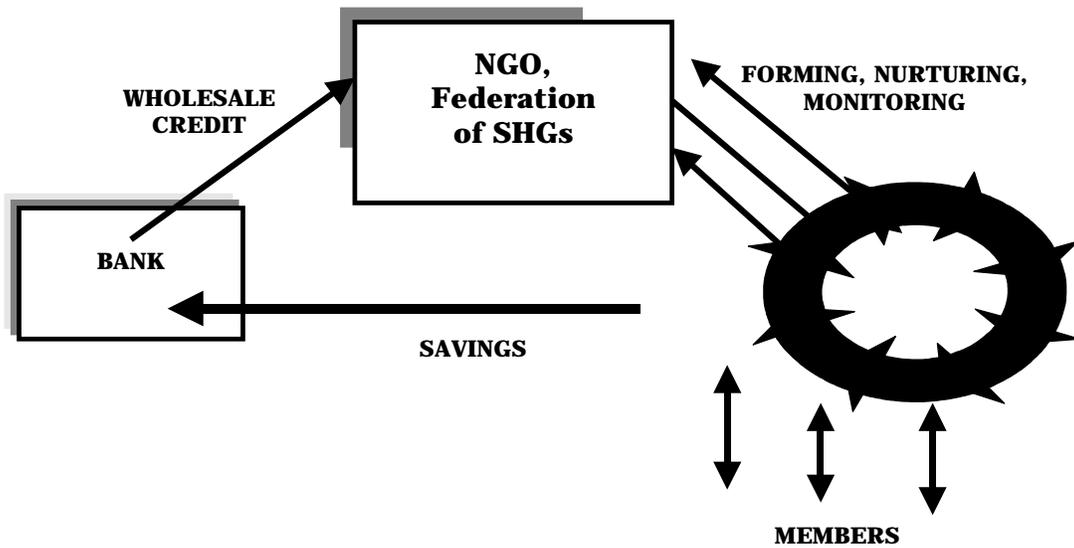
FORMING AND NURTURING



SHG BANK LINKAGE MODEL - II



SHG BANK LINKAGE MODEL - III



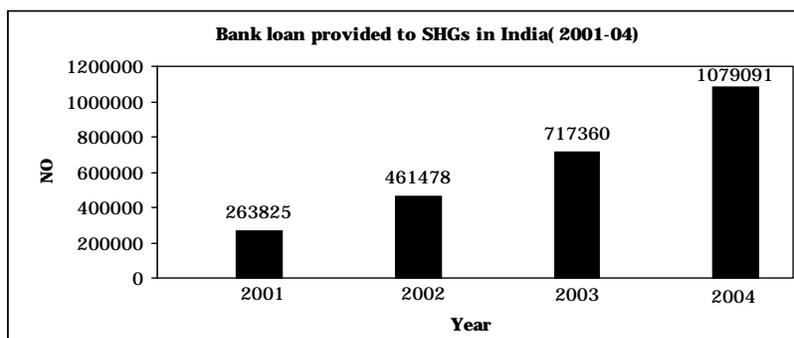
1.12 PROGRESS OF SHG BANK LINKAGE IN INDIA

- The progress of banks in linking SHG groups to the banking system was quite phenomenal in the last few years. The banks financed 361,731 new SHGs in 2003-04, almost 30 percent of the cumulative 1,07,09 financed since 1992.
- Bank loans disbursed to SHGs during the year 2003-04 aggregated Rs. 1,855 crore, an increase of 82 percent, as compared to Rs.1, 022 crore during 2002-03.
- By March 2004, of the total SHGs credit linked, Andhra Pradesh accounted for 36 percent, Tamil Nadu 14 percent, Karnataka 10 percent and Uttar Pradesh 7 percent, together accounting for 67 percent of the total SHG credit-linked and 80 percent of the bank loans disbursed. In order to balance the uneven growth of the micro finance programme, NABARD has identified 13 states as priority states.
- Of the total number of SHGs linked to banks, 20 percent have been formed and financed by banks, 72 percent formed by government agencies other than banks and NGOs, but financed by banks and 8 percent financed by banks through NGO and other agencies as financial intermediaries.
- The number of banks which participated in partnering NABARD in the SHG bank-linked effort in 2003-04 was 560 of which 48 were commercial banks, 196 were regional rural banks, and 316 were cooperative banks. The number of NGO and other agencies which partnered NABARD was 3024

1.13 NABARD STATUS REPORT ON MICRO FINANCE THROUGH SHGS (2001-04)

From the above data, the clear picture is that the SHG movement has taken firm root in India albeit in a geographically imbalanced manner, also, it is apparent that suddenly the banks propensity to lend to this sector has increased. Although the base is small, as 82 percent increase in lending in one year seems significant.

As the above data shows the SHG movement has increased a new crescendo with NABARDs target of 1 million SHGs by 2007-08 is fulfilled well in advance in 2004. However, the effectiveness of SHG model as an effective conceptual model for empowerment is far from realized. The burden of target has been too heavy to be carried on the shoulders of participating actors. To Make SHG model an effective empowerment model



needs addressing important issues. These Issues namely- capacity building, adequate personnel, financial and human resources, market linkages and capacity building at several stages have important bearing on the success of SHG as an effective tool of empowerment for women.

1.14 NGOs as a SHPI

Though government and banks have been played positive roles in the promotion of SHGs, in terms of numbers, the non-governmental organizations (NGOs) rank as the premier SHPIs. NGOs have so far been the main innovators in micro-finance. They have many advantages. Their very name, non-governmental, indicates that they are outside the framework of government. In India, where governmental systems are fairly rigid and bureaucratic, NGOs are characterized by their flexi-bility and ability to evolve simplified work systems.

While a group approach has been a developmental concept actively pursued by development practitioners for many years, the focused formation of SHGs under the microfinance framework is a relatively newer concept. It was initiated only in the late eighties by a few NGOs as an exclusive idea. The number of NGOs involved in the formation of microfinance based SHGs has increased many fold in the nineties. Contributing factors in this expansion has been the creation of an enabling environment for this kind of work by several national and international organizations, including multilateral, bilateral, and international NGO donors, plus an encouraging policy environment created by the government of India and the Reserve Bank of India. The SHG linkage program of NABARD through its widening network of institutions has also contributed to expanding the microfinance-based SHG movement.

Because of the expansion of the microfinance-related SHG program agenda, a wide diversity is observed in the approaches adopted by different agencies. Some NGOs act as banking intermediaries, channeling finance to different SHGs formed and centralizing all the accounts and financial systems at the NGO level. Others have formed collectives of several SHGs together, forming a federation of SHGs, and were linked them up with banks. There is also a fair amount of diversity in the levels of competencies and capacities to manage a microfinance SHG program within these agencies.

The non-governmental organizations who are a part of the SHG-bank linkage programs throughout the country have developed and fostered different types of institutional mechanisms for these groups. While most NGOs have opted for a conventional SHG of 15 to 20 members, some others have opted for different forms, notably the Mahila Mandal¹⁶ or federal type where the group is a single entity at the village level, as a sort of village level federation. While basically all NGOs in the SHG movement have the economic empowerment of the poor, especially women, as their goal, their approaches and their working methods differ.

1.15 Effectiveness of Self-help Groups in Indian Context

Self-help groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the poor in our rural areas. The self-help group is a small body formed by the people for meeting their specific objectives, particularly credit. However Local literature shows that self-help groups have been developed for a wide range of populations, including the mentally ill and their families, persons with disabilities and their care-givers etc. SHGs are initially formed on the foundation of the accumulated endowment of bonding social capital already existing in the community. The social capital produced by the SHG as it matures through creation of new ties and linkages, strengthens the community's cooperative capacity to the achievement of group government. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the government bureaucratic officials changes and they become more responsive to the needs of the community i.e., with the maturity of SHG the state-society relationship begin to change at the local level towards the better.

In this way, SHGs which were originally established to produce economic benefits for members eventually became an associational framework for collaborative actions that produce public goods. As a result a range of other community-level organizations emerge where often members of the SHGs are recruited. Role of SHGs in strengthening local governance and political democracy can be described by the fact that a number of SHGs members are being elected in the Panchayati Raj system in India, the lowest tier of local democratic governance.

The working group (RBI, 1996) has commented thus on the progress of SHGs in India:

- 1. SHGs helped to generate and collect small thrift amounts from a cross section of people hitherto considered incapable of saving. The essential difference between thrift and savings was that while thrift was generated out of deferred consumption, the savings were generated out of surplus.***
- 2. SHGs have facilitated the rural poor in fulfilling their credit requirements, both for emergent consumption needs as well as for small production requirements.***
- 3. SHGs have been able to meet successfully the credit requirements of the rural poor as per their choice, unlike in the case of borrowing under other programs of formal credit institutions.***
- 4. The high recovery rates of the SHGs are in sharp contrast to the poor recovery performance of banks in respect of various activities under rural credit.***

Since credit/finance was seen as management of the participants' own funds and enterprises, a feeling of ownership and responsibility was generated.

- 5. The entire cycle of assessing need, disbursement, recovery, monitoring, and supervision shifted closer to the scene of action under SHGs, and therefore the transaction cost of the loans was relatively less.***

In self help groups it is assumed that all poor households need to save and have the inherent capacity to save small amount regularly; easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures, the poor are the best judge of their credit needs and are good users and re-payers of credit when formed in group. A notable feature of SHG is that before its linkage with any financial institution, credit discipline is imbibed among the member by way of SHG with banks has improved the socio-economic condition of its member by way of positive impact on income, saving, and self-confidence. The impact is more pronounced in the case of SHGs linked through NGOs. This and many other aspects of rural credit delivery system need to be studied in a greater depth. SHGs have proved to be successful in addressing the interests of women in a sustained manner. They are extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. In addition, they serve as an ideal mechanism for bringing women out of their homes, making them more articulate and honing their leadership qualities and their skills as motivators. Women led SHGs in Andhra Pradesh have won laurels for their exemplary performance.

Growth Rates of SHGs & SHGs per 1000 Females across the States (1998 - 2001)

States	Growth of SHGs Over the Years			Growth Rate	Growth of SHG/1000 Female Over the Years			Growth Rate
	1998-99	1999-00	2000-01		1998-99	1999-00	2000-01	
Andaman & Nic.	3	9	10	82.57	0.018	0.051	0.061	86.84
Andhra Pradesh	6579	29242	84939	259.31	0.179	0.786	2.258	255.39
Assam	10	46	156	294.97	0.001	0.004	0.012	288.79
Bihar	121	857	1846	290.59	0.003	0.018	0.046	324.17
Goa	4	14	27	159.81	0.005	0.018	0.041	180.97
Gujarat	879	1345	1375	25.07	0.038	0.057	0.059	24.70
Haryana	4	107	334	813.78	0.000	0.012	0.034	783.19
Himachal Pradesh	133	48	1166	196.09	0.041	0.014	0.390	210.24
Jammu & Kashmir	2	53	137	727.65	0.000	0.011	0.029	725.62

States	Growth of SHGs Over the Years			Growth Rate	Growth of SHG/1000 Female Over the Years			Growth Rate
	1998-99	1999-00	2000-01		1998-99	1999-00	2000-01	
Karnataka	2002	3167	5627	67.65	0.079	0.124	0.217	65.51
Kerala	1291	1709	1826	18.93	0.079	0.104	0.112	18.59
Madhya Pradesh	461	1533	3174	162.39	0.018	0.040	0.110	200.29
Maharashtra	1058	3029	5509	128.19	0.024	0.069	0.119	121.14
Orrissa	975	2021	3850	98.71	0.056	0.114	0.213	95.49
Pondicherry	15	144	150	216.23	0.028	0.257	0.308	233.26
Punjab	1	18	71	742.61	0.000	0.002	0.006	728.69
Rajasthan	465	526	2513	132.47	0.019	0.021	0.093	123.84
Tamil Nadu	2618	7671	16676	152.38	0.087	0.251	0.541	149.99
Uttar Pradesh	1464	7744	5457	93.07	0.019	0.097	0.069	92.59
West Bengal	554	2317	5351	210.79	0.015	0.061	0.138	205.40
All India	18639	61600	140194	173.97	0.039	0.128	0.283	167.91

(Source: NABARD & Micro-finance, 2000 - 01)

1.16 Entrepreneurship through Self-Help Groups

Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently. A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilising and managing money and matters. Few other Central and State government schemes aimed at capacity building of women and others for entrepreneurship include the 'Stree Shakti' programme in the dairy cooperative sector in M.P., training-cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project -supported by the World Bank and International Fund for Agricultural Development (IFAD).

1.17 IMPACT OF SHG MOVEMENT IN INDIA:

Various organisations evaluated SHGs including NABARD, NGOs and ORG-Marg. Some of the salient features are.

- 98% of the members make savings regularly as the norms prescribed by the groups.
- All the groups meet at least once in a month to discuss various social issues related to their day to day life.
- 98% of eligible members adopt small family norms.
- 100% children of SHG members are able to access immunization services against the 6 diseases.
- 30% of the members have access to safe cooking fuels (LPG) under the Government promoted scheme popularly known as “DEEPAM”.
- 80% of the total SHGs have accessed financial assistance from banks and repayment is 98%.
- 10,000 SHG members were elected to the local bodies (3 term Panchayat Raj Institutions) in 1997 November elections.
- Members are engaged in 450 varieties of income generating activities.
- Additional family incomes to member range from Rs.1000-3000 per annum depending on the income generating activities.
- Increase in self confidence and self esteem
- Increase in awareness levels about the society and community. Voluntary participation in community activities like laying roads, planting trees conserving environment, construction of water harvesting structures, donations to the victims of natural calamities helping to reduce crime against girls & women, campaign against eradication of social evils like dowry, child marriages, untouchability, AIDS, rescue and rehabilitation of orphaned children, counseling adolescent girls, support to widows and destitutes are a few to mention.

1.18 Functions and Characteristics of an SHG

NABARD (1997) defines SHGs as “small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members’ decision”. Most SHGs in India have 10 to 20 members, who can be either only men, or only women, or only youth, or a mix of these.

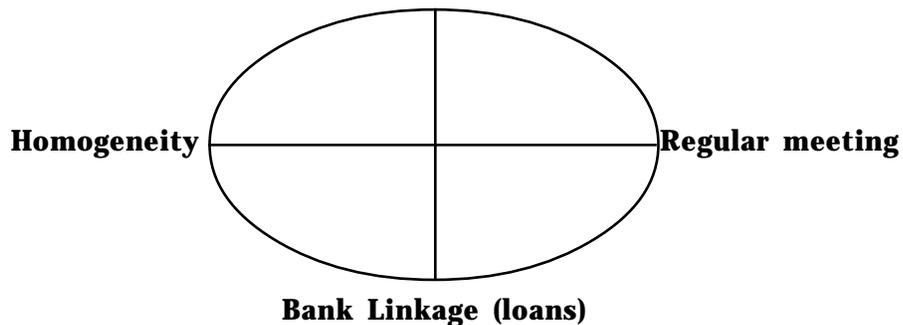
As women's SHGs or sangha have been promoted by a wide range of government and non-governmental agencies, they now make up 90% of all SHGs. As Indian women do not generally have the same opportunities to migrate for wage work as men due to social obligations and taboos, it is particularly important for women to improve employment and income earning opportunities *in situ*, and in a way that is compatible with their role in child care.

Self-help groups are mostly informal group where members pool savings as a thrift deposit. The groups have common perception of need and improvise towards collective activity. Many such groups formed around specific production activities, promote saving among members and use the pooled resources to meet the various credit needs of members. Where funds generation is low in the initial phases due to low saving capacities, this is supplemented by external resources. Thus self help groups have been able to provide primitive banking service to its members that are cost effective, inflexible and without defaults, based on local requirement. Self help group have also evolved their own characteristics of functioning.

The rules and regulations of SHGs vary according to the preferences of the members and those facilitating their formation. A common characteristic of the groups is that they meet regularly (typically once per week or once per fortnight) to collect the savings from members, decide to which member to give a loan, discuss joint activities (such as training, running of a communal business, etc.), and to mitigate any conflicts that might arise. Most SHGs have an elected chairperson, a deputy, a treasurer, and sometimes other office holders. It appears as though the vast majority of rural SHGs invest the loan amounts in a mix of consumption and productive purposes. As credit needs of the poor are determined in a complex socio-economic milieu, where the dividing line between credit for 'consumption' and 'productive' purposes is rather blurred, it is difficult to adopt the traditional banking approach to lending and to insist that loans are not used for consumption.

Characteristics of an SHG

Regular saving (Thrift)



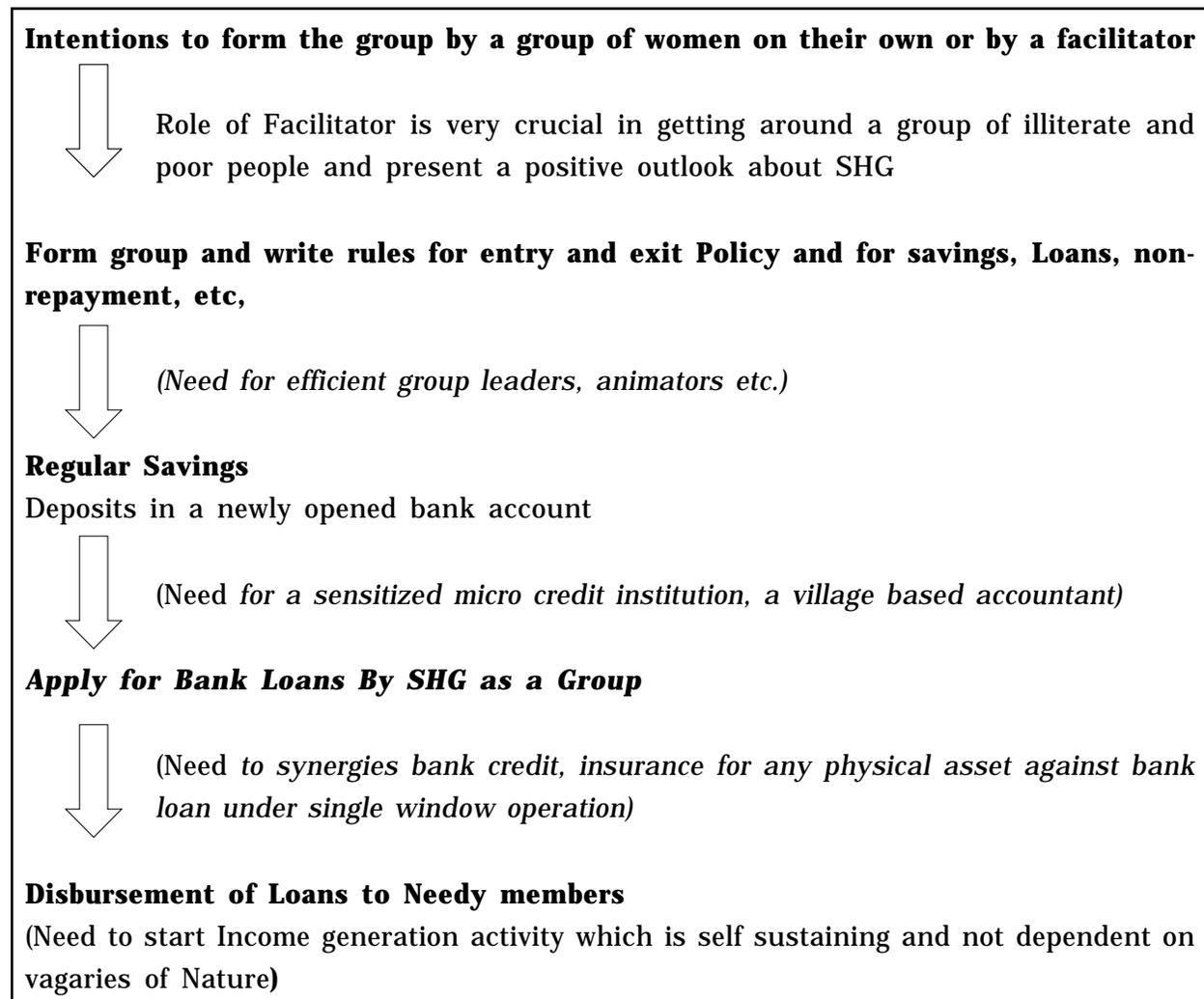
Homogeneity refers to sharing similarities: similarity of gender, caste. In most cases, it was homogeneity of gender; at times a particular section, handicapped, come around to form group; at others women of particular caste form their groups

The second most characteristics of the group is **regular saving** by the group members and setting a set of guidelines to regulate these savings. These rules are as follows:

- ❖ Rules about entry and exit policy: About entry, the person should be above 18; should be usually from an economically backward class (but this is not mandatory).
- ❖ Rules about regular saving and meetings, etc.

The third most important characteristics is the linkage with lending institutions. Unlike the formal banking mechanism, banks do not ask for collateral while granting loan to SHG.

FLOWCHART Showing the Formation of an SHG



1.19 Future Concerns of SHG movement in India

There are many studies suggesting the successes of SHGs in empowering women. At the core SHG philosophy is the concern to gain control over capital by rural, poor women by virtue of spendthrift, gaining access to a financial pool of their own in time of need or to start income generation activity. A positive derived from Group psychology has been applied to SHG movement in developing countries. While there are many successful stories about the benefits of SHGs, there are many concerns about the future of SHG movement in India. The concern stems from their initial success and their geometric progression. Are they heading towards right direction of women empowerment? Are our formal lending institutions capable of handling so many illiterate women? Do we have the financial resources to lend loans to the vast number of SHGs? Are the loans given to SHGs sufficient to start an income generating activity on their own? Are Demand- Supply linkage been studied while deciding income generating activity for all SHGs in massive scale? What are the likely marketing problems or competitions, which are likely to arise when SHGs start micro-enterprises? Some of these issues are addressed in the present study.



Objectives of the Study and Survey Methodology

CHAPTER II

OBJECTIVES OF THE STUDY AND SURVEY METHODOLOGY

OBJECTIVES OF THE STUDY

- To study the role of SHGs as a potential tool for social change and to look into various aspects like promotion, formation, community enterprise planning, establishing small business enterprise through SHGs.
- To identify and analyse constrains and barriers to micro enterprise development through women SHGs and devise appropriate strategies.
- To understand various aspects related to the Empowerment through SHGs.
- To identify and analyse various challenges before Self Help Promoting Institutions in promoting micro enterprises through women SHGs
- To study various enterprise models of community financial intermediation promoted by Government, Banks and NGOs.
- To advocate policy and implementation changes for furthering micro enterprise development through women SHGs in India in General and Tamilnadu and Rajasthan in particular.

Field Investigation Methodology

Study Tools & Techniques

Extensive field study forms the basis of this report. Field study is facilitated by

- Unstructured and informal interaction with beneficiaries in the regional language.
- Structured interview with beneficiaries with the aid of questionnaires designed in conformity with the objective of the study
- Visit to activity sites of beneficiaries in select cases
- Interaction with women SHG members

- Interaction with NGOs associated with promotion of SHGs.
- Discussions with Government officials
- Discussions with RRBs and other Financial Institutions

Methodology

Both primary and secondary research was undertaken to generate information on various aspects related to the objectives of the study.

Secondary Research

Before primary research is undertaken, a thorough review of major components, comprehensive understanding of research issues was undertaken in consultation with the experts of the field. Detailed information about the beneficiary organisation and their activity was studied.

Primary Research

Under primary research, we employed two modules.

- I. Qualitative Research for identifying the soft and intangible areas by observation
- II. Quantitative Research by administering different types of questionnaires.

Tools and techniques for Quantitative Research:

❖ Questionnaire

i. *Structured Information Schedule:* This was administered to the organisation officials so as to get information about:

- ❖ No of SHGs
- ❖ Status of SHGs including Credit linkage
- ❖ Micro Enterprise background of SHGs
- ❖ Type of activities / services
- ❖ Training / Capacity building
- ❖ Infrastructure facility
- ❖ Resources available for their activities

ii. *An in-depth Interview Schedule:*

This was administered to Women SHG members to gauge various issues related to the graduation of these SHGs from Micro credit to Micro Enterprise Development.

iii. An In-depth Interview schedule for SHPIs: This was administered to the officials of the Self Help Promoting Institutions (SHPI) like Government, Banks, and NGOs.

Success Stories:

We tried to highlight few unique cases and success stories, which will act as a benchmark in understanding the effectiveness of women SHGs in the promotion of Micro Enterprises.

Study Universe:

An attempt is made in the present study to cover all the major organisations and SHGs in four districts of Tamil Nadu and Rajasthan. The selection of districts was done after detailed secondary research. The sampling consists of:

- ❖ Head of the organisation for structured information schedule
- ❖ Members of SHGs
- ❖ Training staff
- ❖ Banks
- ❖ Government officials
- ❖ NGOs

Sample Size:

Intensive field survey is carried out in four districts of Rajasthan and four districts of Tamilnadu. Initially, 100 SHGs from each district were selected at random for the study but many problems encountered during the survey. First is the identifications of SHGs and their willingness to respond in a peak agricultural seasons. We could cover only 350 SHGs covering around 4195 women members in Rajasthan and 189 SHGs covering around 3136 women members in Tamilnadu. We are unable to include the details of 100 SHGs of Madurai and 50 SHGs of Chennai in the final report, as we received them very late.

We interviewed maximum members of an SHG by using an exhaustive questionnaire, which covered almost all aspects of SHG. We conducted in-depth interview with bank officials, govt. officials of TNCDW, ICDS, DWDA of Rajasthan, NGO facilitators, animators, *sathins*, *Pracetas* and *Anganwadi* workers. We gave intensive orientation to all field investigators in which Lady Supervisors and *Pracetas* are an integral part. The district Deputy Directors of all four districts in Rajasthan provided us the service of supervisors, *Anganwadi* workers, *sathins* and *Pracetas*. Where as in Tamilnadu Project Officers of the concerned districts actively participated in our study. Our approach is both qualitative and quantitative. The margin of error is 5%. And hence $P=05$

SAMPLE SIZE IN TAMILNADU

Table 1 : District-wise Break up of SHGs covered

Dist	Frequency (No. of SHG)	Percent	Married Members	Percent	Unmarried Members	Percentage
Kanchipuram	27	14.3	345		7	
Coimbatore	45	23.8	676		12	
Thiruvvarur	92	48.7	1572		17	
Kanyakumari	25	13.2	478		29	
Total	189	100.0	3071	100	65	100

SAMPLE SIZE IN RAJASTHAN

District-wise Break up of SHGs covered in Rajasthan

Dist	No. of SHG)	Percent	Married Members	Percent	Unmarried Members	Percentage
Jodhpur	108	30.9	1110	27.5	50	30.3
Alwar	106	30.3	1188	29.5	54	32.7
Ajmer	50	14.3	655	16.3	22	13.3
Jaipur	86	24.6	1077	26.7	39	23.6
Total	350	100.0	4030	100	165	100

Overwhelming numbers of married in SHG movement is explainable by early marriage of women in Rajasthan and the government policy of keeping adolescents below 18 out of the purview of SHG movement.

Mandal-wise break-up of Surveyed SHGs. in Rajasthan

Mandal/District	Jodhpur	Alwar	Ajmer	Jaipur	Total
Phalodi	23				23
Mandor	10				10
Bhopalgarh	14				14
Bhilara	14				14
Luni	15				15
Osian	18				18

Mandal/District	Jodhpur	Alwar	Ajmer	Jaipur	Total
Shergarh	10				10
Baleshar	4				4
Alwar		16			16
Umrain		62			62
Ramgarh		21			21
Siri nagar			19		19
Bhinai			3		3
Pisagan			3		3
Ajmer			9		9
Kisangarh			12		12
Arain			3		2
Phagi				22	22
Chaksu				15	15
Madharajpura				3	3
Dhamba Ramgarh				7	7
Sambhar				32	32
Total	108	99	50	79	335

In rest fifteen (7 SHG of Jaipur, 8 of Alwar), the investigators failed to mention the name of the *mandals*.

Data Analysis:

Data gathered during the fieldwork is analysed through SPSS package by generating information through:

- ❖ Cross-tabulation
- ❖ Through percentage, proportion
- ❖ Through *Chi Square test* to ascertain whether independent variables have affected the dependent variables

Limitations of the Study:

This Study is area specific concentrating four district each in Tamil Nadu and Rajasthan. The samples collected may not be the representative of entire study universe. As there are

many objectives, similar formats were not used in the final study. In any case, this should be considered as a baseline study, which will be useful in comparative analysis.

PROFILE OF THE DISTRICTS SELECTED IN THIS STUDY

TAMILNADU

Kanya Kumari

Kanyakumari is the southern most district of Tamil Nadu. The district lies between 77° 15' and 77° 36' of the eastern longitudes and 8° 03' and 8° 35' of the northern Latitudes. The District is bound by Tirunelveli District on the North and the east. The South Eastern boundary is the Gulf of Mannar. On the South and the South West, the boundaries are the Indian Ocean and the Arabian Sea. On the West and North West it is bound by Kerala.

The total area of the district is 1239.12 Sq.Km with a total population of 1,583,124 comprising 795,757 males and 787,969 females. Out of the total population 76,862 people are from Scheduled Castes and 5,223 are from Scheduled Tribes.

The District has a favourable agro-climatic condition, which is suitable for growing number crops. The proximity of equator, its topography and other climate factors favour the growth of various crops. Unlike other district in Tamil Nadu, it has a rainfall both during the South West and the North East monsoons. Rice is the staple food of the rich and poor alike in the district. Some among the poorer section also use tapioca. Beverages like tea and coffee are widely spread even in to the rural area of the district

Tamil and Malayalam are the main languages of this district. Hindus and Christians form a sizeable percentage of the population of the district and there are a number of Muslims dominated belts in the district. Some of the communities in the district are Nadars, Nanjil Nadu Vellalars, Paravas, Mukthavas, Vilakki Thalanayar, Kammalar or Asari, Chackarevars, Kerala Mudalis etc..

THIRUVARUR

Thiruvavarur is the eastern most district of Tamilnadu. The district lies between 79 15' And 79 45' ' of the eastern longitudes and of the 10 20' and 11 07' northern Latitudes. This is a relatively new district formed in the year 1997 with an Area of 2097.09 Sq. Km. Thiruvavarur is 10 meters from mean Sea Level

Total Population of the district is 11,69,474, out of which 5,80,784 are males and 5,88,690 are females. This is predominantly rural district with 9,32,231 people residing in rural areas. The literacy rate is 67.4 percent. The decadal population growth rate of the district is 5.92 %. The population density is 538 with a male / female ration 1014.

COIMBATORE

The third largest city of the state, Coimbatore, is one of the most industrialized cities in Tamil Nadu. It is known as the textile capital of South India or the Manchester of the South India. The city is situated on the banks of the river Noyyal. Coimbatore District lies in the Western Part of Tamilnadu bordering the Western Ghats. It is surrounded by Nilgiris in its western and South Western side; Erode district in its northern and Dindigul district in its eastern side. It shares part of its boundary with the neighbouring state of Kerala. The district is filled with naturally diverse eco system such as hills, plains, forests, evergreen fields, drought prone areas, river bodies, tanks etc., The district has a geographical area of 7471 Sq.Km., which is divided into three Revenue Divisions, 9 Taluks, 19 Blocks and 482 Revenue Villages.

The total Population of the district is 42,24,107 with 21,56,280 male and 20,67,827 female population. The Population density is 566. Literacy rate is 69 percent. Out of the total 1552076 workers, 431029 are female workers and 31,376 are marginal workers.

Languages Spoken in the District are Tamil, Telugu, Malayalam, Kannada, Hindi, Urdu, Baduga, Punjabi

KANCHEEPURAM: THE GOLDEN CITY

Kancheepuram is known as one of India's seven sacred cities. Kancheepuram was the historical capital of the Pallavas. It has been a centre of Tamil learning and culture and religious background for centuries. Kanchi is also a well known centre of the finest silk sarees made in the country. Kanchi has magnificent temples of unique architectural beauty bearing eloquent testimony to its glorious Dravidian heritage. Adi Sankaracharya established his episcopal seat (Kamakotipeetam)

The total Population of the district is 1,30,926 (1981 census). The district is geographically spread in 11.6 Sq.Kms Languages Spoken in the District are Tamil, Telugu, and English.

RAJASTHAN

AJMER DISTRICT

Ajmer district is located in the center of Rajasthan state between 25° 38' and 26°58' north latitudes and 73° 54' and 75° 22' east longitudes. The district is endowed with a large number of non-metallic minerals e.g. asbestos, beryl emerald, feldspar, garnet, mica, and vermiculite. Around 4.17% of total area is covered under forest.

Total population of the district according to 1991 census was 1.7 million, comprising of 0.9 million males and 0.8 million females. Rural population in the district was 1.0 million and urban population was 0.7 millions. The scheduled caste and scheduled tribe

population of the district as per 1991 census was 0.3 million (18%) and 0.04 millions (2.4%) respectively. The decennial growth rate of population between 1981 and 1991 was 19.63%, which was slightly less than that of the state of Rajasthan (28.07%). Hindi, Rajasthani, Urdu, and Sindhi are the main languages spoken in the district. The Area of the district is 8481Sq. Kms.

ALWAR DISTRICT

Alwar district is situated in the northeast of Rajasthan between 27° 4' and 28° 4' north latitudes and 76° 7' and 77° 13' east longitudes. The total area of the district is 8380 sq Kms. The district headquarters is located at Alwar.

Out of the total population of 2.3 million, about 86.9% of the population lived in the rural area. The population density was considerably higher (273) as compared to that of entire Rajasthan (128). The decennial growth rate of the population in urban area was 2.5 times that of rural area. Overall literacy rate in the district was less than fifty percent. Hindi, Punjabi, and Rajasthani are the main languages spoken in the district. Hinduism is the main religion (2.0 million) followed by Islam (0.2 million). The total area is district is 8380 Sq. Km.

The large scale industries in the district are related to Iron and steel, machine tools, chemicals and synthetics, and coal fired power plant. Other medium sized industries are involved in manufacturing of edible oils, printing and publishing, and stone crushing. Among cottage industry in rural areas cloth printing and dyeing, lac bangle making, stone carving, and pottery are undertaken.

The main export from the district is mainly agricultural produce like food grains, oil seeds, edible oils, and spices. The main articles that are imported consist of cloth, tobacco, industrial machinery, kerosene, petrol, and diesel.

Jaipur

This famous city is the capital of Rajasthan and has earned universal renown as the "Pink City". Jaipur, which means the city of victory, was built exactly 273 years back and is 262 km by road from Delhi (Capital of India).

Total area of district is 11117.8 sq.km. Major languages spoken in the district are English, Hindi, and Rajasthani.

Jodhpur

Jodhpur, the heart of Rajasthan and the majestic jewel of her eternal crown, illuminate the Thar, enriching the desert with entrepreneurship, scholarship and art.

Jodhpur, one of the largest district of Rajasthan state is centrally situated in Western region of the State, having geographical area of 22850 sq. Kms. It has population of 28.81 lacs as per 2001 census. The district stretches between 2600' and 27037' at north Latitude and between 72 55' and 73 52' at East Longitude. This district is situated at the height between 250-300 meters above sea level. This district comes under Arid zone of the Rajasthan state. It covers 11.60% of total area of arid zone of the state. Some of the area of Great Indian Desert THAR also comes with in the district.



Effectiveness of Women Self Help Groups in Micro Enterprise Development

CHAPTER III

EFFECTIVENESS OF WOMEN SELF HELP GROUPS IN MICRO ENTERPRISE DEVELOPMENT

“Transformation” and “Empowerment” are big concepts. But as some one rightly pointed out they come under the realm of the achievable when seen as processes rather than predefined states, and as enhancing opportunities rather than as confirmed outcomes. According to Ms. Kanta Singh, WISE representative in India, the overall hypothesis of micro-credit is that it contributes to women’s empowerment. The practitioners also believe that micro finance has played an important role as an instrument of improving the economic conditions of the poor as well as reducing their vulnerability through supporting asset building and increasing their negotiating abilities in dealing with the economic well-being of their families. While views might diverge on the best entry point for promoting empowerment, there is widespread consensus on the critical importance of a group approach and increasing women’s ability to function collectively. At present, in countries such as India, self-help groups are by and large centered around micro-credit, whether promoted by the government or by NGOs. *If Self-Help Groups were also encouraged to move and think from their single point focus on credit and invested with more transformative agendas*, such as finding innovative ways of improving women’s situation economically, challenging social inequality, improving women’s voice in the public sphere, and so on, they could prove more effective vehicles for empowerment. In some parts of India, specially in A.P and Tamilnadu micro enterprises have been promoted by facilitating organizations through SHGs.

To understand the implications of micro finance and micro enterprise for women, we need to observe the impact of women’s participation in household income and in decision making. As Pearson (1992) rightly pointed, we also need to see whether earning a wage or money empowers women within the household, and increases their autonomy and ability to resist oppression. It is also important to see whether choosing the ‘enterprise’ is actually a ‘woman’s choice’ or whether this activity is increasing/decreasing her choice in other areas of life. Various studies conducted in India are focussed on aspects related to consumption and income rather than ‘acquired ability of individuals (and households) to respond to their vulnerability’. Before evaluating the effectiveness of SHGs in the promotion of micro enterprises it is necessary to understand the findings of few impact assessment studies carried out by

few reputed organizations in India. A brief literature review is presented here for a better understanding.

Literature Review

To improve the understanding of the impact of microfinance as a strategy for extending financial services to households who are outside the reach of mainstream banking institutions in India, EDA Rural Systems conducted a study in 2002 for SIDBI Foundation for Micro Credit (SFMC). In this study **10** MFIs, which are primarily SFMC partners from different parts of India are covered. The sample covered 1,871 clients in 1,728 households, 568 non-clients and 129 drop-outs distributed across models and regions.

The findings are as follows:

- Women as clients but approach is sometimes gender-supportive and sometimes gender-neutral
- None of the organisations has a transformative approach
- Findings indicate a positive direction of change in terms of savings and access to loans.
- Conventional gender patterns continue to dominate the household scene in the areas of ownership of assets, enterprise management and dependence on men.
- Women have reported increase in self-esteem and self-confidence after being with the groups for a long time.

Friends of Women's World Banking (FWWB), Ahmedabad conducted a study in the year 2001 to understand and the **Role and Impact of Microfinance on Poor** including organizations, Activists for Social Alternatives (ASA), People's Solidarity Association (PSA), Self-Help Promotion for Health and Rural Development (SHEPHERD), Bharti Integrated Rural Development Society (BIRDS) and SPANDANA from two southern states of India. Total 20 case studies and 125 households were covered for this in-depth study.

The findings are as follows:

- None of the above organisations has a special gender perspective except targeting women as clients.
- Microfinance as the major plank and other programmes are being organized in a manner that they remain in consonance with the delivery and collection of microfinance.
- Women's practical needs have not been addressed fully because they remain dependent on other sources for money.

- There is no evidence of any change in the gender roles and men sharing household responsibilities.
- Organisations are supportive but do not have gender focus approach.

To understand the impact of microfinance operations on employment, income and asset ownership, awareness & self-esteem of the borrowers. In addition, the scope was extended to understand the awareness, knowledge and significance of savings and insurance services **Basix** conducted Market Research study in the year 2003 in rural and urban areas of Kurnool, Khammam, Adilabad, Mehboobnagar districts of Andhra Pradesh, and Raichur in Karnataka.

Major findings of this study are as follows:

More than 2/3rds in both the groups were involved in farming. Petty trading and shop keeping were the next most popular occupation. Maximum loans were taken for agricultural purposes, some also utilized loans for agri-allied and business purposes.

- Clients reported a marginal higher income but the main reason for that was increase in agriculture output.
- The BASIX borrowers fared better on most of the 'social change' parameters and performed better at most of the 'self-esteem' parameters
- More savings were reported in BASIX borrowers but that did not mean control over savings. Women in the client group did not own more assets as a result of microfinance.
- Clients were aware about insurance and were more willing to pay the premium for the insurance.
- There was no difference in the expenditure on children's education or other development related work in the household. Health indicators were also same in the client and non-client households.

CARE India conducted a client Satisfaction Study under Credit and Savings for Household Enterprises (CASHE) project in the year 2002. This study was carried out in all the three CASHE states West Bengal, Orissa and Andhra Pradesh with 363 members and 92 Self Help Groups in rural areas.

Major findings are as follows:

- Though the target clients are all women, the impact study does not have any specific gender indicators.

- Respondents have endorsed that self-help groups do add significant value to them in terms of self development and provide them with strong sense of recognition apart from increasing their overall awareness.
- Savings are perceived to be one of the highest points of the programme.
- There existing loan structure does not fulfill their requirements so the women still depend on other sources for money.

Micro Credit Innovations Department (MICD) of NABARD conducted an evaluation Study in the year 2002 to find out the impact of SHG-Bank linkage programme of NABARD, covering 560 SHG member households from 223 Self Help Groups, spread over 11 states.

Major findings are as follows:

- Member households: landless agricultural laborers (31%); marginal farmers (23%); small farmers (29%); and others (17%).
- Average value of assets/household, which include livestock and consumer durables etc, increased by 72% from Rs.6, 843/- in pre-stage to Rupees 11,793 in post-SHG stage.
- About 58% per cent of the households reported increase in assets.
- Housing conditions generally improved with a shift in the ownership from Kuchha (mud walls, thatched roofs) to pucca (brick walls, tiled roofs) houses.
- Almost all members developed saving habit in the post SHG situation as against only 23% of households who had this habit. Average annual savings per household registered over threefold increase from Rs.460 to Rs.1, 444/-.
- The average borrowing/year/household increased from Rs.4, 282/- to Rs.8, 341/-. The share of consumption loans declined from 50% to 25%. About 70% of loans taken in post-Self Help Groups situation were for income generating purposes.
- Annualised interest rates on loans from SHG to members were in the range of 12-24%.
- Overall loan repayment improved from 84% to 94% between the two periods with an impressive improvement of 29 percentage points in the repayment of loans to the banks.
- Average net income per household increased from Rs 20,177/- to Rs 26,889/- or by 33%.

- About 43% of the incremental income generated was from Non Farm Sector (NFS) activities followed by farm (28%) and off-farm (29%) activities.
- Employment increased by 18% from 318 man-days to 375 man-days per household between pre and post SHG situations.
- The involvement in the group significantly contributed in improving the self-confidence of the members. The feeling of self-worth and communication with others improved after association with the SHGs.
- The members were relatively more assertive in confronting social evils and problem situations. As a result there was a fall in incidence of family violence.

Microenterprise Development as a Viable Option for Poverty Alleviation

One of the serious challenge identified by the development functionaries in promoting the livelihood opportunities for the poor in India has been lack of adequate credit at reasonable terms, very low level of infrastructure, low technology base and inefficient market etc. In order to over come these shortcomings, the government has declared self help group as an affective vehicle to channel credit to the poor. Research documents that microenterprise development run by the self-employed is an important option for the low income, unemployed, underemployed, disadvantaged society, especially in rural and urban areas. Several main reasons for why low income people seek self employment include they need a job (poverty alleviation), an additional source of income (supplemental to wage work), or are creating a job for themselves and others in the community in areas where wage employment availability is low or the quality and pay of jobs available is poor. For instance there are three types of situation in which the poor members of SHGs may take-up economic activities in rural areas (Dwarakanath, H.D, Kurukshetra)

- 1) They may take-up individual activities like farming, animal husbandry, artisan work, petty trade and wage labor.
- 2) They may also come together to own common investments like a common well, agro-service center.
- 3) They may also take up joint activities like social forestry with joint responsibility and involvement to generate employment to earn livelihood.

Establishing and growing a business in the rural areas is laden with obstacles and risks, which are compounded in rural India by geographic isolation, impeding one's access to markets, capital, labor, peers, and infrastructure. However, research on micro enterprise development supports that this is a growing field and a viable option for poverty alleviation in India.

Social and Human Capital Development Models towards Poverty Alleviation

Researchers in several fields feel that microenterprise development is an effective tool for building social and human capital towards poverty alleviation. **Michael Sherraden** (1991) defines wealth and welfare to include both tangible and intangible assets. Intangible assets include: human capital (intelligence, education, esteem, etc.), cultural capital (the ability to know and practice the behaviors of the dominant group) and informal social capital (family, friends, contacts, etc.). **Robert Putnam** (1993) states that social capital is important for impoverished areas because it raises the standard and quality of living, which provides an environment in which productivity is possible to work towards economic growth. **Brian Dabson** (2002) states that the “assets approach” model through entrepreneurship is the new generation of community economic development tools. This approach identifies the positive aspects and strengths of an individual, group or community, upon which improvements can be made to strengthen social and economic capacity from within, rather than through external aid. This model contributes to long term economic sustainability rather than traditional models of economic development through external investment in wage employment options.

Elaine Edgcomb and others (1996) state that social and human capital and assets models are the essence of the microenterprise philosophy. This philosophy recognizes the ability of people to apply their individual talent, creativity, and hard work to improve their lives and work towards self-sufficiency. Assistance programs build on these talents by providing needed assistance and credit to support the start-up and growth of small businesses. Several researchers cite that once the foundation of social and human capital is built, microenterprise development also builds economic capital by creating jobs and generating income, ultimately working towards community development in impoverished, underserved, or unemployed areas (Clark and Huston, 1993; Clark and Kays, 1995 and 2000; Edgcomb et al, 1996; Servon, 1998).

In order to understand the effectiveness of SHGs in the promotion of Micro enterprises, this research study is carried out by **Swadeshi Jagaran Foundation** in four districts each in Tamil Nadu and Rajasthan specifically to examine the impact beyond financial capital to include social and human capital i.e., skills gained and changes in personal, family, community life, and attitude. The hypothesis is that the micro enterprises will build social and human capital by increasing the intangible assets. The development of social and human capital will provide poorest of the poor with an environment that enables them to build financial capital to start a business and gain tangible assets.

The study brought out following general observations:

At Individual level

- The savings components in the programmes have created an opportunity for women to have savings as a Group
- There is no cash earning unless women are involved in some income generating activities. It is also difficult to find out about who made the choice of activity and in some cases women's workload increases manifold due to the chosen activity.
- Women have reported an increase in self-worth and self-esteem as a result of their involvement in money matters but this is not a universal feature because there is no evidence of an increase in the negotiating power by all members. Empowerment has taken place but only in the case of group leaders and office bearers whose mobility and skills are enhanced due to their roles and the capacity building training programmes.

At household level

- There is no difference in the ownership pattern of assets within the family. Micro credit and micro enterprise has not made men change their minds about sharing the properties—whether acquired or inherited. Women still feel hesitant to buy anything in their own names.
- Gender roles continue to be the same. Women do most of the reproductive, community work and contribute actively to the productive work; yet their contribution remains largely unrecognized by family members.
- It is not clear how many women have been able to send their children, especially girls, to school.
- Money taken for enterprise does not mean that the activity will be managed by women; nor do women have much control over the earnings made through the enterprise.
- Women continue to depend on men for support ranging from loan repayment to spending their savings.

At Group Level

- Even when all the clients in the sample are women, the SHPIs approach is not completely gender sensitive. Excepting in few SHGs, transformative approach from savings to micro enterprise development has not been found.
- The products and services do not address the strategic interests of women clients though their practical needs are taken care of to a certain extent.

- Many of the facilitating organisations including NGOs are not gender sensitive while recruiting staff.
- No special effort is made to make the staff gender sensitive. The field staff does not have the skills to understand or analyse women's position, for example regarding power relations at home when a woman fails to repay her loan.
- There is a lack of clarity about the overall objective of the programs specially in Rajasthan.
- Group members stop taking interest in activities beyond financial transactions

At community level

- Members of the SHGs are definitely better placed as compared to the non SHG members.
- There are examples of group solidarity especially in Tamilnadu, where women have become very active socially and act as role models in the village.
- Political participation by women members has increased as compared to the others in Tamilnadu but it is not significant in Rajasthan.

This does not, however, mean that there are no positive dimensions of the micro enterprise and micro finance programme. There are numerous examples of women earning a substantial income out of the enterprises, women being local leaders, women heading households and having a major say in the family matters, both in Tamilnadu and Rajasthan.

While surveying SHGs and SHPIs, we realized that there are hardly any livelihood advisors / Business Development Service (BDS) providers within organizations to help women start their own businesses. Micro financial services can do little in themselves to promote enterprises. Income generating activities for women have remained conventional in both Rajasthan and Tamilnadu i.e. sewing, embroidery, papad and pickle production which generate very little income. However many SHGs in Tamilnadu initiated various micro enterprises in Farm, Non-form and Service sectors.

Effectiveness of Women Self Help Groups in Micro Enterprise Development in Tamilnadu and Rajasthan

To understand the effectiveness of women SHGs in Micro Enterprise Development, we took basic parameters suggested by NABARD to asses an SHG and we made an assessment based on the following NABARD guidelines:

NABARD Guidelines on SHG Assessment

NABARD assessment for micro-credit is really an appraisal of the various dimensions of the group. The assessment parameters are really aspects of group norms, group cohesiveness and group behavior. For any financing institution, appraisal is very important for ensuring the utility of the loan and repayment of the loan. The SHGs have to be assessed in terms of Group dynamics like cohesion, vibrancy, goal-oriented action, participation of members, democratic decision and collective leadership. The appraiser has to see whether the group is functioning, actually as a group, why the members have come together, whether it is for obtaining loan from bank or the group sees other purposes, what is the group discipline and whether it is sustainable.

The basic principles on which the SHGs function are:

- i. The members of the groups should be residents of the same area and must have an affinity. Homogeneity of relationship could be in terms of caste/occupation/gender or economic status (which is critical).
- ii. Savings first, credit thereafter
- iii. SHGs should hold regular meetings
- iv. SHGs should maintain record of financial and other transactions
- v. They should have norms regarding membership, meetings etc.
- vi. Group leaders should be elected by members and rotated periodically
- vii. Transparency in operations of the group and participatory decision making
- viii. Rates of interest on loans should be decided by the group
- ix. Group liability and peer pressure to act as substitutes for traditional collateral.

For assessing a Self Help Group the important aspects that a financier should look into include;

1. Norms for functioning :

The SHG should have developed some kind of norms for its functioning the norms should be covering major areas of its functioning as well as the decision making processes, leadership etc., Norms generally relate to

- a. Membership
- b. Meetings - time, periodicity
- c. Savings - amount, periodicity, rate of interest (return)

- d. Credit - procedure for sanction, ceiling amount, purposes, rate of interest to be charged, repayment, period etc.
- e. Fines - in case of default in attending meetings, savings and credit repayment. Group may also impose fines if group norms are violated.
- f. Leadership - election or nomination of leaders, rotation of leaders etc.
- g. Personal/social improvement - minimum literacy level to be achieved, social work to be done etc.
- h. The above norms may be written or oral. They may be decided in the initial meetings or they may evolve over a period of time depending upon the need of the group. The important aspects to be looked into are:
 - How norms evolved, whether by the consensus of the whole group.
 - Whether the members are aware of the norms (even if they are oral) and understand them,
 - Whether the norms are implemented.

2. Meetings

The group decides the periodicity of the meetings i.e., weekly, fortnightly or monthly. They also decide on the time of the meeting. Decision on time and periodicity helps in regular conduct of meetings. The regularity in the holding of the meeting and the attendance during meeting gives an indication about groups functioning.

3. Maintenance of Books

Whether group is maintaining the basic books that will give details of its functioning and accounts of the group is an important criterion to be judged. The books should give the details of number of meetings held, decisions taken in the meetings, amount of savings of the members and credit availed, the total savings of the group and repayments. Who maintains these books are another important criteria for judging the group. Do members maintain it, if not are they making efforts to achieve basic numeracy or literacy so that they can start doing it themselves.

4. Leadership

Two or three group members are elected as leaders book-writers. Initially the opinion leaders may be the leaders and over a period of time they are expected to be take turns. The group leaders are expected to a) regularly convene and conduct the meetings, b) help

the group members in taking decisions, c) resolve conflicts, d) maintain books of account and e) approach bank branch for operation of accounts.

The aspects that are to be seen are:

- Whether the leaders have been elected and rotated
- Whether they help in democratic functioning of the group
- Whether there is a conscious attempt to groom other members to take up leadership
- Are they marginalising the benefits (especially loans)

5. Participation and Awareness of the group members

Are the Members aware of the purpose of group formation, the operations and activities of the group viz. The savings and the credit of the group as well as the individual member's savings and credit details.

- Do they participate in group discussions and decision making
- Do they help solve the problem that are raised in the meetings
- Do they work cohesively and have transparent dealings

6. Savings:

The group decides on the amount of savings as also its periodicity.

It has to be seen whether the saving, as decided upon, is regularly made, how the defaults are dealt with and whether the system is modified as per the requirements of the members.

7. Credit:

The following aspects to be looked into while assessing the credit function of the group:

- The decision making process of selecting loanees.
- The system followed in assessing credit requirement of individual members and the amount to be sanctioned.
- The system of monitoring the credit.
- The repayment performance of members and incidence of defaults besides the effectiveness to deal with such defaults; whether the concept of 'peer pressure' is working.

8. Self Reliance of the Group

Can the group function on its own without the support of the NGO is an important criterion for assessment? The level of dependency on the NGO/promoter of the group and impact of withdrawal of NGO/promoter on the group is to be assessed and its assessment, the survey tried to assess the working of the group against these guidelines of NABARD.

The following table represents some key dimensions on which a particular group can be rated based on the following criteria.

RATING OF SELF HELP GROUPS

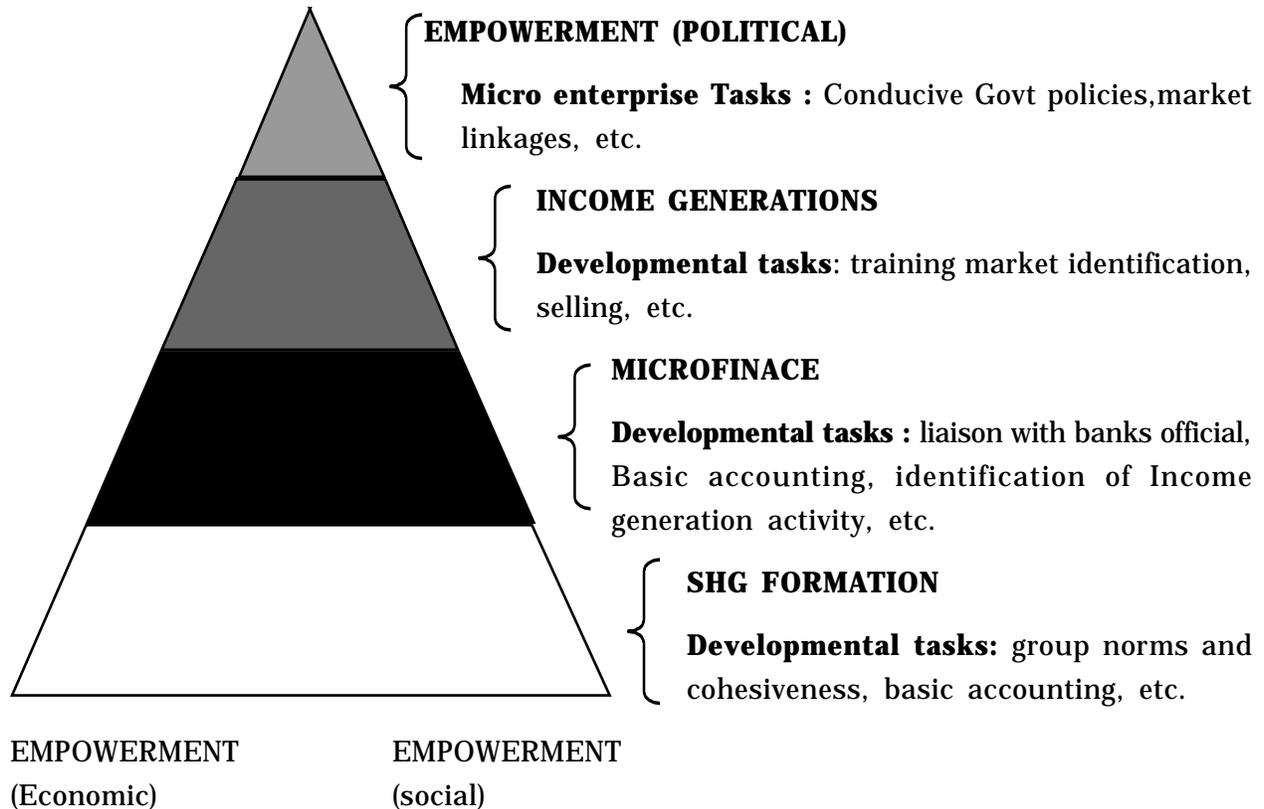
Sl. No.	Category	Criteria	Marks
1	COMPOSITION	Membership is homogeneous	10
		No homogeneity in membership	5
2	AGE OF THE GROUP	One year and above	10
		Six months and above but less than a year	5
3	WEEKLY GROUP MEETINGS	Four meetings per month	10
		2-3 meetings per month	8
		1 meeting per month	5
4	ATTENDANCE	More than 90%	10
		Between 70% and 90%	5
		Less than 70%	3
5	MINUTES BOOK	Written in detail	10
		Maintained, but not in detail	5
6	PARTICIPATION IN GROUP DISCUSSION	Participation by only a few members	5
		Participation by majority of members	10
7	SAVINGS (FREQUENCY)	4 times a month (by majority members)	10
		4 times a month (but not by majority)	8
		2-3 times a month (by majority members)	8
		2-3 times a month (but not by majority)	5
		1 time a month day (by majority members)	3
		1 time a month (but not by majority)	1
8	SAVINGS & LOAN RECOVERY (MODE OF COLLECTION)	Collected in group meetings	10
		House - to house collection	5

Sl. No.	Category	Criteria	Marks
9	STYLE OF FUNCTIONING AND GROUP DECISIONS	On Consensus Basis Decisions taken by few member/members/ group leaders Decision by majority	10 0 8
10	SANCTION AND DISBURSEMENT OF LOANS	Selection of borrowers in group meetings Sanction and disbursement of loans in group meetings Loan terms and conditions discussed in group meetings and recorded in minutes Utilization of loans reviewed regularly in group meetings Recovery of loans reviewed regularly in group meetings.	2 2 2 2 2
11	INTEREST ON SHG LOANS	Uniform rate irrespective of source of funds Different rates depending on source of funds Interest rates vary according to the purpose of loan Uniform interest rate for all purposes	5 3 5 3
12	UTILIZATION OF SAVING FOR LOANING	Above 80% Above 50% and upto 80%	10 5
13	RECOVERY OF LOANS	Dues not recovered in respect of 10% or less of total no. of loan accounts Dues not recovered between 10% and 30% of total no. of loan accounts.	10 5
14	BOOKS OF ACCOUNTS	Attendance cum minutes book Savings Register Loan Ledger Bank Passbook	3 3 3 1
15	BYLAWS/GROUP RULES	Known to all members Known to most of the members Not known to many members	10 5 0
		TOTAL MARKS	150

SELECTION CRITERIA OF SHG FOR LINKAGE TO BANK LOAN

1. SHG scoring more than 120 marks out of maximum of 150 marks could be chosen for credit linkage. As per NABARD guidelines, SHG scoring 80 % is eligible for bank linkage.
2. SHG scoring less than 120 marks will have to be further developed before linkage. The areas for taken up after 3 months.

PYRAMIDAL MODEL OF WOMEN EMPOWERMENT



We also tried to propose above pyramidal model for women empowerment and tried to analyse the effectiveness of women groups based on this model. The pyramidal model views women empowerment through SHG as a stage theory in which there are particular developmental tasks which needs to be mastered before the SHG moves to another level. Women empowerment has three components- social, economic and political. According to this pyramidal model, economic and social empowerment forms the base. It is only when women SHG members achieve a level of economic autonomy that they could achieve a level of social equality within and outside family. Political empowerment is the consequence of socio-economic empowerments. The 73rd Constitutional Amendment, which provides for 33% reservation of seats for women in PRI institutions, has failed to empower women

because of the premature presumptions that political empowerment will ensure economic and social empowerment automatically. But unless women achieve a great degree of financial autonomy, unless she shares her concerns with other fellow women and discuss the affairs of the day, political empowerment holds little promise. Cases husband as de facto Sarpanch is galore in India.

Developmental Tasks at SHG Formation Stage

TASKS	Problems encountered
1. Identification	<i>Suspicious that facilitator will runaway with their money or it a wastage of time</i>
2. Group Norms	<i>Irregular attendance, irregular savings</i>
3. Knowledge of basic arithmetic	<i>No knowledge of accounting practices</i>
4. Proper maintenance of records	<i>No knowledge of how to write minutes, maintain proper cash register</i>
5. Visit Banks regularly to deposit savings	<i>No regular visit due to distance and uncooperative attitudes of bank staff</i>

Developmental Tasks at Stage 2: Micro Credit

TASKS	Problems encountered
Regular visit to Banks	<i>No time, uncooperative tasks</i>
Apply for bank Loan for SHG	<i>Uncooperative Bank staff, No uniform credit policy for SHG as a whole</i>
Identification of income generating activity	<i>Money is inadequate for starting income-generating activity</i>
Need for Federation/Cooperatives to strengthen micro-finance institution	<i>Existing Micro-finance institutions are inadequate to deal with SHG movement</i>

Developmental Tasks at Stage 3: Income Generation activity

TASKS	Problems encountered
Identification of activity	<i>Loan amount is too small to start an income generating activity on its own and not dependent on agriculture</i>
Training for income generating activity	<i>Facilitating NGOs abandon the SHG at this stage and ill-trained SHGs is the result</i>
Insurance coverage	<i>No knowledge of the Insurance</i>
Need for Cooperatives or Federation to create an effective demand-supply chain	<i>No SHG Federation or Cooperatives at present</i>

Developmental Tasks at Stage 4: Income Generation activity

TASKS	Problems encountered
Effective Technology	<i>Problems of finance</i>
Effective Demand-supply chain	
Effective marketing network	<i>Competition from FMCG Giants</i>
Conducive Policy initiatives	<i>Need for Exemptions in income Tax. Lower excise duty and sales Tax</i>

We analyzed SHG movement and the status of SHGs against these perspectives and identify the interventions at each stage. We also delineated the other problems and suggest intervention strategy at each stage. Throughout the study this holistic perspective has been kept in mind while analyzing SHG Movement in India in particular and SHG movement in two leading states- Tamilnadu and Rajasthan.

CHAPTER-IV

PROMOTION OF MICRO ENTERPRISES THROUGH WOMEN SHGs IN TAMILNADU : ISSUES AND CHALLENGES

4.1 INTRODUCTION

The estimated number of people living below the poverty line in Tamil Nadu in 1999-2000 was 13.05 million (8.05 million in rural areas and 5 million in urban areas). Whereas poverty rates declined from 32.38 per cent to 20.55 per cent in rural areas, it declined from 39.77 to 22.11 percent in urban areas. Thus, the levels of poverty are almost equal in rural and urban areas. The incidence of poverty is more pronounced in urban areas than in the rural parts of TamilNadu. Nonetheless, what is worrisome about the 2001 Census results is that the number of marginal workers has gone up from 1.4 million in 1991 to 4.1 million in 2001. This suggests that the increase in WPR during this time period is largely accounted by an increase in marginal workers as opposed to main workers. The number of main workers has only risen from 22.8 million to 23.7 million, i.e. by less than a million. However, Tamil Nadu ranks 8th in terms of having the highest percentage of population living below the poverty line. The existing poverty reduction measures are unable to cope up with the increase in poverty levels due to rapid population growth and human and social factors.

The incidence of poverty among the SC and ST population is much higher than the state average for all communities.

Trends in Poverty Levels in Tamil Nadu						
Year	% of Population below PL			No Persons below PL in Millions		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	57.43	49.40	56.94	17.26	6.69	23.95
1977-78	57.68	48.69	54.79	18.25	7.30	25.95
1983	53.99	46.96	51.16	18.25	7.85	26.10
1987-88	45.80	38.64	43.39	16.18	6.93	23.11
1993-94	32.48	39.77	35.03	12.17	8.04	20.21
1999-2000	20.55	22.11	21.12	8.05	5.00	13.05

Source: Planning Commission, Government of India.

Having said this, the fact that many people continue to live below the poverty line and that there are glaring shortcomings in terms of the specific social sector indicators is of concern. It must be noted that Tamilnadu is one of the highly urbanized States in India where 34% of the population are living in urban areas. The above factors, viz., higher incidence of poverty, high inequality in consumption and higher percentage of population living in urban areas need to be taken into account in any strategy for poverty reduction in the State.

However as said above, Tamilnadu has reduced poverty incidence substantially over the years by adopting comprehensive measures and innovative programs in areas like better social security, price control of essential commodities, substantial improvement in rural infrastructure particularly in the areas of communication, education and health besides creating better livelihood opportunities through wage employment and self-employment in rural areas. As the situation is very conducive for faster reduction in poverty, new approach to strengthen the poverty reduction initiatives has been adopted by the Government of Tamilnadu. Tamil Nadu has a very favorable environment to implement the Poverty Alleviation programs and the strengths are strong partnership with almost 400 NGOs selected through rigorous selection criteria, 47 Nationalized Banks for mobilizing credit, well-established and constitutionally mandated Panchayat Raj institutions with 3000 SHG members elected to various capacities and active participation of SHG members in grass root institutions like Grama Sabhas.

Various Government-sponsored schemes were implemented through women's self-help groups. Convergence of services of all departments at the block and village level is a vital component of the empowerment of the poor as part of the linkage building process for the poor. An explicit withdrawal strategy with sustainability will be built-in right from the beginning, to make the women participants independent of Government and NGOs and ready to take charge of their own lives.

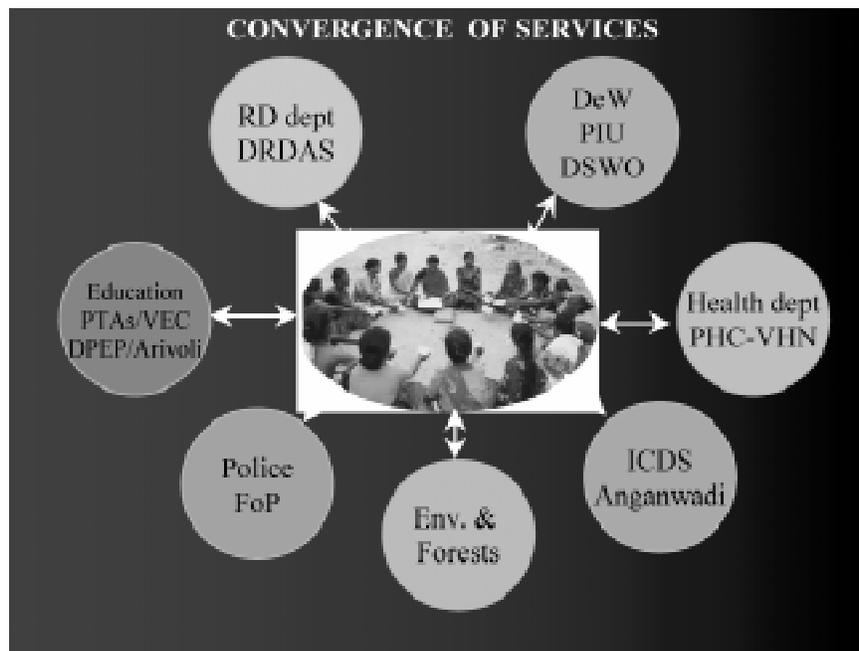
The Secretary to Government, Rural Development Department and Director of Rural Development are in charge of implementation of the programs of Rural Development and Panchayat Raj institutions. The District administration headed by the District Collector is the coordinating and implementing agency of all Government programs. The nodal agency for implementation is **Tamilnadu Corporation for Development of Women Ltd (TNCDW)**.

4.2 Tamilnadu Corporation for Development of Women Ltd. (TNCDW)

Tamilnadu Corporation for Development of Women Ltd. (TNCDW), the interface organisation at the state level networks through a *Project implementation unit* (PIU), which was constituted at the district level to act as its coordinating arm; *Banks*, which have

taken up the responsibility of providing credit to women's groups; *Government/line departments*, apart from deputing their staff to PIU, provide support services/linkages and *Non-government organisations* (NGOs) which promote women's groups and monitor their functioning.

The special feature of this Women development program, which makes it distinctly different from other programs, is the induction of NGOs to identify the target group and organise them into Self-Help Groups (SHGs), led by an animator who is a literate person in the group. The emphasis of the program is on promoting savings and loan activities of the groups to provide small amounts of credit for emergency, social or productive purposes for which women would have to otherwise turn to moneylenders. Regular contribution to the group funds, at least for a minimum period of six months, is a pre-requisite for any member to become eligible for credit assistance to undertake a bankable economic activity. This inculcates the habit of saving in rural women. The project also promotes greater participation of women in decision-making not only in the management of their own funds, but also in availing credit from the bank for members.



4.3 Mahalir Thittam (MaThi) in Tamilnadu

From 1989-90 to December 31, 1998, around 1,20,960 women were covered through 5,207 SHGs under IFAD women development project. There were 36 partner NGOs involved. The project operated in selected areas of eight districts. Only one bank, the Indian Bank, was extending credit and other banking services. IFAD, after sowing the seed of a successful pilot project moved out of the state. Realizing the potential of the project that has been

initiated with the help of IFAD, the state Government wanted to continue with the program at any cost. The state machinery has been very committed and decided not only to continue the program but to also extend it to the rest of the state in a phased manner. With that, Tamilnadu has become the only State in India to launch a state-wide program fully funded by the State government without any assistance from the Government of India or other funding agencies. Hence the credit for the success of the SHG Movement in Tamilnadu truly goes to the Government of Tamilnadu and its organ the TNCDW. The state sponsored program soon came to be known as **Mahalir Thittam** (**MaThi**) - women's programme. **MaThi** got off the ground as a policy note in 1996 and has covered the entire state in a phased manner. With an aim to convert have-nots into haves, the families living below the poverty line have been targeted to address the problem of poverty through women. Self-Help Groups have been chosen as an effective tool for poverty eradication

With the project's extension as **Mahalir Thittam** under the state budget, as on 31.8.2004 the coverage stands at 29,84,132 women enrolled in 1,78,571 SHGs. The partner NGOs are 400 in number. The women have an accumulated saving of Rs. 532 crores and have obtained credit to the tune of Rs.895 crores from banks. In addition, they have also received assistance from agencies like the Department of Rural Development, the TAHDCO, and corporation for SC/STs, TNBCEDCO for the BCs and Minorities. The uniqueness of the project is that while in most states, central or external funding has been accessed for the project; the expansion across the state is being funded entirely by the state. TNCDW introduced new initiatives like Entrepreneurship Development Program, Vocational and Skill Training, Literacy program and training in Agriculture. TNCDW also initiated the women's Self-Help Group Programs in Chennai in the year 2002. With this, Chennai became the biggest and the most effective urban anti-poverty program in the world. It covers 2000 slums and tries to improve the quality of life of its inhabitants using women as a tool-for social change.

From a mere social mobilisation program for women the **MaThi** has grown into a program of economic and political empowerment and a tool for bringing gender equality. However, within this overall objective there is a need to further focus on the needs of the dalits and socially, physically and economically vulnerable and marginalized women.

In the following sections, we tried to analyse the details of socio-economic empowerment of women through SHGs in Tamilnadu. We did not tried to rate the SHGs as the information is available, rather, we tried to give overall picture of the State.

TAMILNADU : SHG-BANK Linkage Performance till 2004 March (In Million)

	Tamil Nadu						
1.	Coimbatore	1,224	882	2,103	38.23	85.20	123.43
2.	Cuddalore	2,679	1,647	4,326	86.80	130.79	217.59
3.	Dharmapuri	10,613	4,281	14,894	837.79	715.02	1552.81
4.	Dindigul	2,844	776	3,620	101.09	72.69	173.78
5.	Erode	1,521	1,063	2,574	53.50	100.17	153.67
6.	Kancheepuram	3,836	2,042	5,878	113.70	74.82	188.52
7.	Kanyakumari	5,792	734	6,526	94.93	73.21	166.14
8.	Karur	1,129	173	1,302	27.40	16.64	44.04
9.	Madurai	4,433	3,395	7,828	285.06	439.95	725.01
10.	Nagapatinam	3,476	1,492	4,968	105.64	111.05	216.69
11.	Namakkal	2,454	712	3,166	111.80	96.20	208.00
12.	Nilgiris	1,356	643	1,999	29.68	32.15	61.83
13.	Perambalore	506	239	744	23.31	19.21	42.52
14.	Pudukottai	2,066	1,633	3,699	162.41	279.06	441.47
15.	Ramanathapuram	5,551	1,962	7,513	226.70	251.60	478.30
16.	Salem	2,812	2,944	5,756	102.14	222.09	324.23
17.	Sivaganga	5,399	2,522	7,921	371.49	401.55	773.04
18.	Tanjavur	3,003	1,933	4,936	74.02	132.68	206.70
19.	Theni	375	286	661	26.45	39.33	65.78
20.	Thoothukkudi	6,037	3,074	9,111	303.46	202.24	505.70
21.	Tiruchirappalli	5,627	3,045	8,672	114.56	162.88	277.44
22.	Tirunelveli	7,806	8,146	15,952	334.01	700.42	1034.43
23.	Tiruvallore	674	699	1,373	24.96	43.19	66.15
24.	Tiruvannamalai	2,125	1,337	3,462	71.28	137.50	208.76
25.	Tiruvarur	2,988	655	3,643	116.76	101.29	218.05
26.	Vellore	3,138	1,270	4,408	113.19	56.11	169.30
27.	Vilupuram	4,331	2,066	6,417	114.96	188.90	301.86
28.	Virudhunagar	4,616	2,190	6,806	189.86	175.15	365.01
	TOTAL	98,410	51,851	1,50,261	4255.16	5059.10	9314.26

Source www.nababrd.org.

4.4 SOCIAL EMPOWERMENT THROUGH SHGs IN TAMILNADU:

Women Below the Poverty Line (BPL) are the target group of MaThi. Increasingly the focus is on the poorest and the most disadvantaged, specially the Scheduled castes and Scheduled tribes.

There are all in all 1,78,571 women SHGs in Tamilnadu as of 31st August 2004 under the MaThi, These SHGs have an enrolment of 29,84,132 women members. They have saved a whopping Rs. 53196.18 Lakhs. The average group size is 17 members. The average savings per group is Rs. 29,790 and per member is Rs. 1,783/-.

THE REMARKABLE PROGRESS

	As of 2001	As of August 2004	Growth %
Self Help Groups	75247	1,78,571	237
Women membership	13,01,597	29,84,132	229
Saving by SHGs	81 Crore	532 Crore	657
Credit Mobilised	120 Crore	895 Crore	746
Loans received by SHGs	22829	1,59,164	697
EDP	1,12,356	-	-
VTP	8229	29539	359

The growth of the SHGs in the last three years has been phenomenal and 103324 more SHGs (237%) have been added. The Phenomenal public support MaThi has received in the last few years resulted in the remarkable progress of SHG movement in Tamilnadu.

No. of blocks covered — 385/385
 No. of Panchayats covered- 12,619/13,166
No. of rural habitations covered- 64,870/79177
 No. of rural groups formed- 1,55,747
 No. of urban groups - 22,824
 No. of rural women enrolled- 2624284
 No. of urban women enrolled — 359848
 Rural group savings - Rs. 47769.36 Lakhs.
 Urban group savings — Rs. 5426.82 Lakhs
 Total savings - Rs. 53196.18 Lakhs
 SC/ST women covered - 1092998
 as of August2004. Source: TNCDW Reports.

STATUS OF SHGs IN RURAL AREAS OF TAMILADU- See Appendix
STATUS OF SHGs IN URBAN AREAS OF TAMILADU- See Appendix
STATUS OF SHGs IN TAMILADU: OVERVIEW- See Appendix

4.5 Social Background of SHG Members

Targeting of women in poverty

Total membership	Kancheepuram	Coimbatore	Thiruvarur	Kanyakumari	Total
Female Married	345	676	1572	478	3071
Female Unmarried	7	12	17	29	65
Total	352	688	1589	507	3136

Approximately 63% of the members of the 189 SHGs were below the poverty line at the time of group formation, and 39% of members of SHGs were very poor. This suggests that the involvement of poorest of the poor women in SHGs is significant when compared to other programs like Integrated Rural Development Programme (IRDP). However, it also points to the fact that involvement of APL members is also significant in Tamilnadu.

A point of concern is that representation of women unskilled labourers without access to land in SHGs is slightly lower than their representation in the villages. Conscious efforts need to be made to target this group of women in future group formation, and remove institutional barriers to their participation. As can be seen in Table 4.6 SHGs are dominated by married women members in Tamilnadu.

Targeting of scheduled castes, Tribes and OBC Women :

Social background of SHG Members

Caste	Total	Percentage	Kancheepuram	Coimbatore	Thiruvarur	Kanyakumari
ST	107	3.46	6 (1.68)	49 (7.51)	52 (3.31)	0
SC	583	18.87	37 (10.36)	68(10.42)	464 (29.61)	14 (2.73)
OBC	1698	54.98	229 (64.14)	117(17.94)	1011(64.51)	341(66.6)
OTHERS	700	22.66	85 (23.80)	418(64.11)	40(2.55)	157(30.66)
Total	3088	100	357	652	1567	512

The missing value includes no response and other religious groups, particularly Muslim of which we have no data.

Approximately 22% of SHG members surveyed were from the Scheduled Castes and Scheduled Tribes. Thus the targeting practices of the TNWDP have been pro-poor and dalit

women in orientation. However there is a large scope to further increase their involvement and this aspect needs to be strengthened in the coming years.

4.6 Educational Background of the SHG members

The following table represents the educational background of the respondents.

*Literacy level of the Group Members**

Dist	Kancheepuram	Coimbatore	Thiruvarur	Kanyakumari	Total
Illiterate	94	342	276	11	723
% of illiterate members to total members of the district	37.45	51.12	16.97	2.24	
Upto 5th	102	151	724	61	1038
% of members to total members of the district	29.06	22.57	44.52	12.44	
5 th -10 th std	134	155	520	309	1118
% of members to total members of the district	38.17	23.17	31.98	63.06	
Inter	13	15	64	81	173
% of members to total members of the district	3.70	2.24	3.93	16.53	
ITI	2	2	10	3	17
% of members to total members of the district	0.57	0.29	0.61	0.61	
Graduate and above	6	4	32	25	67
% of members to total members of the district	1.70	0.597	1.96	5.10	
Total	351	669	1626	490	3136

* Missing values and no responses have been excluded.

Illiterate also includes members who can sign but cannot read or write other than her name

As the table data reveals SHG movement is predominantly consisted of women from 5-10th standard, which indicates the involvement of literate people in SHGs. However the point of concern is even today more than 25-40 percent members of SHGs are illiterates.

4.7 Relationship between Percentage of total female population and No of SHG in a District

Female Population as % of total population, No of SHGs in each district formed by TNCDW*

State/District	Total Population	Total Female Population	% of Female Population	No. of SHGs	% of SHGs to total SHGs
TAMILNADU	62405679	31004770	49.68	1,78,571	
Ariyalur (Krishnagiri)	695524	348761	1.12	3537	1.98
Chennai	4343645	2124106	6.85	3929	2.20
Coimbatore	4271856	2095825	6.76	8450	4.73
Cuddalore	2285395	1134487	3.66	7002	3.92
Dharmapuri	2856300	1382703	4.46	2816	1.58
Dindigul	1923014	954877	3.08	4628	2.59
Erode	2581500	1272222	4.10	8266	4.62
Kancheepuram	2877468	1420226	4.58	8923	5.00
Kanniyakumari	1676034	843765	2.72	6751	3.78
Karur	935686	470148	1.51	4055	2.27
Madurai	2578201	1274838	4.11	5672	3.18
Nagapattinam	1488839	749765	2.41	7715	4.32
Namakkal	1493462	733911	2.37	5010	2.80
Perambalur	493646	247505	0.79	4610	2.58
Pudukkottai	1459601	735301	2.37	5520	3.09
Ramanathapuram	1187604	604228	1.95	5429	3.04
Salem	3016346	1452713	4.68	6600	3.70
Sivaganga	1155356	588409	1.90	4268	2.39
Thanjavur	2216138	1119500	3.61	8439	4.72
The Nilgiris	762141	383790	1.24	3840	2.15
Theni	1093950	540964	1.74	4778	2.67
Thiruvallur	2754756	1357349	4.38	6350	3.56
Thiruvarur	1169474	588690	1.90	5955	3.33
Thoothukkudi	1572273	805450	2.60	6213	3.48

State/District	Total Population	Total Female Population	% of Female Population	No. of SHGs	% of SHGs to total SHGs
Tiruchirappalli	2418366	1209832	3.90	6646	3.72
Tirunelveli	2723988	1390049	4.48	7744	4.34
Tiruvannamalai	2186125	1090266	35.16	6683	3.74
Vellore	3477317	1736234	5.60	5127	2.87
Viluppuram	2960373	1467931	47.3	8566	4.80
Virudhunagar	1751301	880925	2.84	5049	2.82

Source 2001 Population Data -Census of India and TNCDW, August 2004.

These figures give us an estimation of the concentration of SHG vis-a-vis female population. Dharmapuri, one of the most backward district with 4.46 percent female population has only 1.58 % of all SHGs, where as in Thiruvarur, 3.33 percentage of total SHGs are there for 1.90 percent of female population. Perambalur, a small district with 0.79 percent female population, the SHG movement here is very strong with 2.58 percent of the total SHGs formed by WCD. In the four districts, where we conducted survey, Kanniyakumai with 2.72 % of total population constitute 3.78 percent of the total SHGs. Thiruvarur with 1.90 % of total population constitute 3.33 percent of the total SHGs. Coimbatore with 6.76 % of total population constitute only 4.73 percent of the total SHGs.

4.8 Date of the Formations of SHG:

Most of the SHGs are year or more than one year old except 33, which are less than one year old.

Date of Formation	Kanchipuram	Coimbatore	Thiruvarur	Kanyakumari	Total
one year		10	2		12
11 month	2	3		2	7
Ten month		2			2
8 month	1	3	2	2	8
seven month	1	1			2
6 month		5			5
less than 6 months		4	2	3	9
15 month			2		2
16 month		1	7	4	12
17 month			3		3

Date of Formation	Kanchipuram	Coimbatore	Thiruvarur	Kanyakumari	Total
18 month	2				2
19 month	2			3	5
20 month			3		3
21 month	3	2	12		17
2year			6	4	10
more than two year	5	10	14	7	36
more than three year	9	2	13		24
More than four year	2	2	26		30
Total	27	45	92	25	189

4.9 Occupational Status of the SHG Members:

Questionnaire is designed to elicit information on the number of members who are either employed part time or full time. While the household chores, and work in there own field is not regarded as employment, the questionnaire did not yield meaningful information. However, it is found that most of the SHG members are employed in their field apart from doing the household chores.

4.10 NABARD Guidelines on SHG Assessment

NABARD guidelines for assessment of SHGs for micro-credit has been followed in this study to understand various dimensions of the group. The SHGs have been assessed in terms of Group dynamics like cohesion, vibrancy, participation of members, democratic decision and collective leadership etc. We tried to see whether the group is functioning, actually as a group, why the members have come together, whether it is for obtaining loan from bank or the group sees other purposes, what is the group discipline and whether it is sustainable or not.

We tried to see whether SHGs have evolved some kind of norms for its effective functioning i.e. Membership, Meetings, Savings, Credit - procedure for sanction, ceiling amount, purposes, rate of interest to be charged, repayment, period etc., Fines - in case of default in attending meetings, savings and credit repayment. , Leadership - election or nomination of leaders, rotation of leaders etc., Personal/social improvement etc.,.

We also tried to see:

- How norms evolved, whether by the consensus of the whole group.
- Whether the members are aware of the norms
- Whether the norms are implemented.

We tried to assess the Self Help Groups based on the following important aspects that a SHPI look into before promoting a SHG.

4.11 Meetings

	Periodicity of Meeting	
	No. of SHGs	Percentage
Monthly	33	17
Fortnightly	18	10
Weekly	137	72
Whenever Required	1	1
Total	189	

Average Percentage of attendance in Each meeting

	No. of SHGs	Percent
100%	88	47
75%	71	38
50-75%	26	14
Less than 50%	3	2
Total	189	100

The efficient functioning of SHGs is possible through meetings as overall activities of SHGs revolve round the meetings. The group decides the periodicity of the meetings i.e., weekly, fortnightly or monthly. They also decide on the time of the meeting. Decision on time and periodicity helps in regular conduct of meetings. The regularity in the holding of the meeting and the attendance during meeting gives an indication about groups functioning. Keeping this in mind periodicity of meetings by SHGs has been studied. Out of 189 SHGs studied in four districts of Tamilnadu, 72 percent groups held meetings once in a week and 10 percent groups fortnightly and 17 percent monthly there are minuscule percent (1) of SHGs meet whenever required. (Table - 4.10). The overall data reflects that weekly meetings are common and one tenth of the groups meet fortnightly also.

Mostly it is noted that there is regular attendance of the members in the weekly / fortnightly meetings. The data reveals that 38 percent of SHG members have attended 75 percent of meetings, where as 47 percent members attend all the meetings. (Table- 4.11).

4.12 Maintenance of Books

Whether group is maintaining the basic records that will give details of its functioning and accounts of the group has been studied. The maintenance of records is an indication of effective functioning and graduation of SHGs. In this study information is collected on various types of records related to meetings, accounts, savings etc. It indicates number of meetings held, decisions taken in the meetings, amount of savings of the members and credit availed, the total savings of the group and repayments, maintenance of records etc.,.

Out of total respondents, 87.5 per cent of SHGs maintain Minutes book of the meeting (Table-4.12) and 93 percent maintain Savings register (Table-4.14) and another 71.5 percent of SHGs maintain overdue registers. (Table-4.16). It can be stated that groups are maintaining minutes and savings registers very well because of animators.

Minutes Book

	No. of SHGs	Percentage
Yes	165.375	87.5
No	23.625	12.5
Total	189	100

Membership Register

	No. of SHGs	Percentage
Yes	174	92
No	15	8
Total	189	100

Saving Ledger

	No. of SHGs	Percentage
Yes	176	93
No	13	7
Total	189	100

Loans ledger

	No. of SHGs	Percentage
Yes	180	95
No	9	5
Total	189	100

Overdues ledger

	No. of SHGs	Percentage
Yes	135.2	71.5
No	53.8	28.5
Total	189.0	100.0

Cash Receipts/Payment Registers

Valid	No. of SHGs	Percentage
Yes	166	88
No	23	12
Total	189	100

4.13 Leadership

Two or three group members are elected as leaders and as animators. The group leaders are expected to a) regularly convene and conduct the meetings, b) help the group members in taking decisions, c) resolve conflicts, d) maintain books of account and e) approach bank branch for operation of accounts.

The aspects that are seen are:

- Majority of the Group leaders are selected and they are continuing as leaders. Few leaders have been elected and rotated .
- Major decisions are taken on consensus basis by the Group members (54 percent) and in 42 per cent of groups decisions are taken by majority of the members in the group. The consistency level of membership is also an indication for group participation in decision-making. In 74 percent of SHGs consistency level of membership is 100 per cent and in 23 per cent of SHGs studied 25 per cent of the members are leaving the groups for various reasons. (Table-)

Table 1 : Entry and Exit Policy

	No. of SHGs	Percentage
Yes	171	90
No	18	10
Total	189	100

90 per cent of SHGs had a clearly defined entry and exit policy of members (Table- 4.20)

26 percent of SHGs Elect their leaders and in 14 percent leaders were selected on rotation. And in 60 percent of SHGs there is only one leader since the beginning (Table:4.18

How group Leader is Chosen

	No. of SHGs	Percentage
Rotation	27	14
Elelection	50	26
One Leader since beginning	112	60
Total	189	100

4.14 Participation and Awareness of the group members

We tried to see whether members aware of the purpose of group formation, the operations and activities of the group viz. The savings and the credit of the group as well as the individual member's savings and credit details.

The data reveals that 67.8 per cent of members are aware of the financial transactions that are taking place. In 34 percent of SHGs only ¾ members know the details of transactions. (Table-4.19).

Group Members Aware of Rules

Response	No. of Members	Percentage
Yes	1640	67.8
No	776	32.1
No repsonse	0	0
Total	2416	100

In 75 percent of the groups the consistency level is 100%. (Table 4.19a)

Consistency level of membership

	No. of SHGs	Percentage
100 %	142	75.2
75%	41	21.5
50%	5	2.5
Not answered	2	1.3
Total	189	100

4.15 Savings by the group members:

The SHGs collect from its members a savings(called semippu in Tamil) amount weekly (sometimes monthly). Weekly savings are encouraged as it is easier for an SHG member to save during the week and pay the amount. The members are advised to save small amounts everyday from their expenditures and accumulate their weekly savings. The savings are voluntary .While the monthly savings amount have been very little at the time the SHG was formed, like Rs.20 to Rs-25 per month. It has increased to Rs.40, Rs.50 or even Rs.100 a month. The savings per month amount to Rs. 800/-, Rs. 1,000/-and Rs. 2,000/- respectively for 20 members. In six months time, which is the minimum time required to have the savings, an SHG can lend the savings internally to its members. The savings amount available for internal lending will be about Rs. 5,000, Rs. 6,000 or 12.000 respectively.

The first goal of an SHG is to save and generate a sizeable savings amount quickly. And the first reason for the success of the MaThi is the promptness with which the women pay their weekly savings, despite the difficulties associated with it.

Interest

The interest charged by the SHGs varies for different purposes and between districts. The interest charged ranges from 24-36 percent i.e., double or triple the rates charged by the regular bank. The justifications given by the SHGs are that (a) the interest comes to the group only and (b) this interest rate will make the borrowers return the loan back to the group quickly.

Broadly, the interest charged is as follows:

- Non-economic activities such as house construction or modification - 36%
- Economic activities - 24%
- Education of children, medical etc. - 12%
- Sometimes no interest is charged for the purposes of child delivery, child's sickness and other emergencies.

Some groups do not differentiate between economic and non-economic activities and charge 36% on all advances other than for the purposes of education or health.

The interest is charged on a reducing balance. The above two illustrations bring out the actual interest SHGs earned and the potential.

The SHGs also earn interest when they on-lend to the members the loans' they take from the banks. The SHGs take the loans from the banks at 12% interest and lend to the

members at 24 to 36%. So they make a profit of 12 to 24%. It should be mentioned here that the MaThi SHGs are able to differentiate MaThi with Non-MaThi in that the non-MaThi NGOs charge a flat interest rate of 2.5% per month for the loans they give to the SHG members, and the non-MaThi SHG do not make any profit, the entire interest goes to the NGO.

Many SHGs allow the interest to grow. Some SHGs go on an excursion annually and spend their money. SHG members have bought themselves sarees of a single design out of the interest. Some SHGs have divided the interest among themselves as dividend, especially at the time of local festivals. The SHGs view the interest as a source of income and ensure that the interest is collected promptly.

4.16 Credit to the members:

Internal Lending

Internal lending is that, which the SHG lends to its members from the amount saved and deposited by its members with the SHG- The lending commences after six months of saving. The saved amount is collected on a weekly basis from the members and is deposited the next day in an account opened by the group in a nationalised bank. The installment repayment of the loan along with interest is collected on a monthly basis and this is also deposited in the bank.

The group, after estimating the loan requirement from its members, passes a resolution, withdraws the amount from the bank, and pays the amount to the members. This happens every month. The repayment of the loan installment and the interest by the borrower is prompt, and is 100%.

It has been noticed that the repayment of the loan is easier for the members when they have a secondary source of income like beedi (local cigarette) making or matches making (for example, Tirunelveli). When the source is farming alone (for example, Thiruvarur, Villupuram districts), and if there is a drought, then the members find it difficult to pay. They ask for the rescheduling of the loan.

4.17 MICRO-FINANCE and SHGs in Tamilnadu

The SHGs have given its members a total loan amount of Rs.11,257.6 m. The average loan size per member is Rs.1,204/- and the repayment rate is 95%.

External Credit Linkage

Total No. of SHGs - 1,78,571

No. of SHGs more than 6 months - 1,75,466

Total No. of SHGs rated as per the credit guidelines : 1,55,761

No. of SHGs eligible from the rated list - 1,47,593

No. of loans disbursed- 1,59,164

Amount of loan disbursed - Rs. 89464.57 Lakhs

Average loan per SHG - Rs. 50,100/-

Out of the 1,47,573 SHGs which are rated eligible, approximately 78% SHGs have received external credit linkage (ECL). The average loan disbursement per each eligible SHG works out to **Rs. 60,616**, which is a substantial amount for the growth of SHGs through credit linkage.

There are different sources from which loans are obtained under the ECL. The Sampooma Gram Samriti Yojana (SGSY) - CC and NABARD loans come without subsidy.

SGSY (loans for economic activity) and TAHDCO provide subsidy. TAHDCO is meant only for SCs/STs. An SHG should have at least 12 SC members for the group to be eligible. The subsidy is generally 50% of the loan subject to a ceiling of Rs.1,25,000/-.

Only 11% of the total rated eligible SHGs have received loans with subsidy, whereas, 89% of the rated eligible SHGs have received loans without subsidy. If it should be argued that the loans have strengthened the SHG movement, obviously it is the ECL with or without subsidy that has contributed. ECL, even without subsidy is a very critical input in the SHG growth.

Loan Disbursement

Loans Disbursed Without Subsidy

SGSY-Revolving Fund :

SHGs received loan - 33,853

Amount disbursed - Rs.8783.26 Lakhs

NABARD : SHGa received loan - 51,406

Amount disbursed - Rs. 2206 m.

Repayment- 100%

Loans Disbursed With Subsidy

SGSY-Economic Assistance :

SHGs received loan - 8199

Total loan disbursed - Rs.9070.18 Lakhs

Total Subsidy : Rs.6309.99 Lakhs

Total Amount disbursed - Rs.15380.17 Lakhs

Another important contributor to the SHG movement is the SGSY Revolving Fund (RF). There are 33,853 SHGs (23% of the 1,47,593 rated eligible) which have received the RF. A total amount of Rs.8783.26 Lakhs has been released. SHGs have received an average amount of Rs.25945/-.

4.18 Bank Linkage

The linkage with the bank commences when the SHG opens an account with the bank and deposits the weekly savings. The introduction to the bank is given by the NGO. The PO also writes to the lead banks and provides a list of "approved" NGOs. This however has created confusion about approved and un-approved NGOs. Some branch managers even refused to let the SHGs open an account with their branch and made the SHGs meet them several times. Bankers need awareness generation.

The SHG animator and the representatives initially go to the bank to deposit and withdraw. But this would involve going to the bank eight times in a month. So the members go to the bank in rotation. On the one hand, this reduces the workload of the animator and the representatives, and, on the other hand, this enables the members to take part in the SHG activities, as well as, to get to know the banking procedures and the bank officials. But some bank branches refuse to accept new people coming and withdrawing money. This has caused discomfort to the SHG.

An interesting thing that has happened to me banks is that the banks, with the help of the mahalir SHGs, have been able to get back the non-performing assets (NPAs - previous bad debts) due from the “men” in the village.

The dues are from both the husbands of the SHG members, as well as, other residents in the village. This is one of the reasons why some SHGs are very popular with the banks.

4.19 Direct Credit Linkage (DCL)

The SHGs are on probation for six months to prove themselves before they can become eligible to get a loan from the bank. During this time, the SHGs make weekly deposits if their saving. The animator, the representatives and the member who go to deposit the saving get to know the bank officials, especially the bank manager. Generally, during this period a good rapport is built between the SHG and the bank.

The SHGs become eligible for a loan after they are rated or graded about their performance. The MT has established a performance-rating card, and the MT, Panchayat union officials and the bank officials give marks. An SHG should score at least 70% in order to qualify for a loan.

Still it is the bank manager’s prerogative to sanction a loan to the SHG. The bank has sanctioned DCL in the ratio of 1:2 or 1:4 to the savings amount, that is, for Rs. 10,000 savings, the bank sanctions progressively, loans of Rs. 20,000 (1:2) and Rs. 40,000 (1:4) one after another.

Actually, the DCL happens like this: The manager makes, for example, the SHG deposit a fixed deposit of Rs. 10,000 and sanctions a loan of Rs. 20,000. When the loan is fully repaid, she / he makes the SHG deposit Rs. 20,000 and sanctions a loan of Rs. 40,000. This is the best thing that can happen to a bank: it mobilises deposits from the SHGs, as well as, gives them loans fulfilling its twin target of deposit mobilisation and lending. The SHGs are thus a favoured customer to the bank for safe lending and for profiting

Sometimes, the bank manager makes an SHG deposit all its savings so as to avail the 1:2 loan. This is not a sound practice as the SHGs cannot do internal lending to its members to meet their urgent requirement such as, paying for children’s education. Bank manager sees the SHGs only within the framework of “loans”. The bank managers may not be expected to play the role of a social activist, but he has to be exposed to and educated on the “social” framework within which the loans have to be given.

The time taken for the 189 SHGs surveyed to be credit linked is given below;

Time Taken	No. of SHGs Percentage	
3 years	10	5.29%
> 2 years	79	41.7%
> 1 year	80	42.3%
< 1 year	0	0%
No credit given	20	11.1%

It has taken even three years for 10 SHGs to receive a loan under DCL. 20 SHGs did not receive loans at all. No SHG has received loan in less than a year.

As suggested by SHG workers, it must be made mandatory that the bank branch manager sanctions an OD of up to Rs. 25,000 and a DCL loan of 1:2 or 1:4 between the seventh and twelfth months to all SHGs which have performed satisfactorily.

SECTION-III

4.20 Loan Consumption Pattern, Training and Capacity Building of SHGs

Purposes for which the members of the 189 SHGs surveyed are as follows : (in order of their preference)

- To pay school fees for children;
 - To pay for medical expenses due to sickness;
- Household food expense;
- To repay the loans
 - Farming expense;
 - Marriage, coming of age, birth, getting pregnant, death expenses;
 - To do business in vegetables, thatches, dry fish, petty shop, contract work, cycle shop, growing mushrooms;
 - To purchase goat, cow, cart/bullocks;
 - Urgent delivery expense;
 - Urgent surgery expense;
 - House repair;
 - To replace the thatched roof during rain;
 - To deepen well;
 - Temple festival expense;

4.21 Training and Capacity Building

SHG Training and Assessment in Tamil Nadu						
S. No.	Details	Kancheepuram	Madurai	Kanyakumari	Chennai	Coimbatore
1	Target	3972	4470	2714	13388	5469
2	Achivements	3690	4992	2711	9563	5318
3	Out of EDP trained					
	women How many of them					
a	Already possessed skill Training & credit linked	655	202	599	580	68
b	Credit linked but did not possess skill	1099	1113	1089	1070	4774

SHG Training and Assessment in Tamil Nadu						
S. No.	Details	Kancheepuram	Madurai	Kanyakumari	Chennai	Coimbatore
c	Possess skill but not credit linked	110	252	0	1550	0
d	Neither credit linked nor possess any skill	2080	2339	1023	4168	646
4	After EDP how many of the women					
a	Requested for skill Training	845	3452	1460	1482	4535
b	Were provided with skill Training	210	138	130	444	2028
5	After skill Training how many of them					
a	Requested for credit linkage	240	623	120	444	0
b	Were credit linked	210	330	75	0	2028
c	Total quantum of assistance provide Rs Lakhs	93.65	16.95	20	0	88.25
6	Out of EDP trained women					
a	How many of them requested credit linkage without skill trg.	1607	1801	991	2046	646
b	How many of them provided with credit linkage with out skill training	1093	962	332	0	4581
c	Total quantum of assistance provided Rs. Lakhs	192.02	9.91	31.25	0	241.25

Training is a very important activity under the project. The groups are trained through NGOs and pave the way to create awareness and motivate the members to realise their strengths and weaknesses and their potential. Gradually they become more conscious of their capabilities and start exhibiting them, through their action plans and programmes

Training is the backbone of the Self-Help Groups in Tamilnadu. This is a movement to empower women socially, economically and politically through capacity building of the

poorest and most disadvantaged. What sets the Self-Help Groups in Tamilnadu apart from those elsewhere is that they undergo a well conceived and well structured training through the specifically developed training modules. These modules have been prepared for different types of training to be given to different categories of people such as:

1. Field level or grass root level training
2. Trainers training programme
3. Middle level or project stake holders training
4. The training for the staff of the Tamilnadu Corporation for Development of Women. (TNCDW).

Field-Level or Grass-Root Level Training

The field level training consists of SHG Training, Animator and Representative Training and Panchayat Level Federation Training.

SHG Members Training

For developing this training, the lessons learned from earlier training given to the grass root level animators have been incorporated. It is felt that training only the group leader is not sufficient. Hence it has been decided to impart training to all the Self-Help Group members under this project Accordingly, ten modules of one day each were prepared taking into account the subjects which are essential for the empowerment of rural women. Recently, these ten modules have been combined and made into four concise modules covering all the subjects needed.)

Animator and Representative Training

This training is considered to be very important since it has been designed for all the leaders and the animators who lead the groups- This helps them convene the meetings, maintain accounts and the registers, be signatories of the bank accounts, represent the group at Block level committee meetings and the Panchayat level meetings. Hence the capacity building of these group leaders is very important especially in 'Double entry' Book-keeping, Leadership and Communication. The Animator & Representative training was originally designed as a 12 Module Package spread over two days each for a given period of two years.

In order to make it cost effective it was redesigned to contain three modules, which covered all the subjects, needed for capacity building. In order to train successfully such a large number it is important to have a sufficient number of trainers. So far. Trainers

Training has been given for conducting the SHG and A&R training to nearly 2648 NGO representatives.

Panchayat Level Federation Training

As a first step in this direction a Training Manual consisting of four modules of two days each has been designed. Initial training of the first two modules has started from the year 2003-2004. After completion of these, the other two modules will be imparted to the PLFs. So far 610 NGO representatives have been trained for conducting the PLF training.)

As of 30.9.2003, about 426 NGOs have been working with the MaThi. Their main role is capacity building and monitoring. The main activity under capacity building is providing Animator and Representatives (A&R) Training and SHG members training.

The success of the SHGs and the MaThi is directly proportional to the extent the A&Rs and the SHG members have understood the concept of SHG and the capability they have developed due to the training programme, The lower percentage of the SHGs' attendance in the training programmes perhaps explains why some SHGs have not really understood the concept of SHG. Much of the capability of the SHG has developed due to the horizontal exchange of information among the SHGs. This justifies developing the capable PLFs as 'SHG Training Centres'.

MaThi gives increased importance to entrepreneur development programmes (EDP) and to vocational training programmes (VTP). In 2002-03, 125,755 SHG members (and 36,179 in 2003-04) attended the EDP programme; and as a follow-up of the EDP, 5,709 SHG members in 2002-03 (and 9,046 in 03-04) were trained in skills such as agar bathis (scented sticks) making, auto-rickshaw driving, bakery, book binding, goat/turkey rearing, beautification, fish farming, candle making, fibre/ leather/jute/ palm leaf/ paper/ sea shell/ sanitary/ herbal/ coir products making, greeting cards, dairy farm products, computer training, cookery, photo/video, screen printing, tailoring, toy making, mushrooms, floriculture, handloom, xerox, vermiculture, gem cutting and brick making. This is a significant shift from the "tailoring" and "sewing machines" that has traditionally been thought of as women's programmes since the 1950s! Importantly, TNCDW has taken steps to improve the designs of various products of the SHGs to make them commercially attractive, and is organising marketing outlets. In addition, 52,337 women have attended VTP training programmes.

Middle-Level or Project Stake Holders Training

As indicated earlier the implementing agencies such as NGO partners, Banks and other Government departments are having diverse backgrounds. An orientation on project

goals, co-ordination and co-operation among the stakeholders is very essential for them to work in a convergent fashion in the interest of women. In this connection TNCDW is conducting the following training programmes;

1. Cluster Co-ordinators Training programme - 4 Modules of two days each.
2. NGO Staff Training - Orientation on Self-Help Group formation
3. Government Staff Training - Orientation on Self-Help Movement

Orientation for the Elected Representatives of PRIs and ULBs

The Social and Economic Empowerment or Development can't be taking place in isolation unless it converges on the Constitutional bodies such as the Panchayat Raj Institutions (PRI) in the rural areas and Urban Local Bodies (ULB) in the Urban areas. In this direction TNCDW organizes regular orientation programmes for the elected representatives of these Institutions.

Bankers Training Programme - Sensitization for Credit Linkage

In addition, TNCDW is conducting a State Level Bankers Meet for Chief Executives of all the Commercial Banks and Secretaries of all the District Credit Cooperative Banks (DCCBs). The Block level and District level meetings review the credit linkages given by the banks to the members of the Self-Help Groups for their economic empowerment.

Training the Staff of the TNCDW, Social Welfare Department and Integrated Child Development Scheme (ICDS)

4.22 SHG Federations in Tamilnadu

As of 31st August 2004, 11185, Panchayat Level Federations (PLFs) have been formed, covering 85% of the Panchayats. PLFs are proving to be the best platform to impart the A&R and SHG members' capacity building training and SHG monitoring roles, which could be transferred to the PLFs from the NGOs. So formation of PLFs and building capacity in them is critical to the future of the MaThi. 95 Block level federations are also formed covering 25% of the habitations.

Seventeen percent of the SHGs are covered under the insurance scheme.

7%-8% groups of the total SHGs in Tamilnadu are defunct according to few evaluation studies. The main reasons for the groups to break are: no educated person available to write the account or the going away of the animator from the group; improper maintenance of accounts leading to members' suspicion; non-availability of loan; non-cooperation among the members who want their savings back.

Synergy Between The SHGs, User Groups And Non-Mathi SHGs

The concept of resource-based 'user group' , unlike in the tribal areas of Madhya Pradesh, Chattisgarh, Jarkhand, Orissa etc, is not very commonly used in Tamilnadu. So other community groups have also been looked at.

User Groups and Community-Based Organisations

The User and Community Groups:

The following groups were identified in the villages

- Irrigation water user group
- Drinking water user group
- Palmyrah tree climbers group
- **Cashew tree growers in wastelands group**
- Cashew produce processing group
- Flower growers group
- Fruit trees growers group
- Charcoal (out of prosopis Juliflora) makers
- Vegetable growers group
- Beedi (local cigarette) makers group
- Scavenger group
- Vana (forest) group
- Mathar Sangham (Women Association)
- Oottachchathu (nutrition) group
- Eradication of child labour group
- Parents-Teachers group
- AIDS prevention group
- Village education group
- PDS (public distribution system) supervision committee
- Illicit arrack eradication group.
- Community Panchayats,
- Youth club,
- Farmer association,
- Cooperatives,

- Nehru yuvak kendras,
- Village development council.

The ways by which inter-linkages are made between the user and Self-Help Groups are listed below:

- Invite the user-groups for the SHG meetings,
- Organise orientation on SHG concept and other training programmes for the user-group members,
- Meet and talk with them,
- Encourage them to become SHG members,
- SHG animators and representatives can attend user-group meetings, and
- SHGs can assist the user groups in their activities.

Streamlining Non-MaThi SHGs

The MaThi-non-MaThi cleavage has taken deep roots in the villages, one threatening the other. Unless this is sorted out quickly, this issue can jeopardise the entire SHG movement. If there are 142,000 MaThi groups in Tamilnadu, it is estimated that there are at least 40-50% more non-MaThi groups.

Field Problems:

- There is a MaThi - non-MaThi divide in the villages. The SHGs do not meet each other
- There are MaThi and non-MaThi anti feelings between them; there is a feeling that they are in direct competition with each other
- That the non-MaThi SHGs get loans quickly demoralises the MaThi SHGs. They start “oscillating” whether they should remain in MaThi or go out and join non-MaThi groups
- Only the MaThi SHGs attend the PLE It is seen as the body of the MaThi SHGs. Non-MaThi SHGs are neither invited nor do they attend the PLF meetings. While the rule is that there can be only one PLF in a village, the non-MaThi SHGs do not attend the PLF. This is because of the competitive nature in which they both see each other in the village
- Consequent to the above, the non-MaThi SHGs do not take part in the Gram Sabha meeting and in the BLF\DPCC meetings
- The MaThi NGOs feel insecure about losing “their” SHGs which they have nurtured as children

Mainstreaming Non-MaThi SHGs

At the NGO Level:

It is actually a complex situation at the NGO level.

1. A few non-MaThi NGOs are well-established and large, and are able to mobilise substantial funds on their own from Indian and overseas sources and therefore do not have to depend upon the MaThi resources. They may not even wish to come “under” the MaThi fold and,
2. There is also a large number of small NGOs, spread across Tamilnadu, which are also mobilising and organising SHGs with little funds or even no funds. Their only strength is commitment to the SHG programme. The organisers of these NGOs themselves work as frontline workers. Their weakness is that they may not be able develop and sustain a large programme. They could be given a small programme covering a few Panchayats or even villages. These could be small pockets where no MaThi NGOs operate. In the proposed project, these small NGOs need to be identified, selected, trained and supported. The present NGO selection criteria may need to be modified to include the smaller NGOs.

At the Community Level:

- Play pro-active roles to build rapport with non-MaThi SHGs,
- Admit the non-MaThi SHGs in the PLF.
- Invite them for the Gram Sabha meetings.
- Work together on common issues and problems of women and the community
- Give them orientation and training
- Assist good non-MaThi SHGs to get bank loans
- The PLF may be made the local-level authority to sort out and decide on issues relating to admitting the non-MaThi SHGs, as well as, all SHG-related activities in the village.

Coordination Between SHG and PRI

In MaThi, efforts are being made to form Federations of SHGs at three levels corresponding to the PRI three tiers. They are: Panchayat Level Federation (PLF) at the Panchayat level, Block Level Federation at the Block Level, and District Project Coordination Committee (or District Level Federation (DLF)) at the district level.

The SHGs are taking part in Panchayat Level Federation (PLF) meetings held every month. PLF meetings are conducted in different villages in the Panchayat every month in rotation. The Panchayat issues are discussed in the PLF meetings, and they are communicated to the Panchayat Presidents. PLF is a body formed, one for each Panchayat. Presently, all the MaThi SHGs are its members. PLF provides a common platform for the SHGs in a Panchayat to come together discuss their issues. The SHGs cannot directly take part in Panchayats and Panchayat union meetings. They can influence decisions only indirectly through the PLF, Gram Sabha and BLF.

SUCCESSFUL STORIES

The Golden Age - In Real Life

The film “Jingicha” in which actress Meena acted is said to be very famous. It was during these acting days that the actress was filled with thoughts of love for Murali. It is said that these days were a golden period in her life. Similarly, history holds the age of the Gupta’s as the golden age. In a like manner, today, in the present age, Anandam and Karvi of Madurai District hold their life to be the golden period. Hailing from a village, these two joined the Fathima Kalanchiam, a women’s organization. Before becoming members, these two have been in the grips of poverty suffering with out job opportunities and a steady income. They have even experienced starvation. Today they are self employed in the pottery business and are leading a comfortable life.

The seven members in Rani’s family were all expert potters. But what was the use? The family lacked the finance for purchasing clay or the implements for the potter’s wheel. There were others too who were experts, but they too lacked financial support. These veterans were unable to find jobs even on daily wages. It was at such a juncture that they joined the kalanchiam as members. This organization sanctioned them a loan of Rs.7000/- with money in their hands, they were able to invest in the raw material and implements for making pottery and with their ready made expertise, they went into production. Along with their own family members they appointed three others to help with their small time business. They gave their workers three meals a day and also paid them a salary of Rs.50/- each day. They were able to manufacture upto 150 pots per month excluding other pottery items such as lamps, mud vessels, flower pots etc. They have earned enough to aid them pay back upto Rs.4500/- of their original loan amount. They are immensely happy. Gone were the days when they were without a job even as a daily wage labourer. Today they are masters of their own business enterprise. They are right in holding this to be a golden age for them.

Hardwork Pays

In Seettampatti Municipality of Kalasampakkam in Thiruvannamalai District, twenty women, all belonging to BPL families came together in 1998 under the Municipal Women’s Welfare Scheme and registered their SHG. This group was granted Rs.25000/- as a revolving fund by the District Development Officer and the members utilized this amount for starting vegetable business, camphor manufacture, milch cows, dairy development, chilli powder and dhal powder manufacture etc., Their bank account number is 2198 and they have an account in the Ladavaram Bank. This group came together on 19-02-2002 along with a

service organization (RSWS – Adhamangalam, Pudur) and joined the Women’s Development Scheme. These women are maintaining their registers and records with efficiency. Each member contributes Rs.15/- each week towards the savings account in the bank and the 20 of them have Rs.48000/- in their account. These women have been given a first instalment of Rs.1,20,000/- with which each member has bought a milch cow. The earnings from this is being diligently paid into the bank by these women. They have been given a second instalment of Rs.1,20,000/- with which also they have bought milch cows and have further improved their assets. These women are selling the milk to the heritage dairy and the milk gets pasturised at the Thiruvannamalai milk processing unit. The daily supply by these women on the whole is 160 litres at the rate of Rs.7.70 per litre. The milk processing unit pays them at the rate of Rs.7.90 per litre. These women also supply milk within the village at the rate of Rs.10/- per litre. The income for each women each month through milk sale ranges between Rs.1600/- and Rs.2000/- Because of this, these women are able to not only pay back their loan but also have enough money to meet their household needs.

These women do different kinds of social service including work in the temples. They also help subsidize the part time teachers in schools. While the school collects Rs.5/- per student, the members give Rs.25/- each. Because of the service organization, the Women’s Development Corporation and the other sympathetic souls, each women member has up to Rs.40000/- worth of assets, by way of milch cows, calves and oxen. For these benefits, the members extend their whole-hearted gratitude to the Government of Tamil Nadu.

SUCCESS SPEAKS.....

Vanakkam – My greetings to you. I am extremely happy to share with you the other side of my success story. My husband had lost his job in a leather tanning unit. But in spite of the dark days, we found a supporting hand in the guidance given by the Mother Lourde Women’s Organisation. After I joined this organization and started saving, I found a true sense of confidence. I had studied only up to the VIII Std. and being a woman from the Muslim Community, I had never had any exposure to the outside world. When I wanted to start a business, I felt that I should indulge only in a known area of activity. And so, I decided that I would manufacture the flour for making the Indian Rice Noodles called “Idiyappam”. I secured a loan of Rs.5000/- initially from the Women’s Organisation. I spent Rs.3000/- on raw materials and the other Rs.2000/- on a baking machine and balancing scales. In order to diversify my business and sell more packets each month, I got a further loan of Rs.12000/- from the Paramakudi Indian Bank. I used to buy rice during harvest time and store it. I diversified into supplying other kinds of flour such as wheat, ragi, flour for making murukku etc., Due to the insistence of traders to supply a branded product, I christened my product “Rajathi Flour”. With this brand name, I was able to sell more than

500 packets per month. During festival seasons, such as Deepavali, calculating the demand potential. I prepared 1000 packets of murukku flour as against the usual 100 packets that I would normally sell in a given month. During Deepavali, all my 1000 packets got sold. I had to depend on employees to supply the goods and collect the money. I found that there were many lapses in the supply and collection procedures. So I bought an auto with the help of my sister and now my husband attends to the supply of goods and collects money personally. I attend to the manufacturing aspect and have now completely paid back the loans which I had taken earlier. Now I have taken a loan of Rs.35000/- a co-operative loan from the Indian Bank. I earn upto Rs.4000/- each month and have really progressed a lot in my business. The training and guidance which the Women's Development Corporation and Indian Bank have given me are the real basis for my success.

I have been advised that in the environment of healthy competition, one should prepare quality products and innovate to succeed in my business endeavours. I had taken a couple of bags of my branded flour to the training programme. Not only did I share my experience there, but I also sold all my flour. By taking part in these training programmes one learns many new things. Hard work coupled with new ideas will pay rich dividends. Every women should join a SHG and start a business of her own. This is my wish and may all women prosper. **(Rajathi - June 2004)**

Livelihood needs no neighbour hood

We need too adopt our life to a given situation this would ensure progress. We learn this from the life of Adi Lakshmi, who lives in the Chenchi Amman Nagar village near Pazhaverkad near Thiruvallur district. Till 1982 Adi Lakshmi family lived in the Northern part of Tamil Nadu neas Sriharikotta in the Karimanal village. This family belonged to the tribal community of Irrulars. When Sriharikotta became the Rocket launching center this family shifted to Chenchi Amman Nagar village near Pazhaverkad.

Adi Lakshmi's husband had died of Tuberculosis. Her four children were almost starving. It was at this time, that she was given training in poultry rearing and poultry food preparation by the IFT organization. These women who underwent training started the Chenchi Amman women's group. The members of this group indulged in preparing poultry foods, bay leaf, etc. and thus earned enough income to take care of their families. They have learnt through the women's development schemes all about savings, economizing and various kinds of training which have enlightened them. This was possible only because they adapted themselves to their new environs. If we can find out what would be available in the place where we live and the scope for manufacturing and marketing these just as Adi Lakshmi, and her group mates have found one and all can more fast on the path of progress.

DRIVING TOWARDS EMPOWERMENT

I was born in Alagianallur a village near Virudhunagar in Kamarajar District. My husband's earning were inadequate to support the family which was already riddled with many a problem. Our children's future was a big question mark. Securing a loan of Rs.2000/- from Thirumagal Finances, I started buying and selling cloth. At that time, Dr. Ramalingam advised my husband to start driving an auto so that the family income could be further augmented. But my husband showed least inclination for this proposal. I volunteered to learn to drive an auto and asked him to do the needful. Dr. Ramalingam heeded my request and arranged with an auto driver to give me practice lessons. Within a week, I mastered the skill of driving an auto. I decided to purchase my own auto. My husband supported me in this and suggested that we should apply to the District Collector for help in this regard.

Within three months, I secured my own auto through a bank loan. But my troubles were far from over. A suitable parking place for the auto was my next problem. Moreover, people were hesitant to get into an auto driven by a lady. There were snide remarks and sniggers too that I had to contend with being a lady driver. But when other autos were not available people started using my auto and after one ride they became so satisfied that they started preferring my auto next time onwards. This gave me confidence. Today I earn more than regular office goers. I am bringing up my children well. I have now crossed the poverty line. I have to pay back the auto loan and a few other loans. What I want to tell my fellow women is a woman with courage and confidence, even without proper education can succeed in any field provided she has the grit and determination. I, of course, am ready to extend all help at all times to every woman who like me wants to establish herself in life.

True Story of a Rose

If only one has determination, anything under the sun is possible has been proved by Mrs. Jayammal hailing from Panaimarathupatti in Salem district. The total income for Jayammal's family was not more than Rs.2000 a month. With this meager income Jayammal found it extremely difficult to educate her two sons and also run her family. It was at that time that she joined the Pananimatathupatti women's group as a member. From that very minute there was a turning point in her life. She secured a loan to grow roses in a half-acre plot from her association. The untiring efforts of her family members the rose plants flourished. Now the family was earning up to Rs.16,500/- per month. She has admitted her son in school spending Rs.3,000/-. To enable her son to go to school as also to market her product Jayammal invested in a moped. It is not difficult to become a member nor it

is too difficult to even secure a loan, what should be really appreciated is the fact that not only Jayammal secure a loan but that she diligently repaid it and increased her family income. Her life is a success story, which can be emulated by others.

EMPOWERMENT : Kattimankode's Way

Rural poor are getting organised in Kanyakumari district. There are 7000 Self help Groups in the district, involved in a variety of income generating programmes.

Myths are being proved wrong, that the rural poor can not save. They have together saved more than Rs.3.5 crores, the immediate credit needs are being met, not from money lenders, but from their own savings. Rural products from the district, including handicrafts comes to Rs. 20 crores a year. One single craft, banana fibre comes to Rs. 2 crores a year. The product range is vast. Rural women can now complete their household work and also earn an income sitting at home. More than thirty crafts are being made use of in handicrafts alone. After the launch of the Swarnjayanthi Gram Swarojgar Yojana large number of groups have accessed Revolving Funds, with a subsidy from government and another bank loan component

Rural unorganised women are now making use of formal banking sector, accessing credit, managing their own units Training is given in various essential areas of management, new technologies are introduced, programmes constantly monitored.

Most of the activities are taken up as cluster activities. One of the areas doing well in the district is Kattimankode Panchayat. Here the local Panchayat, NGOs, banks and the government agencies have come together making the SHGs viable production units and credit agencies.

There are various activity clusters here, Agarbatti, Palm Fibre Brushes, Tapioca products, Coconut Leaf Thatch, tamarind processing are among the many activities. Panchayat has a population of 6585 people and almost half of them from Below Poverty Line families. This Panchayat has a total of 92 SHGs. In one village Sreekrishnapuram there are four activities giving meaningful employment to the local women. The SHGs namely Thulasi, Nagapushpam, Parijatham and Marikulunthu, attached to a local NGO Nala Oli have all received revolving funds of Rs. 25,000 each. They are now poised to take economic assistance for their own independent units, of Rs. 1.5 lakhs. Another village in the same Panchayat, Cheruppankode, processes tamarind, linked to the NGO Malar they are able to get Rs. 25 to 30 per day using their spare time. At Arasarkonam the women make palm fibre brush earning a reasonable income. Here again they are now able to do the work better with the subsidy cum loan component given under SGSY. The local banks, Primary Agricultural Cooperative Bank and the Central Bank of India have advanced to loans, DRDA has been the motivating

force. The local Panchayat President taking an active interest. Out of the 92 groups, 34 have received revolving funds and more are in the process, many of them are also to get the economic assistance for their own production units. The women are now empowered to take on their problems Kattimankode is only one of the many Panchayats in Kanyakumari heading for progress, from local resources and skills.

RICH CRAFT OF THE POOR HANDS

Siluvai Nagar is at the southern tip close to Kanyakumari, a fishermen hamlet in Kovalam panchayat. Around 100 fishermen families live here, mostly in thatched cottages. Though they are traditionally dependent on fishing, using traditional crafts, the families are extremely poor. When the fish catches are poor or when it rains the fishing activity comes to a halt and the community finds it difficult to meet their day to day needs. This also leads to indebtedness. The women go for vending fish or when there is no catch idle away their time. They were dependent on money lenders for daily needs, eroding whatever profits they got. The place had social problems like group fights, mainly due to poverty and unemployment.

The Kanyakumari based NGO Stella Maris entered the village forming women Self Help Groups. The members of the SHGs started saving Rs. 10/ per week and meeting weekly to discuss matters. Being close to the Kanyakumari tourist centre, the Siluvai Nagar SHGs could market Sea Shell Crafts, which have a ready market and the NGO gave training to the women to start Sea Shell Crafts. This because of the possibility to do the work in spare times, sprang up in all houses in a short time making it an activity cluster. With the weekly savings they were now able to meet their small needs not always having to go for money vendors everytime.

The 20 odd women members of Siluvai Nagar SHG have now saved Rs. 17, 000, a big sum for the small community. Together with the revolving fund received under SGSY they circulated Rs. 46, 150 among themselves as internal credit. With the money available they are now able to purchase the requirements of raw sea shells for their crafts and the products range includes sea shell garlands, door curtains, lamp shades, shell ornamental mirrors and other items. These products are then taken to the Kanyakumari beach and sold to the tourists. The products are also sold to shop owners at Kanyakumari at other places.

With more money available for purchasing sea shells and other raw material they shall be able to make more products and in more quantity. It may also be possible for them to diversify in to new areas, where the NGO Stella Maris is making all efforts. The process of community organisation in Siluvai Nagar was not easy according to the NGO as the

coastal people were aggressive and weaning them away from the old habits was difficult as well. Both were successfully achieved by the NGO Stella Maris. With the District Rural Development Agency, banks and the NGO coming together under SGSY the rural poor women of Siluvai Nagar are at last able to come out of their chronic poverty. With sustained inputs they may achieve better qualities of life in the future. Published by Project Officer, District Rural Development Agency (DRDA) Kanyakumari

STORY OF WASHERMEN SHG IN KANYAKUMARI

To begin with, a project was prepared taking into consideration the needs of the community with the technical assistance from the NABARD, Kanyakumari. Afterwards, the suppliers of the necessary equipments were contacted and the viability of the programme was assured. Since the capital intensive programme could be operated only as a group, a local NGO, Stella Marys Social Centre, Kanyakumari, was contacted and a Self Help Group was formed exclusively of washermen community. A common facility centre (work shed) was constructed under JGSY at a cost of Rs.1.75 lakhs. Two washing and one automatic drier units costing Rs.2.50 lakhs were purchased. This project was sanctioned under SGSY with a subsidy of Rs.1.25 lakhs given by DRDA and the remaining Rs.1,25,000/- provided as a loan by the Eraviputhoor Primary Agricultural Co-operative Bank. The highlight of the programme was the involvement of the Group members in every stage of the project i.e. from inception to implementation. This ensured a sense of participation. The details of managing the unit was prepared where the SHG members were to take the collective benefit and run it in turns, all the families washing their clothes in rotation. Now, the tortuous ordeal of back-breaking labour under the scorching sun is gone for the washermen of Eraviputhoor.

LIGHTING THE TRIBALS THROUGH RUBBER WASTE

Kanyakumari district which was a part of erstwhile Travancore state commands an impressive topography with majestic hills, undulating surroundings, the plains bordered by colourful seashores and pristine water falls. A Tribe Living in Darkness: A hill tribe, small in number known as 'Kanikar', dwells in the dense forests around the Pechiparai reservoir. There are 24 Kani habitations in Pechiparai Village panchayat. Each of the habitations consists of 20-25 households & most of them are poor and under privileged. By the frequent contact with the people of the plains, the primitive customs and habits of the hill tribes are fast changing. The Government and few voluntary organizations are taking various welfare measures for the upliftment of these tribes. Still they are deprived of reasonable health and sanitation facilities and basic amenities like electricity. The tribals cultivate Rubber, Tapioca, Pepper etc in their small holdings in the Forest. Some of the affluent tribals have installed rubber sheet processing rollers with Govt. assistance. Other

small holders from the neighborhood form groups and get their rubber sheets processed at these units. Each unit processes 40-50 rubber sheets and the effluent produced is discharged in the holding itself leading to emission of foul odour in the locality. B. Lamp is lit Cultural Academy For Rural Development (CARD), a small NGO which works among these tribals came up with a novel proposal to provide lighting to the tribal dwellings by treating the effluent of the processed rubber sheet, anaerobic ally, by installing biogas plants. These biogas plants, apart from providing lighting for the tribals, will reduce environmental pollution and arrest the euanation of foul odour from the processed water of the rubber sheets. The DRDA, Kanyakumari, immediately extended a helping hand, after the Biogas Technical Cell conducted the feasibility study. The beneficiaries whole heartedly offered to lend their support by way of labour. The DRDA sanctioned the proposal through the state sponsored "Village Self Sufficiency Scheme" to construct 3 units of 2 cubic metre capacity 'Deenabandhu model' biogas plants. The total cost of the project is Rs.84,000/- in which the contribution of the beneficiary is Rs.24,000. The tribal youths toiled to bring the construction materials like brick, sand, cement etc by headload by trekking 3-6 kms up hill. CARD, took up the construction and successfully commissioned all the 3 units. Each unit provides lighting to tribal houses and one community hall.

THE INNOVATIVE INITIATIVE OF KODIMUNAI FISHER WOMEN

An innovative project, artificial fattening of lobsters, has been launched in Kodimunai village of Kanyakumari district for the benefit of fisherwomen self help groups. Normally, baby lobsters, which are caught along with other fish, are either thrown away or are sold for a pittance. But the fisherfolk of Kodimunai village decided to make a change with the help of Life Care Trust, an NGO engaged in the upliftment of fisherfolk. Lobsters are one of the favoured amongst the sea-food items in the export market. It has got a ready market locally also. The baby lobsters, available at a cheaper rate, when fed and fattened in small tubs filled with sea water, attract a better price, ranging from Rs. 400 to Rs. 700 depending upon the size of the lobster. The technology for this project was obtained from Fisheries college, Tuticorin. The DRDA, Kanyakumari, extended a helping hand and sanctioned Rs.1.04 lakhs under SGSY infrastructure component. This amount, together with the contribution of Rs. 26000 by the Self Help Group, was enough to take care of the infrastructural needs like the construction of a shed and 8 cement tubs for nurturing the baby lobsters, purchase of a motor and laying of pipelines for drawing sea water etc. The project has earned an income of Rs. 25000 in the first year of operation. No wonder, THE HINDU, has reported about this project as the one, which is going to fatten the purse of fisherfolk of Kodimunai.









RAJASTHAN District Map



PAKISTAN



CHAPTER V

PROMOTION OF MICRO ENTERPRISES THROUGH WOMEN SELF HELP GROUPS IN RAJASTHAN : ISSUES & CHALLENGES

5.1 INTRODUCTION

Rajasthan's tryst with empowerment started long ago. Women Development Agency (Jilla Maila Adhikaran) was founded in 1984 under the inspirational leadership of Ms. Aruna Roy. Being an important official in the State Civil Service, She realised the need for the upliftment of women in Rajasthan and there was a need of an organisation, which cannot be a mere appendage of a department. A pure appendage of a department of the state will be ineffective. A purely Civil Society initiative will lack legitimacy in the eyes of illiterate women who has never stepped out of their home and *Kheti*. Hence, the *madhyama marga* - the Middle path - in the form of *Mahila Adhikarana*. *Mahila Adhikaran* is created as a form of non-governmental Organisation; but at the same time it has not been steeped in the cobweb of bureaucratic red tapism. Moreover, the District Development Agency has evolved as a powerful forum for the women empowerment over the years.

5.2 Women Development Agency (WDA)

The WDA was conceived in 1984 when the idea of rural "illiterate" women mobilising collectively was unthinkable. And yet, the programme enabled the evolution of women's collectives under the leadership of the sathin, the grass root worker at the village level, working tirelessly on a meager monthly honorarium of Rs 350 (Now it is RS. 500 only). The strength of the sathins and these collectives was derived from the support structures provided by the partnership between the government and the voluntary agency arm of the programme - IDARA (Information and Development and Resource Agency), with its primary role of training and providing creative and critical inputs.

In its early years, the WDA mobilised women around several issues in feudal Rajasthan, from sati to rape and child marriage. Several successful struggles at the panchayat level against corruption in development programmes took place. A significant achievement was the entry of women in village forums such as the "hatai" or the Chaupal along with men.

In addition, women's forums were initiated at the village level for presenting women's perspectives in taking up issues of justice and development, governance and social issues, including participation in the Panchayati Raj institutions.

NABARD started micro finance in 1994 in Rajasthan. Long before that NGOs like CECOEDECON and PRADAAN had adopted SHG model to provide micro finance and capacity building training to make women self help groups independent. Recent data released by NABARD suggests that the state has made great progress in SHG movement, particularly after WDA Project Director became Deputy Director of ICDS. After this merger in 2000, the Women and Child Development Department had its disposal the huge network of Anganwadi workers and Lady Supervisors, Sathins and Pracetas from WDA to reach out to rural women and facilitate the formation of SHGs. This resulted in an enormous increase in the number of SHGs in Rajasthan.

The following table represents the status report of SHGs in Rajasthan.

Table 5.1 Status Report 2004- Rajasthan

Name of the District	Cumulative No. of SHGs provided with bank loan upto 31 March 2003	No. of SHGs provided with bank loan during 01 April 2003 to 31 March 2004	Cumulative No. of SHGs provided with bank loan upto 31 March 2004	Cumulative bank loan disbursed upto 31 March 2003	Bank loan disbursed during 01 April 2003 to 31 March 2004@	Cumulative bank loan disbursed upto 31 March 2004@
RAJASTHAN						
Ajmer	5,437	1,794	7,231	101.99	47.21	149.20
Alwar	1,648	1,162	2,810	56.02	45.77	101.79
Banswara	757	273	1,030	16.40	6.35	22.75
Baran	338	209	547	5.46	3.68	9.14
Barmer	232	164	396	2.10	4.66	6.76
Bharatpur	680	612	1,292	15.35	15.48	30.83
Bhilwara	1,550	1,003	2,553	15.65	16.83	32.48
Bikaner	303	183	486	5.16	2.19	7.35
Bundi	213	88	301	2.14	1.75	3.89
Chittorgarh	977	251	1,228	11.18	5.95	17.13
Churu	184	149	333	3.17	1.89	5.06
Dausa	421	129	550	8.30	8.47	16.77

Name of the District	Cumulative No. of SHGs provided with bank loan upto 31 March 2003	No. of SHGs provided with bank loan during 01 April 2003 to 31 March 2004	Cumulative No. of SHGs provided with bank loan upto 31 March 2004	Cumulative bank loan disbursed upto 31 March 2003	Bank loan disbursed during 01 April 2003 to 31 March 2004@	Cumulative bank loan disbursed upto 31 March 2004@
Dholpur	8	78	85	0.14	0.92	1.06
Dungarpur	588	204	792	19.14	7.46	26.60
Hanumangarh	754	154	908	23.52	0.30	23.62
Jaipur	751	662	1,413	18.75	6.59	25.34
Jaisalmer	71	15	86	1.95	0.75	2.70
Jalore	124	33	157	1.77	0.74	2.51
Jhalawar	694	406	1,100	5.66	6.36	12.02
Jhunjhunu	288	106	394	7.92	1.83	9.75
Jodhpur	1,984	676	2,660	42.01	38.15	80.16
Kasauli	64	24	88	0.66	0.24	0.90
Kota	519	204	723	6.85	4.53	11.38
Nagaur	64	100	164	1.45	0.77	2.22
Pali	232	111	343	16.82	7.41	24.23
Rajsamand	10	248	258	0.72	3.75	4.47
Sawai Madhopur	357	97	454	11.41	1.50	12.91
Sikar	661	183	844	9.56	3.78	13.34
Sirohi	216	89	305	3.37	1.83	5.20
Sriganganagar	238	319	557	3.94	1.79	5.73
Tonk	1,916	1,170	3,086	26.56	11.27	37.83
Udaipur	463	208	671	17.44	10.98	28.42
Total	22742	11104	33,846	462.56	271.18	733.74

Source: NABARD 2003-04 Report on Micro Finance

Sathin Programme and its Merger with ICDS: Some reflections

In 2002, the Department of Women and Child Development, Government of Rajasthan (GOR) tried to dispense with the sathins (grass root workers), to “avoid duplication” as the Anganwadi worker was supposedly carrying out the Sathin’s work. In the last three years

there is a progressive decline in the number of *pracetas* and *sathins* in Rajasthan. At present the number of Sathins in 12 districts is 534 as against an initial target of 1200 and there are only 28 Pracetas against 237 sanctioned posts. Though it exists in a truncated state, the project director of DWDA at the district level has now become the Deputy Director of ICDS, thus leading to higher-level integration without simultaneous integration at the ground level.

While DWDA is a three-tier agency (Apart from the Resource Agency) with Project Director at the district level, Pracetas at the block level and Sathins at the Panchayat level. On the other hand, the ICDS is a four tier and numerically far more widespread than DWDA. The ICDS is headed by a Deputy Director at the district level, CDP at the block level, around 7 Lady supervisors in a block, followed by one Anganwadi worker in each village.

The Government's logic is that since ICDS Lady supervisors and Anganwadi workers interact daily with women and child, it is better to integrate DWDA with ICDS.

While many debate over the wisdom of the GOR, in our view ICDS provides better platform for the growth of SHG programme in scale as envisaged by the NABARD. We believe that at present level, DWDA need to be merged with ICDS.

However, the Lady Supervisors and Anganwadi workers' require to increase their capacities on several folds. All are questionnaires are filled up by the Lady Supervisors and *Pracetas* who betray a lack of knowledge of many of the exclusively women-centric scheme of the Government of India. Many of the Anganwadi workers reinforce the new power structure of the village. The most powerful caste enjoys the political power of the village and it is the kith and kin of these who become the Anganwadi worker. More than an agent of change for betterment, the Anganwadi worker is a seat of corruption and embezzlement of basic provisions meant for the poor children and women in the villages.

District-level administration must develop a database of SHGs through which effectiveness of Anganwadi workers could be monitored, as majority of the Anganwadi workers are not fully trained to take this additional task.

SOCIAL EMPOWERMENT THROUGH SHGs IN RAJASTHAN

SECTION-I

5.3 Social Background of SHG Members

The following table represents the social background of the SHG members covered in this study.

Table 5.2 : Social background of SHG Members

Caste	No	Percent	Jodhpur	Alwar	Ajmer	Jaipur
SC	1094	27.2	354 (19.37)	335 (28.43)	137 (20.85)	268 (25)
ST	213	5.3	55 (4.93)	41 (3.48)	0	117 (10.95)
OBC	1693	42.1	490 (43.94)	482 (40.91)	358 (54.5)	363 (34)
Others	1018	25.3	216 (21.21)	320 (27.16)	162 (24.65)	320 (30)
Total	4018	100	1115	1178	657	1068

The missing value includes no response and other religious groups, particularly Muslims of which we have no data.

5.4 Educational Background of the SHG members

The following table represents the educational background of the respondents.

Table 5.4 : Literacy level of the Group Members*

Dist	Jodhpur	Alwar	Ajmer	Jaipur	Total
Illiterate	895	760	344	485	2484
% of illiterate to total members of the district	77.15	61.19	51.42	43.85	
Upto 5th	179	214	223	250	866
% of members to total members of the district	15.43	17.23	33.33	22.6	
5 th -10 th std	41	202	89	109	441
% of members to total members of the district	3.53	16.26	13.30	9.58	

Dist	Jodhpur	Alwar	Ajmer	Jaipur	Total
Intermediate	43	54	13	244	354
% of members to total members of the district	3.7	4.34	1.94	22.06	
ITI	10	6	0	0	16
% of members to total members of the district	0.86	.48	0		
Graduate	2	12	0	18	32
% of members to total members of the district	0.17	.96	0	1.62	
Total	1170	1248	669	1106	4193

* Missing values and no responses have been excluded.

Illiterate also includes members who can sign but cannot read or write other than her name.

Since the questionnaire was designed in a manner, which takes SC, ST and other castes as separate category, we could not ascertain the educational background of all SC, ST, OBC and others. Therefore, we took all homogenous groups and found out the education background; only homogenous OBC and SC groups are selected. Regarding inter-district variations, western Rajasthan shows the abysmal literacy rate, where about 77 % are illiterate.

Moreover as the data reveals (table 5.3) SHG movement is predominantly consisted of illiterate or member having primary education. This is to be contrasted with the Tamil Nadu data where higher educated members come around and form SHG.

Table 5.4 : Literacy Level of SC and OBC Homogeneous Group

Educational background of SC/ST Members	SC	%	OBC	%
illiterate	422	69.5	517	67.2
upto 5 th	108	17.8	127	16.5
5 th - 10 th	41	6.8	61	7.9
Inter	34	5.6	54	7.0
Graduate and above	2	0.3	5	0.7
Total	607	100	764	99.8

In fact educational level of SC and OBC homogenous group shows high degree of illiteracy among SC and OBC members. Educational background of ST homogenous group, which is not given in the table, show the same degree of illiteracy. In contrast to state average of 59% illiterate, the SC Illiterate constitutes about 69.5 % while in the OBC homogenous group, it constitutes about 67 %.



5.5 Relationship between Literacy and No of SHGs in a District

The table below presents the percentage of female population, literacy of each district and no. of SHGs in each district.

Table 5.5 : Percentage of Female Population Vs No. of SHGs in a district

State/Union Territory/ District	Population 2001		% of Female Population	No of SHGs	Female Literacy	% of SHGs to total SHGs
	Total Population	Total Female Population				
Rajasthan	56,473,122	27,091,465	47.97	76294	44.34	100%
Ganganagar	1,788,487	833,460	3.08	3153	52.69	4.13
Hanumangarh	1,517,390	716,594	2.65	3049	52.71	4.00
Bikaner	1,673,562	787,840	2.91	1957	42.55	2.57
Churu	1,922,908	936,041	3.46	1544	53.87	2.02
Jhunjhunun	1,913,099	929,941	3.43	1567	60.1	2.05

State/Union Territory/ District	Population 2001		% of Female Population	No of SHGs	Female Literacy	% of SHGs to total SHGs
	Total Population	Total Female Population				
Alwar	2,990,862	1,405,816	5.19	2077	43.95	2.72
Bharatpur	2,098,323	968,313	3.57	4662	44.12	6.11
Dhaulpur	982,815	445,082	1.64	1632	42.36	2.14
Karauli	1,205,631	556,794	2.06	1459	45.44	1.91
Sawai Madhopur	1,116,031	525,315	1.94	2403	35.44	3.15
Dausa	1,316,790	623,352	2.30	1584	43.15	2.08
Jaipur	5,252,388	2,483,292	9.17	1204	56.18	1.58
Sikar	2,287,229	1,115,100	4.12	705	56.7	0.92
Nagaur	2,773,894	1,352,439	4.99	1214	40.45	1.59
Jodhpur	2,880,777	1,371,214	5.06	1574	39.18	2.06
Jaisalmer	507,999	229,026	0.85	7821	32.25	10.25
Barmer	1,963,758	927,945	3.43	332	43.91	0.44
Jalor	1,448,486	712,457	2.63	930	27.53	1.22
Sirohi	850,756	413,222	1.53	1725	37.37	2.26
Pali	1,819,201	901,881	3.33	3205	36.7	4.20
Ajmer	2,180,526	1,051,763	3.88	3534	49.1	4.63
Tonk	1,211,343	585,624	2.16	1605	32.3	2.10
Bundi	961,269	457,442	1.69	2052	37.76	2.69
Bhilwara	2,009,516	986,430	3.64	1915	33.47	2.51
Rajsamand	986,269	493,533	1.8	1119	37.89	1.47
Udaipur	2,632,210	1,297,193	4.8	1464	43.71	1.92
Dungarpur	1,107,037	560,941	2.1	2318	31.22	3.04
Banswara	1,500,420	742,041	2.7	4849	27.86	6.36
Chittaurgarh	1,802,656	885,633	3.3	1371	36.45	1.80
Kota	1,568,580	740,933	2.7	5243	61.25	6.87
Baran	1,022,568	486,823	1.8	3952	42.18	5.18
Jhalawar	1,180,342	567,985	2.1	3075	40.39	4.03
			100	76294	44.34	100.00

(Source: Population 2001-Census Commission of India & WCD, GOR, and Sept. 2004)

These figures give us an estimation of the concentration of SHG vis-a- vis female population. Jaisalmer, one of the most backward district has 10.25 % of all SHGs, where as another backward district of Western Rajasthan, Barmer has hardly receive any attention. Constituting about 3.43 % of the total female population, the SHG movement here is very weak with only 0.44% of the total SHGs formed by WCD. In the four districts, where we conducted survey, Jaipur with 9.17 % of total female population constitute only 1.56 percent of the total SHGs. Alwar and Jodhpur with 5.19% and 5.06% of female population constitute 2.72 & 2.06 % of the total SHGs. Where as Ajmer with 3.88% of total female population constitutes of of 4.20 percentage of SHGs. This shows that SHG movement is strong in Ajmer and there is large scope for news SHGs throughout the Rajasthan.

When we tried to statistically find out the relationship between literacy and number of SHG in a district.

Chi-Square Tests: Literacy and Distribution of SHGs

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square			
992.000	961	.237	

a 1024 cells (100.0%) have expected count less than 5. The minimum expected count is .03.

This significance score suggests no relationship between literacy and distribution of SHGs in each district. More important in our assumption, is the relations between per capita income and the distribution. We do not have data on per capita income of each district but a hypotheses can be presumed: more backward a district, there is more likelihood of number of SHG in that district. However, data on Barmer suggests the reverse. Barmer, an equally backward district, has low-level of SHG presence. More likely the number is related to the presence of vibrant formal and non-formal agencies and availability of funds for a particular district. This has to do with the perception of the district in the eyes of funding agencies.

5.6 Age Structure of the Respondents

Table 5.6 : Age structure of SHG Members

Dist.	Jodhpur	Alwar	Ajmer	Jaipur	Total
18-25	182	270	138	194	784
% of the total member of the District	15.68	21.73	20.62	17.43	18.73
Age (26-35)	490	502	290	450	1732
% of the total member of the District	42.24	41.39	40.4	43.34	40.43
35-40	273	338	161	263	1035
% of the total member of the District	23.7	27.21	24	23.62	24.73
40+	215	132	80	206	633
% of the total member of the District	18.53	10.62	11.95	18.5	15.12
Total	1160	1242	669	1113	4184

- *Other includes missing values.*

As the Table 5.6 represents 26-35 Age group predominates the SHG Movement followed by people of the 35-40 Age group. 18-25 and Above 40 constitute around 18.73 and each of the total membership. Regarding inter-district variations, we find that in Alwar the young women between 18-25 are slightly more than state average of 18.73. In Jodhpur the participation of 18-25 Age group is quite low. This may be described to the conservatism of the western Rajasthan in which girls are married at an early age and are not allowed to come outside of the four corners of the house.

5.7 Date of the Formation of SHG:

Most of the SHGs are year or more than one year old except 8, which are formed in 2004.

5.8 Occupational Status of the SHG Members:

Questionnaire is designed to elicit information on the number of members who are either employed part time or full time. While the household chores, and work in their own field is not regarded as employment, the questionnaire did not yield meaningful information. However, it is found that most of the SHG members are employed in their field apart from doing the household chores.

As mentioned in Table 5.5. There are 76294 SHGs in Rajasthan as on September 2004 according to WCD. Apart from this there are other govt. agencies, which also form SHGs either directly or through NGOs any of the NGOs are also forming on their own form SHGs. We do not have exact figure on the number of SHGs in the state but if we by estimates there are at least another 10,000 SHGs in the state. An analysis of personnel, financial resources and growth rate already indicate the directions to which SHG movement is heading. *The ominous signs are already clear. NGOs and the state apparatus are leaving SHGs orphaned. There is lack of guidance how they will move from spendthrift to sustainable Income generating activity.*

Let us analyze this proposition is by assessing the SHGs in four districts very effective of Rajasthan. We found NABARD guidelines very effective for the assessment of SHGs.

5.9 NABARD Guidelines on SHG Assessment

A NABARD guideline for assessment of SHGs for micro-credit has been followed in this study to understand various dimensions of the group. The SHGs have been assessed in terms of Group dynamics like cohesion, vibrancy, participation of members, democratic decision and collective leadership etc. We tried to see whether the group is functioning, actually as a group, why the members have come together, whether it is for obtaining loan from bank or the group sees other purposes, what is the group discipline and whether it is sustainable or not?

We tried to see whether SHGs have evolved some kind of norms for its effective functioning i.e. Membership, Meetings, Savings, Credit - procedure for sanction of loan, purposes, rate of interest to be charged, repayment, period etc., Fines - in case of default in attending meetings, savings and credit repayment, Leadership - election or nomination of leaders, rotation of leaders, Personal/social improvement etc,

We also tried to see:

- How norms evolved, whether by the consensus of the whole group.
- Whether the members are aware of the norms
- Whether the norms are implemented.

We tried to assess the Self Help Groups based on the following important aspects that any SHPI look into before promoting a SHG.

5.10 Meetings

The efficient functioning of SHGs is possible through meetings as overall activities of SHGs revolve round the meetings. The group decides the periodicity of the meetings i.e., weekly, fortnightly or monthly. They also decide on the time of the meeting. Decision on time and periodicity helps in regular conduct of meetings. The regularity in the holding

	No. of SHGs	Percentage
Monthly	313	89.5
Fortnightly	35	10
Whenever required	2	0.5
Weekly	0	0
Total	350	100

of the meeting and the attendance during meeting gives an indication about groups functioning. Keeping this in mind periodicity of meetings by SHGs has been studied. Out of 350 SHGs studied in four districts of Rajasthan, 89.5 percent groups held meetings once in a month and 10 percent groups fortnightly and there are minuscule percent (0.5) of SHGs with irregular meetings. None of the 350 SHGs meet once in a week. (Table 5.7). The overall data reflects that monthly meetings are common and one tenth of the groups meet fortnightly also.

Mostly it is noted that there is regular attendance of the members in the monthly/fortnightly meetings. The data reveals that 55 percent of SHG members have attended 75 percent of meetings, where as 34 percent members attend all the meetings and only one percent of members failed to attend the meetings regularly. (Table 5.8). Besides management

Attendance	No. of SHGs	Percent
100%	120	34.4
75%	192	55.1
50-75%	32	9.2
less than 50%	4	1
	350	100

related issues members discuss various issues related to members and the problems of the village. The study indicates that sharing of information and experience is happening through these meetings.

5.11 Maintenance of Books and Records

Whether group is maintaining the basic records that will give details of its functioning and accounts of the group has been studied. The maintenance of records is an indication of effective functioning and graduation of SHGs. In this study information is collected on

	No. of SHGs	Percentage
Yes	313	89.4
No	34	9.6
Not Answered	3	1
Total	350	100

various types of records related to meetings, accounts, savings etc. It indicates number of meetings held, decisions taken in the meetings, amount of savings of the members and credit availed, the total savings of the group and repayments, maintenance of records etc.

Out of the total respondents, 89 per cent of SHGs maintain Minutes book of the meeting (Table 5.9) and Savings register (Table 5.10) and another 10 percent of SHGs are not good in record maintenance. 64 percent SHGs maintains overdue registers, where as 35 percent

	No. of SHGs	Percentage
Yes	315	90
No	35	10
Total	350	100.0

Response	No. of SHGs	Percentage
Yes	186	64.2
No	163	34.7
Not answered	1	
	350	100

groups do not have a separate overdue register at all. (Table 5.11). It can be stated that groups are maintaining minutes and savings registers very well inspire of the fact that 59 per cent of women members are illiterate. Important finding is that group leaders and facilitating organizations are playing an important role in maintaining the records.

For example PRADAN introduced "Computer Munshi" concept to solve the accounting problems of SHGs.

5.12 Leadership

Two or three group members are elected as leaders and as animators. The group leaders are expected to a) regularly convene and conduct the meetings, b) help the group members in taking decisions, c) resolve conflicts, d) maintain books of account and e) approach bank branch for operation of accounts.

The findings of the study:

	No of Group	Percentage
Decision on consensus basis	143	53.8
Decision by Few	12	4.5
Decision by majority	111	41.7
Total	350	100

- Majority of the Group leaders are selected and they are continuing as leaders. Few leaders have been elected and rotated.
- Major decisions are taken on consensus basis by the Group members (54 percent) and in 42 per cent of groups decisions are taken by majority of the members in the group (Table 5.12). The consistency level of membership is also an indication for group participation in decision making. In 74 percent of SHGs consistency level of membership is 100 per cent and in 23 per cent of SHGs studied 25 per cent of the members are leaving the groups for various reasons. (Table 5.13)

	No. of SHGs	Percentage
100 %	260	74.2
75%	82	23.3
50-75%	8	2.4
Total	350	100

- 91 per cent of SHGs had a clearly defined entry and exit policy of members (Table 5.14)
- There seems to be a lack of efforts to groom other members to take up leadership and in many cases success of the groups depends on leader/ animator.

Response	No. of SHGs	Percent
Yes	257	91
No	25	9
Total	350	100

5.13 Participation and Awareness of the group members

We tried to see whether members aware of the purpose of group formation, the operations and activities of the group viz. The savings and the credit of the group as well as the individual member's savings and credit details.

The data reveals that 82 per cent of members are aware of the financial transactions that are taking place. In 14 percent of SHGs only $\frac{3}{4}$ members know the details of transactions. (Table 5.15).

	No. of SHGs	Percent
All	287	82.2
$\frac{3}{4}$ members	49	14.0
$\frac{1}{2}$ members	6	1.7
Less than $\frac{1}{2}$ members	7	2.0
Not Answered	1	
Total	350	100.0

5.14 Savings: by the Group Members:

The group decides on the amount of savings as also its periodicity of repayment.

It has been seen that 97 percent of SHGs save once in a month (Table 5.16) as decided upon.

	No. of SHGs	Percentage
Daily	3	.9
Weekly	4	1
Fortnightly	4	1.2
Monthly	329	96.9
Total	350	100

5.15 Credit to the members:

65 percent of the total respondents save 50 rupees in a month and 35 percent members save Rs. 100 and above in a month.

The following aspects needs to be looked into while assessing the credit function of the group:

- The decision making process of selecting loanees.
- The system followed in assessing credit requirement of individual members and the amount to be sanctioned.
- The system of monitoring the credit.
- The repayment performance of members and incidence of defaults besides the effectiveness to deal with such defaults Credit related aspects of the Groups has been discussed in detail in the very section.

5.16 Self Reliance of the Group:

We tried to see whether the groups function on their own without the support of the NGO! The level of dependency on the NGO/promoter of the group and impact of withdrawal of NGO/promoter on the group has been assessed. Almost 63 percent of SHGs in Rajasthan are completely dependent on facilitator organizations in running the affairs of their groups in organizing meetings, maintaining records, linkages and networking. Even the groups which are two to three years old are not confident of independent functioning and SHGs have become defunct once the facilitating organization is leaving that area.

The following table represents results of the some key dimensions of rating SHGs based on above parameters:

5.17 Results of the key dimensions mentioned above are tabulated and an attempt is made to rate SHGs according to NABARD guidelines.

RATING OF SELF HELP GROUPS

Sl.No.	Category	Criteria	Mark	Our Findings	Score of 350 SHGs
1	COMPOSITION	Membership is homogeneous No homogeneity in membership	10 5	All groups are homogenous in the sense that all of them are women only group.	$350 \times 10 = 3500$
2	AGE OF THE GROUP	One year and above Six months and above but less than a year	10 5	All are more than one-year group except 8, which are formed in 2004. But We have taken only functional groups. Our estimation suggests that there are at least 15.5 percent groups which have stopped functioning	342×10 and 8×5 Total = 3460
3	WEEKLY GROUP MEETINGS	Four meetings per month 2-3 meetings per month 1 meeting per month	10 8 5	Our experience suggests that there is only one meeting every month to collect monthly savings. All members are aware of the need for monthly saving but the large purpose of SHG is never discussed in group meetings.	$313 \times 5 = 1565$ $35 \times 8 = 280$ Total = 1845
4	ATTENDANCE	More than 90% Between 70% and 90% Less than 70%	10 5 3	Note more than 75% usually attend the group. However, data suggests that there are 100% attendance in 108 groups	$120 \times 10 = 1200$ $192 \times 5 = 960$ $36 \times 3 = 108$ Total = 2268

Sl.No.	Category	Criteria	Mark	Our Findings	Score of 350 SHGs
5	MINUTES BOOK	Written in detail Maintained, but not in detail	10 5	We hardly find any groups, which regularly maintain minutes. However monthly contributions are written every month. And hence we tend to give 5 points. Literacy is key here. Presence of overwhelming illiterate members hamper functioning	$313 \times 5 = 1565$
6	PARTICIPATION IN GROUP DISCUSSION	Participation by only a few members Participation by majority of members	5 10	We don't have reliable data on the subject as we do not have many interactions with the group when the group is in action. So we do not want to rank them according to the details they furnished in questionnaires.	————
7	SAVINGS (FREQUENCY)	4 times a month (by majority members) 4 times a month (but not by majority) 2-3 times a month (by majority members) 2-3 times a month (but not by majority) 1 time a month day (by majority members) 1 time a month (but not by majority)	10 8 8 5 3 1	Savings is usually once in a month	$329 \times 3 = 987$ $21 \times 8 = 168$ Total = 1155

Sl.No.	Category	Criteria	Mark	Our Findings	Score of 350 SHGs
8	SAVINGS & LOAN RECOVERY (MODE OF COLLECTION)	Collected in group meetings House - to house collection	10 5	Usually savings are collected in group meetings. But there are exceptions as there are hardly 100% attendance in meetings and only monthly meeting is held it can be inferred that only those groups where there are 100% attendance tend to pay their monthly contributions at the meetings	120 × 10 = 1200 230 × 5 = 1150 Total = 2350
9	STYLE OF FUNCTIONING AND GROUP DECISIONS	On Consensus Basis Decisions taken by few member/members/ group leaders Decision by majority	10 0 8	Group on consensus basis usually takes decisions. However, it is found out that many times the Anganwadi worker, who belongs to higher caste of the village, becomes the important office-bearer of the group. In such cases she enjoys superiority by virtue of literacy and her caste status	143 × 10 = 1430 111 × 8 = 888 Total = 2318
10	SANCTION AND DISBURSEMENT OF LOANS	Selection of borrowers in group meetings Sanction and disbursement of loans in group meetings Loan terms and conditions discussed in group meetings and recorded in minutes	2 2 2	All members are aware of who took how much. Beneficiaries are decided in-group meeting. Terms of conditions for loan had been decided from the beginning. However, there is no review of loan utilization. However	350 * 2 = 700 350 * 2 = 700 350 * 2 = 700 350 * 2 = 700 Total = 2800

Sl.No.	Category	Criteria	Mark	Our Findings	Score of 350 SHGs
		Utilization of loans reviewed regularly in group meetings Recovery of loans reviewed regularly in group meetings.	2 2	recovery is reviewed but the repayment rate is not fixed. After going through the loan books. We found that repayment rate is not fixed but the period is fixed, which is usually one year	
11	INTEREST ON SHG LOANS	Uniform rate irrespective of source of funds Different rates depending on source of funds Interest rates vary according to the purpose of loan Uniform interest rate for all purposes	5 3 5 3	Uniform rate of interest is levied when they loan the internal saving amount but for loans they get from funding agencies they charge as per actuals. They charge uniformly irrespective of differential risks attached with different activity	$350 \times 5 = 1750$
12	UTILIZATION OF SAVING FOR LOANING	Above 80% Above 50% and upto 80%	10 5	SHG usually use the savings as one time loan saving Interestingly, they are smart to know that they get 18-24 percent if they lend money to members rather than saving it in the banks from which they hope not to get more than 3 per cent	$350 \times 10 = 3500$
13	RECOVERY OF LOANS	Dues not recovered in respect of 10% or less of total no. of loan accounts	10	We could not ascertain all pass books and therefore relevant data could not be checked but interactions	Data unavailable

Sl.No.	Category	Criteria	Mark	Our Findings	Score of 350 SHGs
		Dues not recovered between 10% and 30% of total no. of loan accounts.	5	with the members and bank officials suggest that in the last five years defaulter list has increased due to drought conditions in the state.	
14	BOOKS OF ACCOUNTS	Attendance cum minutes book Savings Register Loan Ledger Bank Passbook	3 3 3 1	All surveyed SHGs has a register in which saving, loan amount is registered	350×3=1050 350×3=1050 350×1=350 Total = 2450
15	BYLAWS/GROUP RULES	Known to all members Known to most of the members Not known to many members	10 5 0	Member know that they have formed SHG to save regularly; they must sit once a month; who does not pay loan on time will pay a penalty of 5 per day. If they leave they will not get any interest on the principal savings of her own.	350 × 10 = 3500
		TOTAL MARKS	150	Total	Mean Score of each SHG on 13 parameters recorded = 82.74 out of the total score 130

SELECTION CRITERIA OF SHG FOR LINKAGE TO BANK LOAN

1. SHG scoring more than 120 marks out of maximum of 150 marks could be chosen for credit linkage. As per NABARD guidelines, SHG scoring 80 % is eligible for bank linkage.

2. SHG scoring less than 120 marks will have to be further developed before linkage.

We calculated the mean score by adding up total score and dividing it by 350 SHG covered. And the mean SHG score is 82.74, which constitutes about 63.6 %. Eligibility criteria says that only those SHGs who score more than 80% are eligible for bank linkage. In that sense SHGs of Rajasthan be further developed before it fulfils NABARD criteria for bank linkage. However, it must be said that this is an indicative score and more scientific techniques be developed to measure score.

5.18 Qualitative Analysis of Group Formations and Group behaviour:

Proximal Goals of Groups:

It is important to note that the idea of SHG has caught the imagination of the illiterate women folk in Rajasthan. However, those women having more education (Higher Secondary and above) have not been drawn to the SHG movement in Rajasthan (Please see the Education Background of SHG members (Table 5.3). In the overwhelming poverty of the state, the formal and non-formal agencies have been focusing their attentions on illiterate poor of Rajasthan. Educated women should come around and form their groups independently and explore income-generating avenues.

The rural women know the benefit of SHG; the importance of saving, a common pool from which they could take loan in the time of the need. In fact this idea is pretty old as many chit funds operate in village.

However, they are not aware of many benefits of SHG. The most important of which is linkage with the bank. While interacting with the SHG members, it is found out that they



are reluctant to visit the bank regularly and establish rapport with bank officials. One reason is their level of illiteracy; the second and the most important being the attitude of nationalized and regional banks who consider dealing with the illiterate women folk as a burden. The figures also point out to same conclusion: out of the total 76294, only 44018 groups have bank accounts, where as the NABARD guidelines recommend for the immediate opening of the account for the group (merely 57.5 % have thus an account in a bank).

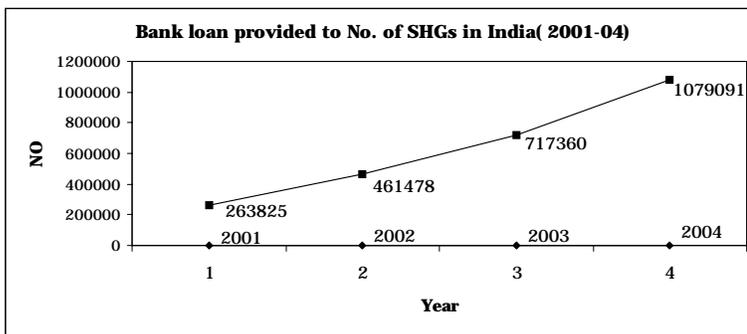
Few members are aware of the fact that if they save regularly, meet regularly and maintain books properly, they are eligible for loans from credit institutions. But many do not know this. When SHG members are asked about the Rajasthan Govt. rules about the provisions of availing loans against the savings of the SHGs, many SHG leaders showed ignorance.

Distal Goals of the Groups:

While SHG members know that the loan amount will be used to start a small income generating activity, they do not know about economic and political empowerment potential of SHGs. This is more due to the perceptions of SHG as a forum for saving and getting loans for some purpose.

5.19 Burden of Targets: Inadequate Training of the Groups and Facilitators:

Facilitator plays the most important role in a low literacy, backward and conservative state like Rajasthan. The success of the Women Development programme can be ascribed to the missionary, unselfish tireless women of the village level *sathins* who acted under the guidance of *Pracetas* of the block level. It is but for the tireless effort of the *satins* that WDA could not have taken cudgels against many important issues. The same can be said about many successful efforts of NGOs who help SHGs realise their true potential by facilitating their economic and political empowerment.



However there is a great spurt in the growth of SHGs in the last two years in Rajasthan. However there is no corresponding increase in the growth of human personnel. The SHGs are also not trained properly, which is mandatory. NABARD and the WCD, Rajasthan documents reveal lacuna. WCD, Rajasthan data shows that only 8744 out of the total 76,294 groups have received training. Data on **SHG Bank linkage- Details of capacity**

building outreach up to 31.3. 2004 of NABARD reveals that 6827 bank staff, 3058 NGO staff and 8598 Govt officials have been received training under NABARD's aegis.

Asked about the schemes which are specially tailored for the empowerment of women, *Pracetas* of the WDA and Lady Supervisors of ICDS feign ignorance. NGO secretaries talked to us about funds for SHGs from NABARD, CAPART, SGSY and other sources but the same cannot be said of the ground staff who interacts daily with the SHG members.

The number of *Pracetas* and *Lady Supervisors* are inadequate to touch upon all SHGs. *Sathins* and *Anganwadi* workers are not educated enough to deal with accountancy. In the last three years there is a progressive decline in the number of *pracetas* and *sathins* in Rajasthan. Even the sanctioned posts have been curtailed and at present the number of *Sathins* in 12 districts is 534 as against an initial target of 1200 and there are only 28 *Pracetas* against 237 sanctioned posts.

For SHG training by NGO there is hardly any institutionalized training institute.

Ground level staff at the block level- should be given adequate training about the empowerment potentials of the SHG. There should be more orientation programs for the *Anganwadi* and *Sathins* in a very simple language using audio-visual programme, as *Anganwadi* workers and *sathins* are not very educated in Rajasthan.

5.20 Lure of SHG Business and Duplication of Numbers:

The burden of number led to a situation where everybody tried to have a pie. This includes state government who get large amount of funds from different ministries of the



central govt. under SHG head, from foreign agencies; NGOs from foreign funding agencies and various departments of the State.

Ground level staff get a good incentives for the formation of SHGs. NGOs get around 10,000 per SHG after they form an SHG, and grade them on the basis of several parameters which we have discussed earlier. To fulfill the target, NGOs, *Pracetas*, and Lady Supervisors target the same people.

Moreover, NGOs and others lure people to form SHG with the promise that they will get subsidized loan under *Swarna Jayanti Gram Swarojgar Yojana* (SGSY). When they fail to provide a loan, they lose credibility. Moreover, the quality of the staff requires a lot to be improved. Hence the SHGs remained orphaned after they have been formed and maintained regular savings for months together. The fact that there is no guidance about how to get proceed further make SHGs feel orphaned.

5.21 MICRO-FINANCE AND SHGs:**Table 5.17 Micro credit availed by SHGs**

No of Months	No. of SHG	Percentage
5-8 months	8	3.60
9-12 months	30	13.51
13-18 months	40	18.02
19-24 month	83	37.39
After two years	61	27.48
Total	222	63.4
No Loan	128	36.5
Total	350	100.0

About availability of loans from the lending institutions, there are overwhelming number (36.5 %) of the total SHG who have not received any loan. This is the principal reason why many SHGs have become non-functional. Promised loans in the beginning by facilitator did not materialize. Many NGOs who facilitated the formations of SHGs with the promise that they will get subsidized loans sanctioned under SGSY, DPIP, etc, were unable to get the loan.

Moreover many commercial banks are also not enthusiastic about transactions with the SHGs. This is revealed from the data on financial institutions, which provided loans to SHGs. As NABARD data reveals the commercial banks play an abysmal role in it.

Table 5.19 Amount of Saving by each member in a month

Saving in Rs.	No. of SHGs	Percentage	Total members	Cumulative saving per month (Rs.)
50	228	65.3	2891	144550
100	104	30.0	1172	117200
150	16	4.7	126	18900
Not Answered	2	—	—	—
Total	350	100.0		280650
Mean Saving per SHG in one Year				9622

In one year the internal savings will be around RS.3367800. The Mean saving rate per SHG per year is Rs 9622. given that an SHG gives an internal loan of 9622 to a member, at the rate of around 20% it gets around 11546.

Average scale of loan

As the All India NABARD data reveals, on an average a SHGs gets RS 36,179. Loan per member comes to Rs.2412. To this be added the loan available for internal ending, which is opportunity 9622 per SHG in one year. **The mean member of an SHG in Rajasthan is 11.98.**

Table 5.18 Financial institutions providing loans to SHGs in Rajasthan:

	FIELD DATA	
	No of SHG	Percentage
Banks		
Regional banks	113	50.9
Cooperative Banks	27	12.2
7Commercialized Banks	58	26.1
NGO directly financed	9	4.1
Not answered	15	6.8
Total	222	100.0

If we compare the field data with the NABARD figure, the preponderance of the regional bank in disbursement of loans to SHG is quite salient. However field data deviates from the NABARD data by almost 8 % with regard to commercial bank's loan to SHGs.

RAJASTHAN: SHG- BANK Linkage Performance till 2004 March (In Million)

Name of the District	Cumulative No. of SHGs provided with bank loan upto 31 March 2003	No. of SHGs provided with bank loan during 01 April 2003 to 31 March 2004	Cumulative No. of SHGs provided with bank loan upto 31 March 2004	Cumulative bank loan disbursed upto 31 March 2003	Bank loan disbursed during 01 April 2003 to 31 March 2004@	Cumulative bank loan disbursed upto 31 March 2004@
RAJASTHAN						
Ajmer	5,437	1,794	7,231	101.99	47.21	149.20
Alwar	1,648	1,162	2,810	56.02	45.77	101.79
Banswara	757	273	1,030	16.40	6.35	22.75
Baran	338	209	547	5.46	3.68	9.14

Name of the District	Cumulative No. of SHGs provided with bank loan upto 31 March 2003	No. of SHGs provided with bank loan during 01 April 2003 to 31 March 2004	Cumulative No. of SHGs provided with bank loan upto 31 March 2004	Cumulative bank loan disbursed upto 31 March 2003	Bank loan disbursed during 01 April 2003 to 31 March 2004@	Cumulative bank loan disbursed upto 31 March 2004@
Barmer	232	164	396	2.10	4.66	6.76
Bharatpur	680	612	1,292	15.35	15.48	30.83
Bhilwara	1,550	1,003	2,553	15.65	16.83	32.48
Bikaner	303	183	486	5.16	2.19	7.35
Bundi	213	88	301	2.14	1.75	3.89
Chittorgarh	977	251	1,228	11.18	5.95	17.13
Churu	184	149	333	3.17	1.89	5.06
Dausa	421	129	550	8.30	8.47	16.77
Dholpur	8	78	85	0.14	0.92	1.06
Dungarpur	588	204	792	19.14	7.46	26.60
Hanumangarh	754	154	908	23.52	0.30	23.62
Jaipur	751	662	1,413	18.75	6.59	25.34
Jaisalmer	71	15	86	1.95	0.75	2.70
Jalore	124	33	157	1.77	0.74	2.51
Jhalawar	694	406	1,100	5.66	6.36	12.02
Jhunjhunu	288	106	394	7.92	1.83	9.75
Jodhpur	1,984	676	2,660	42.01	38.15	80.16
Kasauli	64	24	88	0.66	0.24	0.90
Kota	519	204	723	6.85	4.53	11.38
Nagaur	64	100	164	1.45	0.77	2.22
Pali	232	111	343	16.82	7.41	24.23
Rajsamand	10	248	258	0.72	3.75	4.47
Sawai Madhopur	357	97	454	11.41	1.50	12.91
Sikar	661	183	844	9.56	3.78	13.34
Sirohi	216	89	305	3.37	1.83	5.20
Sriganganagar	238	319	557	3.94	1.79	5.73

Name of the District	Cumulative No. of SHGs provided with bank loan upto 31 March 2003	No. of SHGs provided with bank loan during 01 April 2003 to 31 March 2004	Cumulative No. of SHGs provided with bank loan upto 31 March 2004	Cumulative bank loan disbursed upto 31 March 2003	Bank loan disbursed during 01 April 2003 to 31 March 2004@	Cumulative bank loan disbursed upto 31 March 2004@
Tonk	1,916	1,170	3,086	26.56	11.27	37.83
Udaipur	463	208	671	17.44	10.98	28.42
Total	22742	11104	33,846	462.56	271.18	733.74

The NABARD data suggests that against the national average of 36,000 per SHG, in the loan amount per SHG in Rajasthan is around 21 thousand which barely sufficient for one member of the group.

Table 5.20 : Did all members get loans from the common Financial pool (Both Internal loan +Bank Loans):

Response	No. of SHGs	Percentage
Yes	225	64.28
No	124	35.42
No response	1	
	350	100

NEED FOR SCALING UP MICRO-FINANCE IN RAJASTHAN

As enumerated in previous pages, the scale of finance is abysmally low to start any income generating activity. To scale up micro finance, a massive overhaul is required. State Govt. set up a taskforce to into different aspects of MF in Rajasthan.

❖ PROBLEMS ENCOUNTERED DURING THE SHG-BANK LINKAGE:

1. Absence of Bank Accounts or regular Bank Transactions due to non-cooperation of banks:

During the field work as well as the data on the number of bank accounts opened shows a great gap, where as per the NABARD guidelines, bank accounts are to be opened just one month after the formation of the SHGs. This gap is as a result of lack of cooperation from the bank staff, which gets regular kickback in other loans meant for the poor sections of the society.

2. Banks refusing to grant Loans to members whose Household members are Defaulter:

Women members whose spouses have defaulted are denied loans by the banks. While the Bank uses this opportunity to recover its bad loan, it has a flip side as well viz. the collective voice of the group is not adhered to.

❖ NGO FINANCING SHGs in RAJASTHAN

This mode SHG financing is adopted by big NGOs like CECOEDOCON, PRADAAN. We did not have the details of these funding but the mechanism, as followed by CECOEDECON of Jaipur is as follows.



SECTION-III

5.22 Loan Consumption Pattern, Income Generation Activity and Impact Assessment

In the previous section we came to the conclusion that per SHG bank loan is around 21, 100 (excluding the overwhelming percentage, around 37 % who have not received any loan). To this be added the internal saving per year, which is calculated to be RS.9622 per SHG. Therefore, the average capital at the disposal of an SHG is around 30,000 in a year. A good breed of cattle costs around 21,000. Its up keeping requires another 4000 per year. But it is hardly sufficient to maintain a household of seven. When almost 85.5 % of the available capital of an SHG is insufficient to maintain a family, how effective SHG model has been to reduce poverty and empower women in present status. We feel that this aspect needs a detailed study before deriving conclusions.

In this section we look into this aspect of how loans and physical capital is used by SHG.

Loan Consumption Pattern

27.64% of the SHG (N= 217; 7 missing) said that loan amount is spent in personal consumptions; 32.25% said that capital is invested in income generating activity. The following tables gives the details.

Table 5.21: Loan Consumption Pattern of SHGs N=217

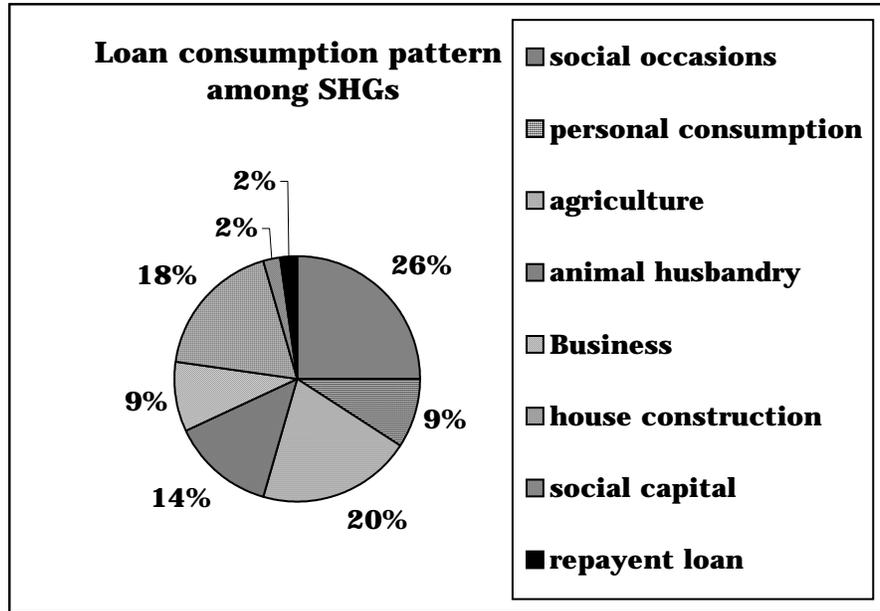
Consumption Pattern/District	Jodhpur	Alwar	Ajmer	Jaipur	Total
On Personal consumption	28	14	6	12	60
% within Dist	31.50%	33.30%	18.80%	22.64%	27.64%
Income generation activity	39	10	12	9	70
% within Dist	43.80%	23.80%	37.50%	16.98%	32.25%
Repayment of private loan	10	16	7	15	48
% within Dist	11.20%	38.00%	21.90%	28.30%	22.11%
Education of Children	2	1	3	7	13
% within Dist	2.20%	2.40%	9.40%	13.20%	6.00%
Health	8		3	5	17
% within Dist	9.00%		9.40%	9.40%	7.80%
Marriage and other social occasions	2	1		5	8
% within Dist	2.20%	2.40%		9.40%	3.70%

Consumption Pattern/District	Jodhpur	Alwar	Ajmer	Jaipur	Total
Entertainment			1		1
% within Dist			3.10%		0.50%
Total	89	42	32	53	217
% within Dist	100.00%	100.00%	100.00%	100.00%	100.00%

However, it does not mean that those 27.65 SHGs, which said that they spend their loan in personal consumptions, spends the entire amount on the same. More important from our standpoint is the consumption pattern of those who availed loans. Reproduced below is the loans disbursed by Gagruti SHG of Osian block, Santoshi SHG of Shergarh block (Date of establishment: 1.7.96) and Deepavali SHG (1.9.1997) of Shergarh block. Jagruti has made a disbursement of 3.84 lakh out of which 55 thousands have been from the bank while the rest is from internal lending. Recently the Group has got a loan of Rs. 2 lakh.



As the below diagram shows, loans are principally used in social occasions, particularly in marriage, engagement and other purposes. This is followed by agriculture in which 20 % of the loans have been spent. House construction accounts for 18 % of the total loan while animal husbandry constitutes 14 % of the total loan disbursed. Business and personal consumption account 9 % each. Business includes setting up a grocery or, stationery shop, or small business activity like weaving, bangle making, pickle-making, spice making, etc. Personal consumption mean money spent on jewelry and other items. On the other hand spending on health and education only constitutes 2 % of the total loan spending.



However, there is a word of caution. This is not an over-all data but of three SHGs only. Loan utilization pattern has to do with socio-economic background, including caste background. In our case, most members belong to Bisnoi, Jats, and Rajputs, and hence they spend on status marker, like construction of a house or ostentatious display of wealth on *Mrityibhog* or marriage.

It is to be noted that around 2% of the money is used to pay back to moneylenders. Jagriti Association once gave out of turn loan to a member to pay back a private loan from moneylenders, who insisted on repaying the entire principal of 10,000 at once. The interest rate per month was exorbitantly high- Rs. 500 per month. Jagriti SHG gave lent the entire amount to the concerned member even though the said member has already taken a loan from the Jagriti.

5.23 INCOME GENERATING ACTIVITIES BY SHG MEMBERS:

SHG members are asked to rank three dominant activities in which all or most of the members are engaged in. The following table represents the first rank of 339 activities. The other 11 includes SHGs, who have either not started any activity or represent missing value. From the table it can be said that out of 339 SHGs, 106 are engaged in dairy production. Thus dairy production represents 30 %. About inter-district variation one finds that 51 SHGs out of 100 in Alwar district are engaged in the said activities, representing an overwhelming 51%, in contrast to the state average of 35.89 %. This high proportion can be ascribed to location of Alwar and its predominantly Jat population, where every household keeps cattle and buffalo.

Table 5.22: Income Generating Activities among SHGs

Activities	Jodhpur	Alwar	Ajmer	Jaipur	Total
Masala making	8	5	4	4	21
%	7.69	5.00	8.00	4.71	6
Jewelry	4	6	3	11	24
%	3.85	6.00	6.00	12.94	7
Stitching	6	4	1	7	18
%	5.77	4.00	2.00	8.24	5%
Handicrafts	12	10	2	8	32
%	11.54	10.00	4.00	9.41	9%
Leather making	3	6	2	5	16
%	2.88	6.00	4.00	5.88	5%
Dairy Production	36	51	15	24	126
%	34.61	51	30	28.23	35.89
Rakhi making	5	0	5	2	12%
%	4.80	0	10	2.35	3.53
Pickle-making	2	3	5	8	18%
%	1.92	3.00	10.00	9.41	5
Vermicelli	0	0	4	2	6%
%	0.00	0.00	8.00	2.35	2
Business	2	1	5	6	14
%	1.92	1.00	10.00	7.06	4%
Darri	2	1	0	4	7
%	1.92	1.00	0.00	4.71	4%
Caning	18	9	4	4	35
%	17.31	9.00	8.00	4.71	10%
Kashida	6	4	0	0	10
%	5.77	4.00	0.00	0.00	3%
Total	104	100	50	85	339

Handicrafts constitutes a traditional domain in which women are predominant. Handicrafts include many terracotta items, silver works and others, in which Rajasthan women specialize.

The low level of SHG in handicrafts (4%) in Ajmer can be ascribed to low base, in which count is less than 5.

On the other hand in Jodhpur district Kashida and cane work form an important activity, particularly in Baleshar and Shergarh blocks of the district.

However, the above table is only indicating for it represents the first preference of the SHG members. On the other hand, it fails to give in detail about the activities of individual members. When we say that 30 % of the SHG are engaged in dairy does not indicate that each SHG is collectively engaged in dairy production. However, there are some cases where SHG members of at least 10 SHGs went on to form milk cooperatives and is selling milk to SARAS, the State Milk Cooperative. Netda Milk Cooperative of Osian block of Jodhpur is one example. Most of the SHGs are engaged in individual capacity. Even when they are engaged in some craft activity, they do it on their own as the weaver of Bilara in Jodhpur district or the pickle maker and jewelers of Ajmer.

INCOME GENERATION ACTIVITY TO MICRO ENTERPRISES: FARM TO NON-FARM ACTIVITIES AND REDUCTION OF POVERTY.

The most crucial aspect of the SHG movement is to generate a sustainable income generation activity for SHG members. At present, most activities only supplement their family income, which is predominantly dependent on agriculture (particularly *bajra*, *moth* and *mung* except in irrigable area of north Rajasthan). With net irrigable land being nominal, Rajasthan's dependence on vagaries of nature has resulted in numerous episodes of drought. When agriculture fails due to drought-like conditions, animal husbandry suffers due to lack of fodder. In such situation, the source of supplementary income is also going to be affected. And hence, the challenge to animal husbandry in Rajasthan is two-fold: to build an effective supply chain of fodder in the time of drought and second which is most important to develop home-based business activity independent of agriculture. Given the scope of geometrical growth in animal husbandry and handicraft (incidentally around 40 % of the SHG of the state is dependent on these two activities), it is important to build up institutional framework for the development of dairy and handicrafts. The institutional framework includes aspects of access to capital in the form of loans, technology in the form of artificial insemination, good breeding, etc. or technological adaptation in handicraft, capacity building through adequate training, quality monitoring and evolving marketing mechanism to sell their products.

Unless these linkages are established, SHG movement cannot reach its logical conclusion. Successful stories like Naila or Netda will remain as an aberration than the common denominator of SHG movement in Rajasthan. It must also be said that any activities which

will conflict with her other responsibilities of the home will fail, as Rajasthan is a very conservative society, which will not allow women to move out from their home to far-off area. It is within the operational area of women that activities be located.

Table 4.3 : Group members received training from NGOs/other Govt. bodies

Response	No. of SHGs	Percent
Yes	197.5	56.5
No	152.5	43.5
Total	350	

Moreover, there should be in depth research before the state agencies and NGOs promote activities among the SHGs or else there might be glut in the market due to demand-supply mismatch. There are several activities, particularly dairy, handicrafts and pickle making which have enormous possibilities. However at present level, there is a need for SHG federations at block and district level to purchase products from SHGs and sell them in open market. There must be strict quality parameter by facilitating NGOs or government agencies in the production process, like PRADAN has evolved.

Table 5.24 Training Modules of sufficient Durations

	No. of SHGs	Percentage
Yes	74	37.5
No	117	59.4
Not answered	6	3
Total	197	100

Table 5.25 Training helped enhancing Skills

	No. of SHGs	Percentage
Yes	92	46.8
No	104	52.6
Not answered	1	.6
	197	100

As the above two tables shows there is massive need for capacity building in different income generating activities. While many NGOs has not wherewithal to provide training, the Govt agencies particularly WCD has not given adequate attention to the trainings. Overwhelming percentage (43 %) of members have not received any training. Those who

have received training say that the training programme is inadequate. SHG could be an engine of growth and women empowerment when proper training is given to them and institutional marketing mechanism is evolved to market and sell their products.

5.24 IMPACT OF SHG MOVEMENT IN RAJASTHAN:

Impact Assessment is difficult to study through interview method, which is inadequate to capture group dynamics and measure group behaviour and psychological traits. Time and resources did not permit us to engage in doing production activities interaction process analysis. Hence the chapter engages in qualitative analysis of impact of SHG movement on the rural, predominantly illiterate women folk of Rajasthan. There are many successful stories of women empowerment, both at economic and political level. But the impact at macro level is more important for the movement to become successful.

IMPACT OF SHG MOVEMENT

1. Decline of private money lending:

The RBI data shows that 74% of the rural credit is done through unorganised lending agencies. The lack of adequate banks and other rural credit institutions, and more important their unsuitability for the low creditors like the rural, poverty-stricken people made the continuous stranglehold of moneylenders on the life of illiterate and poor people of Rajasthan. Data on burden of credit from private moneylenders is unavailable but as experiences from the colonial and postcolonial period show that the dependence of subsistent agriculturist and cultivators on private money lenders has resulted in whirlpool of poverty. The most heartening outcome of the SHG movement is the loosening of this stranglehold on the rural



subsistent farmers. Rural women have now access to small capital in the time of their needs can be social, personal or productive needs.

2. Impact On Individual Traits:

Second most important consequence of SHG movement is on the psychological domain. It is here that impact is maximum. Rural womenfolk who have never ventured from their home; whose identity is still derived from their husband's name have been provided the platform to be exposed to the modern world – these include world of banking, communication and technology, accounting and record-keeping. This exposure instilled in these women a new found confidence. The following table represents this new-found confidence.

Table 5.26 Impact Of SHG On Behavioural Aspects Of Women Members:

TRAITS	Jodhpur	Alwar	Ajmer	Jaipur	Total
Self-Confidence	581	627	208	670	2086
% of the total members of the district	50.1%	50.5%	30.7%	60.0%	49.7%
Communication	612	304	200	534	1650
% of the total members of the district	52.8	24.5	29.5	47.8	39.3
Decision-making	561	551	200	512	1824
% of the total members of the district	48.36	44.36	29.54	45.88	43.48
Mutual help	755	527	205	540	2027
% of the total members of the district	65.09	42.43	30.28	48.39	48.32
Total SHG members covered in the district	1160	1242	677	1116	4195

As the above table shows the impact is maximum in women's voice being increasingly heard within the household, followed by mutual help among women members in the time of need. This shows that a group identity is formed at the rural level. Around 50% say that their self-confidence has increased to a great extent.

Table 5.27 : Some Indicators of Social Improvements: Before and After the SHG is formed

Conspicuous consumption	BEFORE	% of the total membership	AFTER	% of the total membership
TV	270	6.43	339	8.08
Pucca House	455	10.84	481	11.46
Two-wheeler	144	3.43	226	5.38
Refrigerator	124	2.95	159	3.79

As the above table indicates there is certainly an increase in conspicuous consumption. But it must be said that the data does not indicate causality. There was no control of the confounding variables, which had effect on ownership of these items. Even though the investigators are trained to ask this question in the specific context of SHG and its effect on ownership, in many instances it was difficult to ascertain whether the ownership had its causality in the increasing income level due to SHG-related activity or due to some other factors. One such factor, which might have crept in to survey data is with regard to Pucca house. It is not known whether the large number of Pucca houses is due to socio-economic level of the household or due to the *Indira Awas Yojana*, which is a central government housing scheme for the rural poor.

3. Participation in Social Welfare Activities

One outcome of the SHG movement is the opportunity of women to participate in social activities. Since WCD, GOR has the primary responsibility for the welfare of women and children, the Anganwadi workers at the ground level, could easily use SHG mechanism to reach out to these women and other women and children.

Table 5.28 : Social Activities Undertaken by SHG

Social Activities		Jodhpur	Alwar	Ajmer	Jaipur	Total
Community facilities	No.	32	28	13	22	95
	%	36.8%	77.8%	46.4%	42.3%	46.6%
HIV Insurance	No.	19	3	1	3	26
	%	21.8%	8.3%	3.6%	5.8%	12.7%
Child Lab our Eradication	No.	9	1		1	11
	%	10.3%	2.8%		1.9%	5.4%

Social Activities		Jodhpur	Alwar	Ajmer	Jaipur	Total
Literacy Programme	No.	11	3	6	16	36
	%	12.6%	8.3%	21.4%	30.8%	17.6%
Water & Sanitation	No.	3		3		7
	%	3.4%		10.7%		3.4%
Health Awareness	No.	13	1	5	7	26
	%	14.9%	2.8%	17.9%	13.5%	12.7%
Watershed programmes	No.				3	3
	%				5.8%	1.5%
Total	No.	87	36	28	52	204
	%	100.0%	100.0%	100.0%	100.0%	100.0%

46% of the total 204 SHGs surveyed involved themselves in providing community facilities besides other works 17.6% SHGs involve in literary programs and 12.7% in generating health awareness among the rural folks. 15% SHGs also take part in watershed programmes. Thus not so pronounced but SHGs in rural areas of Rajasthan started realizing the importance of group in performing social responsibilities.

SUCCESS STORIES

Case Study : Suraj Kunar; Age 50 Status: Sarpanch of Netda block, Sathin of Women Development Agency and Secretary of Jagriti SHG

Gagruti SHG group in the Osian Block of Jodhpur is one of the oldest and most successful functioning SHGs of the district. Formed on 9.8.1994 under the intrepid leadership of Suraj Kunwar, the Sathin of the DWDA, who played a key role in organising the group, is incidentally the *sarpanch* of the Netda pancayat. Her is a case study of how SHG could be a powerful vehicle of women empowerment.

Suraj Kunwar's present position is a warming story of a conservative Rajput woman with elementary education to move up to a position of entrepreneurship, autonomy, and empowerment.

She had studied up to class 5 but like all average women has the intelligence to see the prospect of moving up in economic ladder by scaling up dairy activities. Western Rajasthan in particular and Rajasthan in general, animal husbandry forms the backbone of subsistence livelihood. In dryland farming of the region, milk could be a perfect foil to coarse crops like *bajra; mung and moth*, for these coarse crops provided much-needed fodder for the cattle population. Milk on the other hand provides much-needed nutrition for the household while cowdung is used for other purposes.

Before SHG movement became a reality in Jodhpur (it started in 1994), Suraj Kunwar saw the logic in the argument of Rajasthan Milk Cooperative Facilitators', who prodded her and other women folk to sale milks to dairy cooperatives.

But for the conservative Bishnois and Rajputs of the village these independent decisions of the women folk are a transgression of the boundary: Decision-making about household economic activities is the exclusive economic preserve of the male folk. Their decision to develop dairy and sell it to SARAS was transgression of their role. The men folk ridiculed the women folk about their ability to make it a viable income generating activities. They tried to scuttle this independent initiative by inviting an independent milk vendor to collect the milk of the household.

However, all womenfolk irrespective of castes got united and chased the milk vendor away. SARAS imparted them week-long training in dairy development: About good breed, about the diseases common to cattle and buffalo population, immunisation programmes, technical aspects like the quality of milk through the use of LCR, price chart on the basis of milk and fat content of the milk. SARAS merely gave a loan of 15000 in kind towards meeting instrument cost.

They formed a Milk Cooperative named Netda Mahila Dudh Utpadan Sang (Netda Women Milk Cooperative).

In 2002 Rajasthan saw a bout of drought, which continued in 2001 and 2002. Crops failed. Fodder production became a casualty. Cattle population died. Netda Milk Cooperative stopped functioning from 2000 to 2002. The interdependence between NRM and animal husbandry is acutely felt. Dairy production could be a sustainable economic activity when there was an effective Natural Resource Management, which could take care of natural vagaries and could sustain agricultural activities so that fodder could be available. Alternatively there is a need to establish alternative market mechanism for stable supply of fodder may be in the form of fodder stamp in the line of grain stamp of Sri Lanka.

At present Netda Women Milk Association consists of 57 members all, part of different SHGs of the village. They earn 100 per day by selling 8 litres milk a day.

Suraj Kuwar is a proud lady today. She showed me a fixed deposit of Rs. 35000 in the name of the Cooperative as well as 24,000 in Savings Bank Account in the name of the Netda Women Milk Cooperative.

Since 1992 she has come a long way waging many battles against the social evils of Netda, ensure girls and women's' rights, protecting the basic education rights of women, providing water and other amenities for the village. She waged a protracted struggle against the extravagant *Mrtuibhog* custom, in which Bishnois, Jats and Rajputs spend lakhs in commemoration of the deceased on 11th day after the death. They spend lakhs by borrowing money by mortgaging lands, selling properties. Her protracted and persistent struggle to make people aware of negatives of this *mrtuibhog* customs has resulted in drastic cuts in such extravagant spending. In recognition of her tireless effort, indefatigable energy she was elected unopposed for the post of *sarpanch* of Netda block. Unlike many of her women counterparts, she is not a rubber stamp *sarpanch* but fully empowered and conscious of her rights and responsibilities. She presides over the meeting of the panch, records minutes, and takes up developmental issues with the local and district administrations and elected representatives of the area.

Jagriti SHG-Lessons in Empowerment

1. Basic Education is a must to make SHGs successful. Otherwise there is the need of a facilitator as external agent, who could convince the people about the opportunities available for them. More importantly, basic education is a must to keep a proper account. At present, Suraj Kunwar does this for many SHGs formed by her.
2. Initial opposition and scepticism from men folk is expected. Initially the women folk, who are illiterate and don't know the benefits of SHGs, will be hesitant in giving their

monthly contribution. In fact when I checked the account of Jagriti, in 1994 the total contribution amounted to only Rs. 150 instead of a monthly contribution of 750, Rs. 50 from each of the 15 members.

3. Income generation should be in congruence with their skill, education, other household activities, which also include child rearing and development. Any income generating activity which are not congruent or run in conflict with the principal and traditional responsibilities of women will result in incongruence and dissonance.
4. Animal husbandry could be one of the sustainable income-generating activities if the following factors are taken into consideration.
 - a) A credit linkage to provide loans for the purchase of good cows as well as simultaneous insurance of the animal.
 - b) Repayment term should be after taking into consideration net profit.
 - c) Natural Resource Management is an essential prerequisite for the success of dairy development because fodder comes from the own paddy field, which the villagers cultivate. When the crop fails in drought year, the cattle and buffalo population dies due to want of fodder. Hence, Natural resource Management is key in dryland areas of Rajasthan where there is a scarcity of rain and absence of pastureland.
 - d) Alternatively, a fodder market in the line of Grain stamp is evolved where by the SHG members could get subsidised fodder.

Market mechanism is key to a successful dairy development. While the per capita milk consumption is still low, there is great scope for dairy development as an additional but sustainable income generating activity

Case Study 2; Gyarsidevi Devi And Yarlipur Mahila Dugdh Utpadan Kendra

Gyarsidevi's triumphant gait when she opened the Milk cooperative chamber equipped with computer, cream separators, etc. to me is illustrative of the success of women empowerment programme through the involvement of civil society institutions. It is an illustration that more than literacy, what is of paramount importance, is the education of illiterate women through the IEC (Information, Education and Communication) programme of the non-governmental organisation.

Yarlipur Dani is on the Jaipur- Kota Highway, in Phagi block of Jaipur district. Like other area of the district. The landscape is sandy loamy; settlements are scattered into thani and village women spend their time in the paddy field and hearth of the house.

Gyarsi Devi, is a middle aged woman around 40 years, belonging to Meena community, she is like many other, is illiterate. But beneath her rusty look lies a steel courage and cool confidence.

I approached Gyarsi devi with the help of CECOEDOCON official around 1 o'clock in the afternoon. Before that I went to Sakuntala Sharma, more famous for her forays into White House with the Hon'ble former President of the US, Bill Clinton. Shakuntala Shrama of Naila fame is now *sarpanch* of the *pancayat* as well the secretary of *Mahila Samhua Udyog Samiti*, a block-level federation of women groups.

Gyarsi Devi and others started animal husbandry and dairy productions in 1998 when CECODECON, the Silki Dongri-Jaipur based Ngo gave each member Rs. 18000 in two installment. Their group consisted of 18 members and they started with the initial savings of Rs 50 per month. After each member paid back the principal with the service charge of 18 % to CECOEDECON, the latter gave another tranche. This is also the time when Operation Flood was implemented in Rajasthan through SARAS. SARAS provided the training; so also the facilitating NGO. With good breed of cattle and buffalo, these illiterate women started dairy production, which has now reached new height. Now Like the SHG of Gyarsidevi, other SHG members have come together to form Yarlipura milk cooperative. Consisted of 100 members they produce 1700 hundred litres milk everyday. They have purchased a computer, milk separator, a computerized weighing machine, etc and have appointed a computer operator to maintain accounts. They have participated in numerous social activities, prominent of which are building bund, participating in the pulse polio programme. Gayrsi Devi has an opportunity a platform for autonomy, entitlement an empowerment. Let many flowers blossom in her endeavours to show the lights of united action, courage and adaptations to technology and innovations.

OUR SUGGESTIONS

1. CAPACITY BUILDING NEEDS

The support mechanism for scaling up the SHG-bank linkage programme needs to cover capacity building at the levels of DFIs, banks, governments, NGOs, NGOs and SHGs, infrastructure support to NGOs and banks, and costs for promotion and nurturing of SHGs. Particularly important is to upscale the training need of ICDS Lady Supervisors and Anganwadi workers in Rajasthan and the Pracetas and sathins of

As regards NGOs, the support systems should include, besides financial resources for onlending, funds support for the training of the personnel of the NGOs, building of database systems, infrastructure and hardware, start-up capital, capital funds for equity, and meeting initial operational deficits.

In the absence of any institutional arrangement, capacity building support to NGOs and SHGs is being provided, to some extent, by donors, governments and DFIs. In the coming years, at least a part of the cost of promotion of SHGs should be met by the banking system as an investment in human capital, while the remaining part will have to be supported through grant assistance. The Task Force recommends setting up of a microfinance Development Fund (mFDF) in NABARD for extending such assistance to NGOs, SROs, banks, SHGs and others. Such a Fund could be set up with a start-up contribution of Rs. 100 crore from the GOI and annual contributions from profits by RBI and NABARD. With a view to bringing economy of scale and synergy in action, a part of the allocations from government sponsored poverty alleviation programmes may be added to it.

2. SHGs IN GOVERNMENT-SPONSORED PROGRAMMES

While appreciating the initiatives of certain State governments and bureaucrats in including SHGs or their variants as delivery mechanism of government sponsored programmes, the Task Force emphasizes the need to ensure that the basic tenets of SHGs are not lost sight of in pursuit of targets. For example, the **absence of linking revolving** fund assistance and loans to savings and not leaving the **choice of activities to the discretion** of the groups are areas of serious concern in the *Swarnjayanti Gram Swarozgar Yojana* (SGSY). Ministry of Rural Development, GOI, may, therefore, review the SGSY guidelines in consultation with RBI, NABARD, banks and NGOs to avoid any dilution in the essential features of SHGs, and may issue necessary supplementary instructions.

As the intermediation of SHGs as a sub-system of the cooperatives could be useful both for the revival of the cooperatives and increased support to the poor, State governments may take steps for framing or amending the Cooperative Societies Acts and Rules to provide for the enrolment and financing of SHGs by PACS and DCCBs.

OPERATIONAL ISSUES

Despite RBI guidelines and intensive programme support from NABARD in the form of refinance, training of bank officials, and capacity building support to NGOs and SHGs and other encouraging developments, a number of operational problems are still faced by NGOs and SHG members due to incorrect interpretation of instructions as also ambiguity in certain instructions. Impounding of deposits and insistence on collateral for loans, insistence on Income Tax PAN or alternative declarations with specified proofs like ration card and minimum balances even for opening of Savings Bank account (SB a/c.) are some of the multifarious operational problems faced by NGOs and SHGs. RBI and NABARD may therefore issue necessary instructions indicating the correct position and approach in respect of such contentious issues. RBI also needs to issue clear guidelines with regard to

waiving of IT-PAN and minimum balances to be maintained by the SHGs to emphasize the distinct nature of such SB accounts. As regards urban SHGs, RBI may issue suitable instructions to banks to facilitate opening of SB accounts and extending credit on the lines of SHGs in rural areas.

NEED for SHG FEDERATIONS/ FACILITATING NGO AS MICRO FINANCE INSTITUTIONS

SHG members are wary of transacting with the banks, which often have a negative attitude towards SHG members. Moreover lack of opportunity to receive kickback in case of loans to SHG to be contrasted with other weaker section loans), the bankers consider to work with SHG as a disincentive. Moreover, given the fact that banking with SHG members means some deviations from the existing banking norms of collateral, risk assessment, and capacity of they loaners to pay back (these criteria are not applicable to SHG), the bankers are not enthusiastic about providing loans to SHG. While RBI should strictly monitor the performance of these banks with regard to SHG banking, there is need for alternative, as also suggested in the Planning Commission documents.

One recommendation is to scale to use SHG federation as microfinance institutions. However, such Federations are not technically equipped to handle banking business. It is suggested that those NGOs, which provide microfinance to SHG, be developed as microfinance institutions.

Subsidised loans and their Negative fallout on SHG Movement:

- 1. No uniform credit policy** towards SHGs as a whole: while SGSY- SHGs get subsidy up to 50 %, other SHGs pay 9-11 % on their principals. This differential credit structure results in an anomaly; Women expect the facilitating agencies, be it NGOs or the government agencies to link them to subsidized schemes.
- 2. Loss of credibility of NGOS :** NGOS who facilitated the formation of SHGs and spent their resources in capacity buildings lost their credibility as the as the govt. failed to provide SGSY subsidized loans. Many SHGs of Falodi, Luni and Osian blocks in Jodhpur district stopped functioning in the absence of promised loans.
- 3.** In the absence of promised funds for the SHGs towards formation and capacity-building as promised by the Govt. under SGSY and other schemes, the activities of the NGOs also suffered.
- 4.** As the subsidised loans like SGSY are given to BPL members, identification is a major problems.

CHAPTER-6

RECOMMENDATIONS

There have definitely been significant advances in recent years and the concept and practice of SHG-based micro finance has now developed deep roots in many parts of the country. Impact assessment being rather limited so far, it is hard to measure and quantify the effect that this Indian micro credit experience so far has had on the poverty situation in India. Doubtlessly, a lot needs to be accomplished in terms of outreach to make a serious dent on poverty. However, the logic and rationale of SHG-based microfinance have been established firmly enough that microcredit has effectively graduated from an “experiment” to a widely-accepted paradigm of rural and developmental financing in India. This is no mean achievement. In fact to the extent that people’s mindsets are the biggest roadblock in the success of an innovation, it may well be one of the most important steps in the saga of microfinance. The path ahead is obviously strewn with challenges. Scaling up of projects and bringing millions of people within the fold of micro finance is no mean task.. To strengthen SHG movement, the following recommendations have been suggested. These recommendations were formulated after detailed discussions with the many experts in the field.

GENERAL RECOMMENDATIONS

- SHG concept should target the holistic development of women members. The recent scenario suggests that the focus lies empathetically with economic empowerment. In addition, life (social) and developmental issues related to the quality of life of the poor needs immediate attention. Therefore, programmes targeting holistic development should be conceptualized and even the existing programmes may be oriented towards this.
- There is dearth of relevant information on SHGs for the SHGs, their members and even the social workers who are into promotion of women SHGs. The ministry may bring out publications pertaining to different aspects of SHG and its development / empowerment. The publications may also target various case studies on SHGs compiling experiences of different agencies of development like individual NGOs, International donor agencies or the partner NGOs of the Government involved in promotion of SHGs. The publications may be brought out in easy and community friendly language.

For the purpose, the ministry may open up a nodal reference material center on SHGs.

- We believe that SHGs will sustain only if they enter into some form of commercial activity like production and marketing of elementary household requirements. In this context, We are seriously concerned about the current policy of the Govt. dereserving products made by village industries SSI, cottage, units in the country.
- Further, large corporations have entered into marketing of basic household requirements like Achar, Spice Powder, and Agarbati. This trend will expose the SHGs to totally unfair competition and deny them the opportunities to become economically viable and sustain. Therefore the request to the Govt is to reconsider its policy in this regard.
- Reaching poorest of the poor is posing difficulties due to large-scale urban migrations. The poor are left out of worthwhile schemes of government. In order to mitigate this problem our focus should be on poverty and all its dimensions rather than just economic empowerment of SHGs.
- Nearly 38 percent of rural households are outside formal credit institutions. Micro-finance is although poor friendly but is yet to be regulated formally. National Credit Policies should be redesigned to take credit to large number of unreached rural and urban poor.
- It is felt that efficiency and effectiveness of SHG should be regularly monitored by a qualified and designated body to give corrective input wherever necessary as well as encourage the deserving ones.
- The contribution and the good performance and the collaborative like Banks, NGOs associated with SHG etc. should be published nationally to gain public support and general goodwill
- The experience from southern states where SHG movement has now taken strong roots suggests that forming SHGs, pooling savings is easy. However, utilization of these savings for building micro enterprises requires considerable policy and programme support.
- Exposure visits to areas where SHG movement has taken off should be a critical component of SHG development programmes.
- Among the poor, the credit utilization is invariably from consumption to production process. Hence the consumption needs cannot be ignored and adequate provision should be made in the scheme for this.

- Subsidy element for development purpose for SHG members is an important policy issue, which needs thorough analysis.
- Emphasis on financing of groups under SGSY needs to be moderated
- The quantum and timing of subsidy needs to be reviewed keeping in view the resource handling capabilities of the members and the group.
- Development institutions assisting SHGs to set up income generation projects have to be innovative, and flexible in conceiving the projects
- Development institutions assisting SHGs to set up income generation projects have to be innovative, and flexible in conceiving the projects.
- Development administration has a great responsibility to build synergy between various departments for convergence. Every development department has to be sensitized to this effect. The DRDA under the supervision of District Collector / Magistrate has to take lead role in this regard.
- Given the competitive environment most of the SHGs will not be able to market their products directly . Hence SHGs and their federations have to be networked for building the required scale advantages. This can be better done by professional agencies
- There is a need for continuous sensitisation programmes for Bank Officials & Staffs.
- Integrating formation & nurturing of SHGs, capacity building of various SHG promoting institutions to be made integral in various Govt. programmes working for women & child development, literacy etc. This would call for both human & financial resource commitment by the Govt.

Agenda for Empowering SHG Women

- Creating awareness about the government and bank procedures.
- Making women able to read and write.
- Taking them on exposure visits outside their village, town, district and the state.
- Developing in them the capability to manage a mini bank with ledgers and passbooks
- Enhancing their knowledge and skills to undertake economic activities.
- Motivating them to increase their incomes by undertaking successfully, economic activities as individuals and as groups.
- Providing good marketing outlets for their products.

- Encouraging their participation in the Gram Sabhas, Panchayat- Level Federation (PLF) Clusters, Block Level Federations, BLCC meetings and DPCC meetings held under the chairmanship of the District Collector.
- Creating in them confidence and courage to address and take up varied issues concerning themselves and the community.

Enhancing the role of the SHGs in improving the effectiveness of PRIs

- Educating the SHG women about the functioning of institutions of local governance like Panchayats and Municipalities.
- Improving their participation in Gram Sabhas.
- Inviting them to attend the PR1 meetings as special invitees.
- Similarly they should invite the Panchayat leaders to attend the PLF meetings.
- Giving them preference in awarding construction works under various contracts and wage employment schemes, including the food for work scheme.
- Giving them common Panchayat properties to manage fruitfully.
- Giving them maintenance contracts for drinking water pipes and pumps, Panchayat roads and street lights.
- Lastly, encouraging them to contest the local body elections and to participate directly in local governance.

Gender Sensitisation for SHPIs

As an overall development objective, gender equality extends well beyond the provision of loan and savings. This fact should not become a pretext for micro finance institutions not to act on it. Organisations have to give a serious commitment to gender equity if they want to achieve considerable economic and empowerment progress.

- As a basis for gender mainstreaming activity in the micro finance programme it is necessary to conduct a study on the gender situation in the target population. Since gender is culture specific, this analysis justifies and introduces the gender equity goals in the project's general and specific objectives, expected results and activities.
- Sensitization of staff in gender issues and developing gender-specific strategies, participatory methods and tools may not achieve gender-related objectives. The political will to empower rural women, enabling them to take charge of their own development, is one of the essential factor.

Recommendations for the improvement of the efficiency of the Programme in Rajasthan

Need for capacity Building Exercise in Rajasthan

There should be massive drive for raising the capacities of the NGOs, Pracetas, Lady Supervisors, sathins and anganwadi workers. A Training Institute at the Block level should be set up to provide modular orientation course regularly to these staff and SHG office-bearers. Funds for capacity-building should be substantially raised.

Need for More Regular meeting of SHG

Like Tamil Nadu there should be a weekly meeting in Raajsthan. Present practice of one meeting for a month should be dispensed with.

Need for a Computer Munshi for five villages:

Since most of the SHG members are illiterate (around 57 % as per our survey), there is a need for an accurate accounting system. The existing accounting format is cumbersome and does not provide meaningful information immediately. Accounting system on the line of monthly balace sheet should be maintained. Pradan's Computer Munshi programme sould be emulated

Need for a block-level Data bank for the SHGs:

In our view such a data bank will go a long way in fulfilling many purposes and will lead to synergisation of many activities. For example, SHG mebers could be better targeted for ICDS programme. Loan beneficiary could be easily identified if one has access to the same. If Computer Munshi programme becomes successful, it will be easy for integration of departments and develop an MIS (Management Information System) of SHGs so that there is proper coordinations between departments, Ngo and other agencies who promote SHG in India.

Recommendations for the improvement of the efficiency of the Programme in Tamilnadu

- a) The first set of registers that the MaThi supplies to the SHGs should reach on time to avoid the SHGs maintaining internal savings account and individual passbooks in an improvised fashion, which would lead to suspicion among the members. The registers must be given as soon as an SHG is formed.
- b) Performance rating or grading is a good system in itself. Project Officers have certainly put in enormous efforts into it. However, it some times takes a long time for some SHGs to get rated which delays their credit linkage. Some SHGs have to go around carrying the rating form to get the signatures of different officers. Some officers even refuse to sign the forms. They need orientation. This also seems to be happening due

to the additional workload on the POs with insufficient APOs. There should be an APO dedicated to the rating of the groups and to guide those who fail the rating.

- c) In a short span of time women have changed and so also have the ways the community views them. While the district collectors and higher district-level officers show high regard for the SHG members, the lower-level government functionaries and the systems they have established have not kept pace with the above changes. This specially applies to those who issue various caste and income certificates. They make the women go round and round and the women keep hearing the standard phrase 'come later'. This needs to be changed. The lower level government employees need to go through further gender sensitization.
- d) Sometimes, the NGOs and the Project Officers (POs) recommend certain economic activities to the SHGs. These do not always match the need and capability of the SHG. While some SHGs are very clear about the economic activities they wish to take up, others are not. The POs and the NGOs, before suggesting a list of economic activities that the SHGs could take up, should first assess their views and the availability of local resources and build up an economic activity around it. The aspirations of women need to be given careful and sympathetic consideration and support.
- e) The marketing system is weak. An economic activity will be successful only if the product of an SHG can be successfully marketed. The SHGs will initially need enormous support in product quality improvement and marketing both from the MaThi and the NGOs. Otherwise they will be burdened with non-performing assets and bad loans.
- f) Marketing is a professional job requiring appropriate consultants and professionals experienced in marketing for the poor. Appointing a government officer as a marketing executive would not necessarily be the best thing to do. The statewide marketing system has to be evolved quickly and professionally. There is a need to draw up a state level and district-specific marketing plans in each district with the help of appropriate consultants and resource persons.
- g) Marketing should be brought on the agenda of every NGO. The district project office should devote one APO to give marketing support to NGOs and SHGs. Each District should nominate an NGO with marketing expertise as a resource NGO like Share in Vellore and YMCA in Kanyakumari to support the marketing agenda of the district.

Using SHGs as Trainers

There is substantive experience and capability existing in the older animators, who have managed SHGs for many years. They are not only fully aware of the day-to-day

problems and issues of running a SHG, but also know what goes into the making of a successful SHG. This capability has been developed in them, both by the training given to them, as well as, the experience they have gained. Importantly, there is extensive sharing of information going on horizontally and vertically between the older and the newer SHGs and Federations, NGOs and the Project Officers. These animators are already playing the role of *vazhikatti* - the guide and showing the way. They can be developed as first-line trainers. Much of the responsibility for providing the initial training can be given to them. Those animators, who have the potential to become trainers, need to be identified and selected. They should be given further capacity building to become first-line trainer animators.

Training for the Animators

The training given to them will need to be streamlined and made more effective to make them capable trainers. In the future they can undertake the training of the animators and members of the existing weak SHGs and the new SHGs under formation. Before an SHG is formed and its account is opened in the bank, the animator and the representatives must go through an orientation on the benefits, importance and reasons for forming an SHG and they must have passed on this information to all the other SHG members.

Developing Special Training modules

Special modules for training the animators and representatives of the weak and new SHGs will need to be developed. The existing training modules need to be improved and made more comprehensive and community based and should be organized at the village level.

Using the Panchayat Level Federation building as a training centre

The ideal place for organising such training programmes will be the PLF centres which are being constructed in all Panchayats. The SHG training should become one of the activities of the PLF. These buildings should be strengthened with additional facilities such as toilets, fans, chairs, tables, black boards, cooking and eating utensils.

Strategies for forming new SHGs and strengthening the existing ones

It is suggested that an environment may be created for promoting the natural formation of SHGs through a horizontal spread. A new SHG may form on its own by seeing other successful SHGs. In this process the mature SHGs would groom and train the new SHGs.

However, this strategy would not apply to the isolated communities and left out and un-reached habitations. For these groups, special efforts will have to be made to identify them and familiarize them with the philosophy of Self-Help. This would enable the movement to reach the communities living in forests, hills, coastal areas, far flung areas, the tribals and minorities.

Selection of Animators and Representatives

The group must select the most efficient and committed members as animator and representatives of the group. Instead of monthly meetings the new groups should meet on a weekly basis and the habit of saving should be exercised everyday from the daily expenditure. Training should be given appropriately and on time.

Timely release of Revolving Fund and Credit

The timely release of the Revolving Fund and cash credit facility by the DRDA/TAHDCO/bank should be extended not later than six to nine months of SHG formation. The direct credit linkage should be achieved with banks by the first year and loan with subsidy should be made available by the second year. However, it will be better to do away with the subsidies altogether. The credit rating of the SHGs must be done at the appropriate time.

Revolving Fund, Subsidies and Direct Credit to SHGs

To encourage the SHG, the banks should give an amount equal to 1:4 deposit-loan as an over draft, soon after it completes six months of successful existence. This fund can be used by the SHG as a Revolving Fund to increase its capacity for internal lending to its members. The beneficiary SHG can be chosen based on the following simple performance indicators.

1. It should have a bank account to deposit regularly, its weekly savings.
2. It should conduct weekly meetings and should maintain the resolution register.
3. It should organize proper internal lending and the depositing of monthly repayments to its account in the bank.
4. It should maintain the SHG accounts and the passbooks of its members properly.
5. In addition to the above the Rural Development Department should provide for a Revolving Fund within twelve months of the SHG formation.
6. All subsidies should be converted to the Revolving Funds. The entire subsidy amount if given as Revolving Fund can be made available to all the eligible groups without any delay. This will boost their morale.
7. It will also lead to better utilization of the Government of India funds. The funds will always be revolving and growing within the group.
8. This will also relieve women struggling to complete the detailed documentation and certification. This will significantly reduce the workload of the PO and the NGOs.

9. The first rating should be undertaken within three months of the SHG completing the first six months and the group should receive, based upon the rating, the first direct credit linkage immediately. The PLF or CLF should be involved in the rating to reduce the workload. At the project office, the process of rating ; needs to be quickened.
10. The sensitization and awareness of bankers, especially the new bankers need to be strengthened. The exposure trips to successful SHGs need to be organised for the bank managers. A bank manager can make or break an SHG. There are several examples of excellent relationship between the SHGs and bank branches and also the opposite. The bank managers sometimes even refuse to open an account for the new SHGs as they do not have a positive attitude.
11. The direct credit linkage by banks should keep doubting each year based on the performance of the SHG.
12. The lead bank concept helps, but it should not be over emphasized. Banking should become a market situation in which an SHG should be able to choose its bank based on the efficiency and effectiveness with which the bank branch is willing to provide the service. Banks, in urban areas, operate in a competitive market situation. The rural bank branches should also be put into a competitive mode. The market situation should decide to whom the SHG will go for service, including taking a loan. "While the policy may be that an SHG should not take loans from two banks, an SHG should have an option to choose a bank and also change the bank if the SHG so desires. Linking an SHG permanently to a particular bank branch seems suicidal for the SHG.
13. SHGs are not just a conduit for the loans, although loans are a critical milestone on the road map of the SHGs¹ healthy growth and empowerment. The women often complain that they are very active initially but due to delays in obtaining credit they become lazy. Additional and alternative ways of enhancing the lending channels need to be explored. The rural cooperative banking network needs to be encouraged to lend to the SHGs, which can make credit available to them at their doorsteps.
14. Micro credit institutions should be guided and supported to work in coordination with the banks as they meet 20% of the requirements of the SHGs.
15. The SEWA-type bank, "of the women, by the women and for the women can be encouraged. Such mini banks are already being run by SHG cluster Federations in the Villipuram District.
16. One APO in the project office and one coordinator in the NGO should be completely dedicated to the establishment of credit linkage for the SHGs.

Other Recommendations

- a) A 'certificate' with the state government emblem to the SHG certifying that it is an authentic SHG and identity cards to the animators and representatives signed by the PO would add to their empowerment.
- b) Intense monitoring of SHGs should be carried out at the level of village Panchayats through the PLFs. The focus must be on (he performance of SHGs and the problems they face.
- c) Apart from this PLFs should be encouraged to carve out a socially useful productive role for themselves through proper capacity building
- d) The existence of Cluster Level Federations (CLFs) and Block level federations (BLFs) in some districts have showed remarkable achievements by them. In the future the cluster level and the block level Federations could be encouraged as a matter of policy in all districts.
- e) In the future the BLF meetings may be conducted at the Panchayat union conference hall and the BLF secretary and the Block Development Officer (BDO) may be joint convenors of such meetings. All the union-level functionaries and NGOs may attend this meeting in order to work with convergence and in synergy.
- f) The DPCC, chaired by the District Collector must be conducted positively once in two months. The district officers like Tahsildars, BDOs, women police officers should also be invited for this meeting. Any case of bribery and delay in issuing certificates to SHGs or delay in registering cases of violence against women must be dealt with sternness by the Collector.
- g) The work load and activities of APOs have increased manifold. They may be given motor cycles so that they are able to move about and meet groups and interact with them effectively.

At the end one can say that there is a need to extend the Self-Help concept to other needy and marginalized groups in the society like

1. The disabled
2. The widows and single mothers
3. Commercial Sex workers
4. Eunuchs
5. Endangered artisans

6. Affected weavers and
7. The Youth.

**RECOMMENDED MICRO ENTERPRISE ACTIVITIES FOR TRAINING
NON FARM SECTOR ACTIVITIES IDENTIFIED FOR SKILL TRAINING**

1. Bakery & Confectionery
2. Toys Making
3. Paper Products(File pads, bags etc.)
4. Fruit & Vegetable Preservation
5. Chalk piece Making
6. Candle Making
7. Agarbathi making &Computer Sambirani
8. Hollow Block Making
9. Detergent Products (Simple Chemicals)
10. Book Binding & Note Book Binding
11. Batik Printing
12. Screen Printing
13. Masala Powder Making
14. Handpounding of Paddy
15. Mechanised Charka
16. FootMat
17. Jute Products
18. Readymade Garments
19. Oil Seed Crushing
20. Paper Cups & Plates Making
21. Leather & Rexine Products
22. Catering
23. Brick Kiln
24. Wood Caving
25. Coir & Coir Products

26. Greeting Cards
27. Tailoring
28. Painting on Fabrics, Glass & Mud Pot
29. Palm Leaf Articles
30. Mat Weaving
31. Textile Printing
32. Sea Shell Products
33. Cane & Bamboo Products
34. Silk Cotton Products
35. Mushroom Cultivation
36. Cashew Processing
37. Ceramic Dolls
38. Palm Candy
39. Cocoon Byproducts
40. Fish Processing
41. Coconut Thatches Making
42. Embroidery & Lace Making

A. LAND BASED ACTIVITIES.

1. Minor Irrigation
2. Vegetable Cultivation
3. Fruit Cultivation
4. Flower Cultivation
5. Sericulture
6. Fodder Cultivation
7. Seed Farming
8. Medicinal Plants
9. Natural Dyes
10. Agroservice Center
11. Charcoal Making
12. Brick Klin

13. Stone Cutting
14. Tissue Culture Nursery
15. Rubber Collection
16. Natural Fibre Extraction
17. Jaggery Making
18. Lime Stone Product

B. AGRL. ALLIED ACTIVITIES

ANIMAL HUSBANDRY

19. Milch animals (Diary)
20. Calf rearing
21. Goat rearing
22. Sheep rearing
23. Broiler
24. Poultry (layers)
25. Piggery
26. Milk Products
27. Country fowl rearing
28. Rabbit rearing
29. Turkey rearing

FISHERIES

30. Inland fish farming
31. Agar Agar Cultivation and sea fishing
32. Ornamental fish rearing
33. Pearl Oyster Cultivation
34. Prawn Culture
35. Fish Products & Pickles including fish meal
36. Country boat construction

C. AGRO BASED ACTIVITIES

37. Tea Packing

38. Coffee powder Making
39. Natural Fibre products
40. Herbal products
41. Mushroom cultivation
42. Coir products
43. Coconut products
44. Silk processing
45. Palm products
46. Bee keeping
47. Tobacco processing
48. Tapioca
49. Processed food
50. Ready Mix powder
51. Spices
52. Snackes & Eatables
53. Dhal processing (Dhal Mill)
54. Oil Extraction
55. Baby food
56. Bio Fertilisers
57. Arecanut sheath making
58. Dehydrated fruits and veg.
59. Cashew processing (Nuts, shell oil, varnish + fruit products)

D. NON FORM ACTIVITIES

1. CRAFTS

60. Pottery
61. Leather products
62. Leather Tannery
63. Vessel making
64. Carpentry
65. Blacksmithy

66. Terracota
67. Icons
68. Jewellery
69. Natural Fibre products
70. Tanjore plates
71. Pith/ Netty Work
72. Sea Shell Products
73. Cane Products

2. TEXTILES

74. Cotton Textiles
75. Silk Weaving
76. Tailoring
77. Hand printing
78. Hosiery
79. Hand made paper making

3. OTHERS

80. Fly fish Bricks
81. Hollow Blocks
82. Fishing Equipments
83. Gem cutting
84. Wire bags products
85. Toy making
86. Candle making
87. Agar bathi
88. Mat weaving & Mat products
89. Mosquito Nets
90. Stone quarrying
91. Cosmetics
92. Basket & Bamboo products

93. Biscuits making
94. Greeting cards
95. Silk Cotton products
96. Confectionary
97. Lock making
98. Camphor making
99. Match box making
100. Packaging material
101. Bakery products
102. Surgical Cotton
103. Iodised salts
104. Dry flower processing
105. Ceramics
106. Plastic products
107. Briquette balls
108. Synthetic adhesives
109. Mosaic tiles
110. Tissue paper
111. Glue unit
112. Watch assembling
113. Spirulina cultivation
114. Cattle feed unit
115. Poultry feed unit
116. Paints & Varnishes
117. Glass wares

SERVICE SECTOR

118. Business center (with STD, Xerox, internet facilities)
119. Cloth washing
120. Flower vending

121. Commission Sales (sales rep.)
122. Two wheeler service workshops

MICROENTERPRISE ACTIVITIES SUGGESTED FOR SHGs IN RAJASTHAN

1. Papad, badi making
2. Curd making
3. Hand Pen making
4. Soap and Detergent Powder making
5. Sampoo, Phenyl making
6. Candle & Agarbatti making
7. Bindi, Nail polish making
8. Hand bag and purse (leather) making
9. Seat cover and school bag (leather) making
10. Rexin / foam school bag making
11. Biscuit, Toffee, Bread making
12. Potalo Chipps making
13. Pickles, Murabbas, Marmallets making
14. Cold drinks / Squash making
15. Basain, Maida, Suji making
16. Popcorn making
17. Spices making
18. Milk Products- Ghee, butter etc.
19. Namkin making
20. Vermicelli (sewai) making
21. Gajak, Rewari, Till patti making
22. Rubber band, Hairpin, Safety pin, All pin making
23. Chalk, Tailor Chalk making
24. Tooth Powder making
25. Balm, Boot polish making
26. Ayurvedic Medicine making
27. Wire Basket, Bookstand, Musical instrument making.

28. Surgical cotton and pad making
29. Readymade Garments
30. Sewing thread
31. Soft toys making
32. Handicrafts products making

CONCLUSION

The biggest challenge in development, however, is the simultaneous development of investment potential and improvement of skill levels of the borrowers. A glut of low-skilled services is an unwelcome substitute for scarcity of credit. As microcredit alleviates the credit availability problem, the need for micro-consulting, business planning and services like marketing, are being felt with greater acuteness. Microcredit cannot be expected to be a panacea to rural developmental problems. In some sense, its role is similar to that of credit in the general economy. It is a string that can hold back progress, but it is almost impossible to push on a string.



LET US STRENGTHEN SHG MOVEMENT IN INDIA BY JOINING HANDS

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APPENDIX

TAMILNADU-SHG Details in Rural Areas

S. No.	Name of the District	Blocks	Total Village Panchayats	Habitation Covered	Un-covered	%	TOTAL SHGs formed	Rural Cumulative upto August 2004			
								TOTAL Women Enrolled	AMONG TOTAL		TOTAL Savings Rs. in lakhs
									SC Women	ST Women	
1	Chennai	0	0	0	0	0	0	0	0	0	0
2	Coimbatore	19	3040	2787	253	92	6459	90542	49018	3180	1386.2
3	Cuddalore	13	2976	2647	329	89	6423	122970	62309	514	2680.39
4	Dharmapuri	8	3196	1658	1538	52	2801	52660	5064	470	1771.28
5	Dindigul	14	3076	1955	1121	64	4360	66222	1204	21192	838.01
6	Erode	20	5092	3797	1295	75	5827	83895	39382	2160	1147.39
7	Kancheepuram	13	3840	3665	175	95	7689	118317	59475	869	1663.68
8	Kanniyakumari	9	1734	1721	13	99	6405	119960	10541	186	2163.95
9	Karur	8	1829	1829	0	100	3796	50530	20135	0	873.59
10	Krishnagiri	10	3865	1028	2837	27	3405	62847	8842	190	3509.4
11	Madurai	13	2285	2201	84	96	4692	89183	24750	0	1466.44
12	Nagapattinam	11	2608	2600	8	100	7344	121585	22113	0	1821.74
13	Namakkal	15	3290	3191	99	97	4474	77088	32187	3024	1759.08
14	Nilgiris	4	1034	932	102	90	2955	47085	10472	3298	599.31
15	Perambalur	10	1096	1080	16	99	4461	73639	31001	530	926.46
16	Pudukkottai	13	4237	3861	376	91	5356	88290	34898	0	1286.5
17	Ramnad	11	2332	2334	0	100	4688	75867	20326	0	2239.74
18	Salem	20	3483	3328	155	96	6042	99998	17680	6776	2100.26
19	Sivagangai	12	2697	2439	258	90	3984	67348	36938	0	1101.7

S. No.	Name of the District	Blocks	Total Village Panchayats	Habitation Covered	Un-covered	%	TOTAL SHGs formed	Rural Cumulative upto August 2004			
								TOTAL Women Enrolled	AMONG TOTAL		TOTAL Savings Rs. in lakhs
									SC Women	ST Women	
20	T.V. Malai	18	4013	2604	1409	65	6373	109850	37971	3992	892.98
21	T.Veli	19	2032	1403	629	69	6567	117916	35603	2102	1899.64
22	Thanjavur	14	1980	1980	0	100	7934	134809	55651	0	1997.42
23	Theni	8	698	688	10	99	4018	63851	24513	137	763.61
24	Thiruvallur	14	2690	1861	829	69	5829	91594	43679	980	2359.62
25	Thiruvarur	10	2267	2267	0	100	5634	99266	61289	0	1625.62
26	Thoothukudi	12	2007	2007	0	100	5501	96634	21941	0	1620.61
27	Trichy	14	2411	2075	336	86	5615	91406	31705	922	1393.52
28	Vellore	20	3547	2713	834	76	4763	80260	33475	1482	1555.59
29	Villupuram	22	4191	2590	1601	62	8176	157269	57172	3123	3096.37
30	Virudhunagar	11	1631	1631	0	100	4176	73503	38110	58	1229.26
	Total	385	79177	64870	14307	2478	155747	2624284	927444	55185	47769.36

Source : TNDWC and other Sources

TAMILNADU-SHG Details in urban Areas

URBAN LOCAL BODIES												
Sl. No.	Name of District	TOTAL			TOTAL Women Enrolled	AMONG TOTAL		TOTAL Savings Rs. in lakhs	GRAND TOTAL (Rural + Urban)			
		Muni No.	Corp. No.	SHGs Formed		SC Women	ST Women		Women Enrolled	SC Women	ST Women	Saving Rs. in lakhs
1	Chennai	0	1	3929	67171	24263	0	343.15	67171	24263	0	343.15
2	Coimbatore	11	1	1991	28667	8453	205	277.52	119209	57471	3385	1663.7
3	Cuddalore	5	0	579	11184	4763	40	283.11	134154	67045	554	2963.5
4	Dharmapuri	1	0	15	294	90	0	4.56	52954	5154	470	1775.8
5	Dindigul	3	0	268	4002	1343	0	43.94	70224	2547	21192	881.95
6	Erode	11	0	2439	14956	14647	309	448.38	98851	54029	2469	1595.8
7	Kancheepuram	10	0	1234	17736	4960	122	209.69	136053	64435	991	1873.4
8	Kanniyakumari	5	0	346	6313	331	54	92.78	126273	10872	240	2256.7
9	Karur	4	0	259	3401	1206	0	40.43	53931	21341	0	914.02
10	Krishnagiri	2	0	132	2493	600	0	147.97	65340	9442	190	3657.4
11	Madurai	3	1	980	18247	3265	0	288.94	107430	28015	0	1755.4
12	Nagapattinam	4	0	371	6014	0	0	95.35	127599	22113	0	1917.1
13	Namakkal	5	0	536	9112	1189	68	149.3	86200	33376	3092	1908.4
14	Nilgiris	4	0	885	13169	2880	70	182.51	60254	13352	3368	781.82
15	Perambalur	2	0	149	2551	1041	0	22.15	76190	31542	530	948.61
16	Pudukkottai	2	0	164	2997	1182	0	34.4	91287	36080	0	1320.9
17	Ramnad	2	0	741	14085	2422	0	424.25	89952	22748	0	2664
18	Salem	3	1	558	8950	510	0	116.62	108948	18190	6776	2216.9

URBAN LOCAL BODIES												
Sl. No.	Name of District	TOTAL			TOTAL Women Enrolled	AMONG TOTAL		TOTAL Savings Rs. in lakhs	GRAND TOTAL (Rural + Urban)			
		Muni No.	Corp. No.	SHGs Formed		SC Women	ST Women		Women Enrolled	SC Women	ST Women	Saving Rs. in lakhs
19	Sivagangai	3	0	284	5191	1358	0	61.79	72539	38296	0	1163.5
20	T.V. Malai	4	0	310	5769	1830	48	33.01	115619	39801	4040	925.99
21	T.Veli	7	0	1177	22114	6969	180	284.7	140030	42572	2282	2184.3
22	Thanjavur	3	0	505	8682	2690	0	129.57	143491	58341	0	2127
23	Theni	6	0	760	12070	1951	0	703.48	75821	26464	137	1467.1
24	Thiruvallur	11	0	521	10416	2439	365	78.58	102010	46118	1345	2438.2
25	Thiruvaur	4	0	321	5543	2792	0	104.35	104809	64081	0	1730
26	Thoothukudi	3	0	712	12483	1795	0	173.37	109117	23736	0	1794
27	Trichy	3	1	1031	16722	6287	0	231.83	108128	38912	922	1625.4
28	Vellore	14	0	364	5677	0	0	54.73	85937	33475	1482	1610.3
29	Villupuram	3	0	390	7470	1506	45	117.31	164739	58678	3168	3213.7
30	Virudhunagar	7	0	873	16369	5696	12	249.05	89872	43806	70	1478.3
	Total	145	6	22824	359848	108431	1518	5426.82	2984132	1036295	56703	53196

SHG PROGRESS ASSESSMENT FOR THE YEAR 2004-2005

Sl. No.	Name of the District	Annual Target Nos.	Upto August 2004 Total		%
			SHGs	Women	
1	Thoothukudi	589	1462	24551	248
2	Nagapattinam	779	836	13732	107
3	Kancheepuram	1083	1053	14504	97
4	Dharmapuri	356	334	6630	94
5	Thiruvallur	735	677	10395	92
6	Thanjavur	1042	920	15829	88
7	Madurai	673	529	8863	69
8	Nilgiris	304	234	3412	77
9	Pudukottai	677	478	7674	71
10	T.V. Malai	956	669	11538	70
11	Ramnad	483	337	5532	70
12	Cuddalore	660	448	8313	68
13	Karur	404	268	3372	66
14	Villupuram	913	552	9687	60
15	Erode	1380	819	11669	59
16	Namakkal	735	418	6573	57
17	Perambalur	658	369	5845	56
18	Thiruvarur	477	227	3729	48
19	Coimbatore	1660	732	8921	44
20	Trichy	846	354	5692	42
21	Dindigul	1055	400	6321	38
22	Salem	1039	393	6055	38
23	Kanyakumari	980	360	6519	37
24	Sivagangai	679	237	4060	35
25	Vellore	1058	352	6196	33
26	Chennai	2500	774	12939	31
27	Virudhunagar	573	153	2592	27
28	T.Veli	1261	256	4587	20
29	Krishnagiri	445	67	1227	15
30	Theni	0	550	8462	
	Total	25000	15258	245419	

SUBAMATHI SHGS FORMATION PHYSICAL AND FINANCIAL ACHIEVEMENT AS ON 31-8-04

Sl. No.	Name of the District	Revised Target Nos.	Up to Prev. Month	During the Month	Up to the Month Cumulative		%	Training imparted		Fund released from PMU	Financial Expenditure (Rs)		
					SHGs	Women		SHG No.	A & R No.		Up to Prev. Month	During the Month	Upto the Month (Cumulative)
1	Kancheepuram	40	58	51	109	1635	273	1	15	14000	2450	0	2450
2	Thoothukudi	20	35	0	35	601	175	37	26	7000	10050	0	10050
3	Vellore	35	57	0	57	912	163	0	0	12250	1750	0	1750
4	T.Veli	30	37	0	37	681	123	21	21	10500	1580	0	1580
5	Nilgiris	20	24	0	24	274	120	24	24	7000	7000	0	7000
6	Coimbatore	50	60	0	60	834	120	26	63	17500	18860	0	18860
7	Virudhunagar	30	35	0	35	592	117	35	35	10500	5250	0	5250
8	Salem	50	54	0	54	756	108	15	2	17500	0	0	0
9	Ramnad	25	27	0	27	540	108	25	25	8750	0	0	0
10	Dindigul	20	21	0	21	247	105	0	0	7000	0		0
11	Madurai	50	51	0	51	612	102	43	43	17500	0	0	0
12	Thiruvavur	15	15	0	15	251	100	0	0	5250	5250	0	5250
13	Kanyakumari	10	10	0	10	149	100	10	10	3500	3500	0	3500
14	Namakkal	20	16	4	20	219	100	16	16	7000	0	3750	3750
15	Theni	20	18	1	19	260	95	16	16	7000	1050		1050
16	Krishnagiri	12	11	0	11	176	92	0	0	4200	0		0
17	Nagapattinam	35	26	4	30	264	86	15	18	12250	6300	0	6300
18	Karur	20	17	0	17	230	85	17	17	7000	350	0	350

Sl. No.	Name of the District	Revised Target Nos.	Up to Prev. Month	During the Month	Up to the Month Cumulative		%	Training imparted		Fund released from PMU	Financial Expenditure (Rs)		
					SHGs	Women		SHG No.	A & R No.		Up to Prev. Month	During the Month	Upto the Month (Cumulative)
19	Cuddalore	35	25	4	29	392	83	10	10	12250	0	0	
20	Erode	20	16	0	16	151	80	1	1	7000	0	0	
21	Thanjavur	35	28	0	28	476	80	20	15	12250	9100	9100	
22	Thiruvallur	25	18	2	20	360	80	19	18	8750	3500	3500	
23	Trichy	35	27	0	27	468	77	12	12	12250	0	0	
24	Dharmapuri	8	6	0	6	147	75	0	0	2800	0	0	
25	Pudukottai	25	16	2	18	190	72	11	4	8750	2100	2100	
26	Perambalur	20	14	0	14	162	70	0	0	7000	3150	3150	
27	Villupuram	35	15	8	23	390	66	0	0	12250	0	0	
28	Sivagangai	30	18	0	18	234	60	17	12	10500	1400	1400	
29	Chennai	200	112	0	112	1451	56	35	15	70000	25500	25500	
30	T.V.Malai	30	5	0	5	70	17	0	0	10500	1750	1750	
	Total	1000	872	76	948	13724	95	426	418	350000	109890	3750	113640

FORMATION OF SPECIAL SHGs-2003-2004

Sl. No.	Name of the Dist./NGO	Exclusive Sex Workers SHGs			%	Target	Upto August 2004			%	Target	Exclusive Disabled SHGs			
		Target	Upto August 2004				SHGs	Women	%			Target	SHGs	Upto the Month	
			SHGs	Women										Women	%
1	Ramnad	11	0	0	0	4	0	0	0	14	182	1065	921		
2	Salem	20	4	47	20	7	2	35	30	25	23	266	91		
3	Erode	20	4	49	20	7	4	77	60	25	8	68	32		
4	Perambalur	10	4	65	40	3	1	10	30	13	22	304	174		
5	Kanyakumari	9	5	87	56	3	2	28	67	11	41	742	373		
6	Nilgiris	4	2	12	50	1	0	0	0	5	3	42	64		
7	Namakkal	15	15	190	100	5	5	37	100	19	19	191	100		
8	Thoothukudi	12	9	143	75	4			0	15	15	188	100		
9	Trichy	14	3	38	21	5	2	20	43	6	8	108	133		
10	Cuddalore	13	0	0		4			0	17	33	352	198		
11	Virudhnagar	11	11	104	100	4	4	39	100	14	6	46	42		
12	Nagapattinam	11				4	1	7	27	14	56	140	391		
13	Thiruvavur	10				3			0	13	97	453	766		
14	Coimbatore	19	15	75		6	5	27	79	24	38	190	161		
15	Dindigul	14	4	62		5			0	17	23	184	133		
16	Sivagangai	12				4			0	15	11	78	73		
17	Theni	8	10	124	0	3	1	20	38	10	75	731	726		
18	Karur	8	3	36	38	3			0	10	13	155	126		
19	Villupuram	22	2	25	9	7	2	35	27	28	1	18	4		
20	T.Veli***	19	2	13	11	6	3	26	47	24	78	783	330		

Sl. No.	Name of the Dist./NGO	Exclusive Sex Workers SHGs			%	Target	Upto August 2004		%	Target	Exclusive Disabled SHGs		
		Target	SHGs	Women			SHGs	Women			SHGs	Women	%
21	T.V.Malai	18	1	15	6	6	1	10	17	23	23	276	100
22	Madurai	13	18	216	138	4	8	35	185	17	10	108	60
23	Thiruvallur	14	2	15	14	5			0	17	17	206	98
24	Kancheepuram	13	7	124	54	4			0	17	1	20	6
25	Pudukottai	13	18	262	138	4			0	17	13	144	78
26	Thanjavur	14	1	16	7	5			0	17	61	664	352
27	Vellore	20	2	37	10	7	6	120	90	23			0
28	Krishnagiri	10	1	8	10					10	13	77	130
29	Dharmपुरi	8			0	6			0	13	5	88	38
30	Chennai	5	16	213	320	2			0	0	1	7	
	Total	390	159	1976	41	130	47	526	36	480	846	7664	176

FORMATION OF ARTISANS SHGs - 2003-2004

Sl. No.	Name of the Dist.	Target	Upto August 04		%	Target	Upto the Month		%
			SHGs	Women			SHGs	Youth	
1	Krishngiri	26	0	0	0	167	308	4620	184
2	Dharmapuri	21	0	0	0	133	491	6365	369
3	Perambalur	26	29	397	112	300	245	4100	82
4	Salem	52	16	221	31	150			0
5	T.Veli	49	55	772	112	50	51	902	102
6	Villupuram	57	17	195	30		121	2365	
7	Kanyakumari	23	69	1218	300		92		
8	Nilgiris	10	5	70	50	50	210	1540	184
9	Theni	21	10	139	48	150	31	3005	140
10	Madurai	34	24	336	71			434	
11	Ramnad	29	44	876	152				
12	Erode	52	35	491	67				
13	Thanjavur	36	35	545	97		47	705	
14	Nagapattinam	29	13	182	45				
15	Virudhunagar	29	21	370	72				
16	Vellore	52	3	44	5.8				
17	Coimbatore	49	39	321	80				
18	T. V.Malai	47	3	50	6.4				
19	Chennai	0	0	0	0				
20	Trichy	36	20	310	56				

Sl. No.	Name of the Dist.	Target	Upto August 04		%	Target	Upto the Month		%
			SHGs	Women			SHGs	Youth	
21	Cuddalore	34	27	436	79				
22	Sivagangai	31	19	296	61				
23	Namakkal	39	39	540	100				
24	Thiruvallur	36	36	557	100				
25	Thiruvarur	26	30	392	115				
26	Thoothukudi	31	28	441	90				
27	Dindigul	36	2	36	5.6				
28	Karur	21	19	231	90				
29	Kancheepuram	34	64	898	188				
30	Pudukottai	34	34	442	100				
	Total	1000	736	10809	74	1000	1596	24036	160

DETAILS OF SHG CREDIT RATING

Sl. No.	Name of the Distt.	GENERAL GROUP				SC/ST			
		Group Formed	More than six months old	Credit rated group	Eligible for credit linkage	Group Formed	More than six months old	Credit rated group	Eligible for credit linkage
	URBAN GROUPS								
1	Chennai	3927	2795	1406	815	795	519	409	215
2	Coimbatore	1035	927	676	558	568	513	349	320
3	Cuddalore	336	296	236	231	241	241	227	224
4	Dharmapuri	15	15	15	15	5	5	5	5
5	Dindigul	181	152	86	86	85	73	60	60
6	Erode	1722	1483	1212	1159	717	510	507	494
7	Kancheepuram	1234	612	434	358	347	235	92	74
8	Kanyakumari	328	290	269	267	18	17	16	15
9	Karur	183	120	87	82	76	76	31	28
10	Krishnagiri	132	132	132	130	30	30	30	30
11	Madurai	980	730	683	688	145	95	95	80
12	Nagapattinam	357	266	264	230	230	179	179	171
13	Namakkal	475	375	290	290	61	48	38	38
14	Nilgiris	675	620	562	484	210	179	162	162
15	Perambalur	88	62	48	48	61	45	39	39
16	Pudukottai	164	130	79	72	57	47	28	20
17	Ramnad	585	480	480	480	62	62	62	62
18	Salem	514	347	242	302	44	35	24	24
19	Sivagangai	200	183	153	162	84	75	70	55
20	Thanjavur	505	463	462	461	158	149	148	147

Sl. No.	Name of the Distt.	GENERAL GROUP				SC/ST			
		Group Formed	More than six months old	Credit rated group	Eligible for credit linkage	Group Formed	More than six months old	Credit rated group	Eligible for credit linkage
21	Theni	760	591	438	414	132	101	81	73
22	Thirunelveli	1177	1129	922	874	297	261	247	236
23	Thiruvallur	326	300	118	84	195	80	61	61
24	Thiruvannamalai	216	158	127	109	94	81	45	39
25	Thiruvarur	321	315	189	189	157	137	86	86
26	Thoothukudi	712	314	258	258	112	73	62	62
27	Trichy	782	683	535	485	249	224	207	123
28	Vellore	364	182	167	137	0	0	0	0
29	Villupuram	293	210	133	80	97	69	44	26
30	Virudhunagar	873	679	632	621	376	334	289	289
	TOTAL	19460	15039	11435	10169	5703	4493	3693	3258
	RURAL GROUPS								
1	Chennai	0	0	0	0	0	0	0	0
2	Coimbatore	2592	2308	1996	1974	2874	2685	2442	2333
3	Cuddalore	3193	2665	2374	2352	3189	3170	2813	2593
4	Dharmapuri	2801	2482	2482	2475	290	290	290	270
5	Dindigul	2732	2398	2107	2107	1630	1467	1035	1035
6	Erode	4790	4545	4388	4368	1037	929	864	840
7	Kancheepuram	7689	6313	5076	4367	2985	2865	1527	1423
8	Kanyakumari	6268	5815	5690	5616	137	120	118	117
9	Karur	2451	2338	2199	2173	1217	1026	827	761
10	Krishnagiri	3405	3338	3338	3302	460	460	460	443

Sl. No.	Name of the Distt.	GENERAL GROUP				SC/ST			
		Group Formed	More than six months old	Credit rated group	Eligible for credit linkage	Group Formed	More than six months old	Credit rated group	Eligible for credit linkage
11	Madurai	4692	3829	3466	3230	530	433	430	386
12	Nagapattinam	3714	2725	2701	2507	3414	3264	3215	3014
13	Namakkal	2984	2831	2436	2436	1490	1416	1237	1237
14	Nilgiris	2038	1964	1941	1481	917	908	863	872
15	Perambalur	4461	2468	2221	2020	4461	1514	1368	1231
16	Pudukottai	5356	4839	4366	4290	1839	1758	1536	1429
17	Ramnad	4191	3878	3861	3830	1016	1016	1016	1016
18	Salem	4620	4091	3997	3921	1419	1339	1205	1125
19	Sivagangai	3089	2825	2328	2203	895	864	740	635
20	Thanjavur	7934	7319	7268	7248	3274	3042	3027	3003
21	Theni	4018	3497	3043	2905	1002	961	871	824
22	Thirunelveli	6567	6282	6099	6023	1858	1809	1773	1762
23	Thiruvallur	3165	4132	3538	3416	2664	745	720	720
24	Thiruvannamalai	3975	3472	2944	2805	2398	2246	1791	1483
25	Thiruvarur	5634	5341	4786	4635	3177	3042	2388	2388
26	Thoothukudi	5501	4697	4314	4314	1103	963	891	891
27	Trichy	4223	4131	3710	3660	1392	1168	1020	1015
28	Vellore	3578	3578	3018	2804	1082	1083	219	104
29	Villupuram	5249	4415	3942	3017	2927	2466	2155	1636
30	Virudhunagar	4176	3536	3467	3404	699	833	696	696
	Total	125086	112052	103096	98884	51377	43882	37537	35282

VTP TRAINING - PHYSICAL AND FINANCIAL ACHIEVMENT 2002-2003
Progress for the month of August-2004

Sl. No.	Name of the Distt.	Physical Annual Target Nos.	Upto August 2004	%	Fund released from PMU	Upto August 2004 Cumulative	%
1	Karur*	1600	983	61.44	278000	375255	134.98
2	Cudalore	1700	945	55.59	278000	294720	106.01
3	Thanjavur	1600	480	30	278000	278535	100.19
4	Tuticorine	1600	635	39.69	278000	278180	100.06
5	Coimbatore	1300	1837	141.31	555000	555190	100.03
6	Chennai	1000	1004	100.4	554000	554000	100
7	Namakkal	1550	427	27.55	278000	277730	99.9
8	Tiruvannamalai	2100	960	45.71	278000	277650	99.87
9	Theni	1200	2276	189.67	555000	551780	99.42
10	Tiruchi	1600	1619	101.19	815000	807863	99.12
11	Nilgiris	1800	1511	83.94	278000	274915	98.89
12	Madurai	2400	2702	112.58	555000	548167	98.77
13	Virudunagar	1900	418	22	278000	274300	98.67
14	Pudukottai	1700	568	33.41	278000	272321	97.96
15	Nagapattinam	1400	1045	74.64	278000	271210	97.56
16	Tiruvellore	1850	1557	84.16	278000	265665	95.56
17	Villupuram	2400	539	22.46	278000	256370	92.22
18	Dindigul	1500	226	15.07	278000	250200	90
19	Tiruvellore	1900	1339	70.47	555000	456350	83.85
20	Perambalur	1000	1000	100	278000	216555	77.9
21	Salem	2200	265	12.05	555000	381437	68.73
22	Kancheepuram	1300	275	21.15	278000	167025	60.08
23	Thiruvarur	1600	901	56.31	278000	164722	59.25
24	Ramnad	2100	1912	91.05	278000	160665	57.79
25	Dharmapuri*	180	100	55.56	18000	10000	55.56
26	Kanyakumari	1100	1361	123.76	278000	99330	35.73
27	Erode	1900	1960	103.16	278000	67120	24.14
28	Vellore	2200	245	11.14	278000	54750	19.69
29	Sivagangai	18	449	24.94	278000	50000	17.99
	TOTAL	47480	29539	62.21	10000000	8501005	85.01

Agricultural Skill Based Training for SHGs in Tamil Nadu 2003-04
Progress upto 31.08.2004

Sl. No.	Name of the Distt.	Annual Target(no)		PHYSICAL WomenTrained (Nos.)			FINANCIAL Expenditure-(Rs.)		
		Agriculture trg.	Upto Previous Month	During the Month	Upto this month Total	% Ach.	Agri Skill Traig	Expenditure	% of Expenditure
1	Chennai	0	0	0	0	0	232800	0	0
2	Tiruvannamalai	1000	1080	0	1080	108	232800	221063	94.96
3	Tuticorin	1000	1020	0	1020	102	232800	235529	101.17
4	Namakkal	1000	1005	0	1005	100.5	232800	210525	90.43
5	Perambalur	1000	1001	0	1001	100.1	232800	206134	88.55
6	Coimbatore	1000	2000	0	1000	100	232800	206188	88.57
7	Dharmapuri	1000	1000	0	1000	100	232800	222800	95.7
8	Dindigul	1000	1000	0	1000	100	232800	221460	95.13
9	Erode	1000	1000	0	1000	100	232800	214650	92.2
10	Kancheepuram	1000	1000	0	1000	100	232800	216193	92.87
11	Karur	1000	1000	0	1000	100	232800	214230	92.02
12	Madurai	1000	1000	0	1000	100	232800	231639	99.5
13	Nagapattinam	1000	1000	0	1000	100	232800	201868	86.71
14	Pudukottai	1000	1000	0	1000	100	232800	222300	95.49
15	Ramnad	1000	1000	0	1000	100	232800	173303	74.44
16	Sivagangai	1000	1000	0	1000	100	232800	222688	95.66
17	Thanjavur	1000	1000	0	1000	100	232800	213795	91.84
18	Theni	2000	2000	0	2000	100	TPEP	TPEP	TPEP
19	Tiruchi	1000	1000	0	1000	100	232800	210044	90.23

Sl. No.	Name of the Distt.	Annual Target(no)		PHYSICAL WomenTrained (Nos.)			FINANCIAL Expenditure-(Rs.)		
		Agriculture trg.	Upto Previous Month	During the Month	Upto this month Total	% Ach.	Agri Skill Traig	Expenditure	% of Expenditure
20	Tirunelveli	1000	1000	0	1000	100	232800	208285	89.47
21	Tiruvellore	1000	1000	0	1000	100	232800	218072	93.67
22	Virudunagar	1000	1000	0	1000	100	232800	206000	88.49
23	Salem	1000	995	0	995	99.5	232800	207715	89.22
24	Thiruvarur	1000	991	0	991	99.1	232800	220195	94.59
25	Cuddalore	1000	990	0	990	99	232800	224646	96.5
26	Vellore*	1000	973	0	973	97.3	232800	218310	93.78
27	Villupuram*	1000	801	0	801	80.1	232800	157420	67.62
28	Kanyakumari	0	0	0	0	0	0	0	0
29	Nilgiris	0	0	0	0	0	0	0	0
	TOTAL	27000	26856	0	26856	99.47	5820000	5305052	91.15

**WDP-Self Help Group Programme
Monthly Progress Report**

S. No.	Name of Distt.	Annul target 2003-04	Group saving Amount	No of Ban Loan San Groups	Amount	No. of Trained Groups
1	Ajmer	646	25513000	1052	27513000	176
2	Alwer	3268	12186000	817	27060000	486
3	Sangwara	1762	6348299	482	12028850	1546
4	Baran	651	2624277	259	3505666	25
5	Banner	2267	1973850	57	681500	116
6	Bharatpur	2214	16216000	284	5569000	25
7	Bhilwara	500	7745404	1699	18449112	189
8	Bikaner	1405	3408543	160	1438500	884
9	Burdi	438	4451531	54	871000	10
10		2558	6343590	137	1301500	588
11	Churu	2000	3429925	256	4412400	0
12	Dausa	1433	1456990	51	1103000	20
13	Dholpur	907	991146	18	1785839	31
14	Dungarpur	1364	9486000	165	3869000	646
15	Hanumangarh	954	3265985	126	1346709	305
16	Jaipur	500	30348133	3	2529000	20
17	Jaisalmer	644	580533	27	406500	36
18	Jalore	2083	2284991	84	1104200	
19	Jhalawar	805	5188000	370	4830000	0
20	Jhunjhunu	554	4766801	161	2343900	0
21	Jodhpur	1090	2953707	2093	43651764	1985
22	Karauli	756	2330379	11	177000	49
23	Kota	502	5288412	144	2386902	42
24	Nagaur	3834	4695842	22	460000	
25	Pali	2751	3311100	65	5373867	25
26	Rajsamand	598	6790528	228	1755300	6
27	S.Madhapur	500	6757000	41	1244500	
28	Sikar	500	12500000	671	11660000	178
29	Sirohi	290	3232965	131	1644200	162
30	Sri Ganganagar	500	10902967	267	3884620	50
31	Tonk	500	18283000	1638	18618000	291
32	Udaipur	2527	6739757	111	4533326	808
	Total	41301	232394305	11684	217538155	8744

RESEARCH STUDY ON

Effectiveness of Women Self Help Groups in Micro Enterprise Development in Rajasthan and Tamil Nadu



NATIONAL COMMISSION FOR WOMEN
4, Deen Dayal Upadhyaya Marg, New Delhi-110002

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FOREWORD

Women's movement in India is essentially a voluntary effort, initiated, organized and directed by NGOs. The NCW was the result of a sustained campaign over a period by NGOs for a national level organization to protect and promote the interests of women.

Today, SHGs in India have become a potential tool for the empowerment of women, social solidarity and socio-economic betterment of the poor in their own setting. The emergence of self-help groups can be seen as a response to industrialization, the breakdown of the kinship system, and the diffusion of the community. The self-help movement is becoming a global phenomenon. Self-help groups today play a major role in poverty alleviation in rural India. There have definitely been significant advances in recent years and the concept and practice of SHG-based micro finance has now developed deep roots in many parts of the country. Doubtlessly, a lot needs to be accomplished in terms of outreach to make a serious dent on poverty. The path ahead is strewn with challenges. Scaling up of projects and bringing millions of people within the fold of micro finance is not a small task.

The National Commission for Women felt the need to highlight various aspects related to the promotion of microenterprises through SHGs. It was with this vision that the Commission supported Swadeshi Jagaran Foundation to understand the strength of SHG movement in this study i.e., "Effectiveness of Women Self Help Groups in the promotion of micro enterprises in Rajasthan and Tamil Nadu". This research study examines the effectiveness of women SHGs in the promotion of micro enterprises in Rajasthan and Tamilnadu, and specifically, the development of social and human capital through micro enterprise development to work towards poverty alleviation.

No doubt, SHGs have set a new empowerment agenda for financial intermediation by banks. SHG as a system has infused synergy among its

members to move up in the socio-economic ladders from passive onlookers into an active partner/stakeholder in the development process.

This research study begins with a background discussion about unemployment and poverty in rural areas and why low-income persons seek self-employment as a viable option towards building social and human capital to work towards poverty alleviation. It moves on to a discussion of a qualitative analysis of the impact of SHGs on individual members, family, and community life, changes in skills, knowledge, and attitudes, successful outcomes, and the development of human and social capital. Utilizing these findings, effectiveness of women SHGs in the promotion of micro enterprises is discussed, suggesting that micro enterprise development is a viable option for poverty alleviation, and community economic development.

This report gives us an insight on the need of the hour for a policy which is people oriented, especially women-oriented and suggests a sound strategy to implement it and reiterates the need to have the participation of women at every level in decision making, programme formulation and implementation for the realisation of empowerment of women in its fullest term.

I also hope that this report will be a wakeup call for concerted action that can lead to a meaningful research to ensure that an enabling environment is created for women in the SHG movement. The suggestions and the recommendations to improve the policies and programmes are based on the findings of the investigation through observation as well as the views of the women interviewed. This book is an important tool for formulating effective mechanisms of implementation and social action for Government, women's agencies, NGOs and action groups.



(GIRIJA VYAS)
Chairperson

National Commission for Women

ACKNOWLEDGMENT

There have definitely been significant advances in recent years and the concept and practice of SHG-based micro finance has now developed deep roots in many parts of the country. Impact assessment being rather limited so far, it is hard to measure and quantify the effect that this Indian micro credit experience so far has had on the poverty situation in India. Doubtlessly, a lot needs to be accomplished in terms of outreach to make a serious dent on poverty. However, the logic and rationale of SHG-based microfinance have been established firmly enough that microcredit has effectively graduated from an “experiment” to a widely-accepted paradigm of rural and developmental financing in India. This is no mean achievement. The path ahead is obviously strewn with challenges. Scaling up of projects and bringing millions of people within the fold of micro finance is no mean task. To understand the strength of SHG movement, **Swadeshi Jagaran Foundation** with the kind cooperation of National Commission for Women (NCW) successfully completed this research topic titled “**Effectiveness of Women Self Help Groups in the promotion of micro enterprises in Rajasthan and Tamil Nadu**”.

Through this National Commission for Women’s sponsored study we are able to highlight various aspects related to the promotion of microenterprises through SHGs. I express my gratitude to all the members of NCW and specially Mrs. Poornima Advani, Chairperson, NCW for their financial as well as intellectual support to complete this research study.

I would like to place on record the valuable contribution of few individuals and organisations who helped me immensely in preparing this report and also in field visits and collection of secondary data.

I would like to thank Dr. C.A. Varghese, Director - CBMD, Shri Ashwani Mahajan, Asst. Professor, PGDAV College, Shri Umkant Mishra, Sr. Research Fellow, JNU, Ms. Jyoti Kumari, Shri Hemnath Mishra, Shri Vaibhav Dange of CBMD for helping me in the finalisation of Questionnaire

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I would like to acknowledge my deep gratitude to General Manager and other officials of Tamil Nadu Corporations for the Development of Women (TNCDW), Chennai and Project Officers of the district, specially Mrs. Seeta Laxmi, APO, Chennai for their immense support and encouragement during my field visit.

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This report had been not possible without the tireless efforts of Shri Dwarka Dass and my wife Ms. Rupeshwari, who spent long nights and helped me in preparing this report. I thank all the members of CBMD for their encouragement and support. Above all I thank the women members of SHGs who willingly responded to our request.

Let us join hands together for a Self Reliant Bharat by strengthening SHG movement in India.

Jai Hind

Date : December 22, 2004

I.Mallikarjuna
Project Director



*“No, these women needed opportunity, not charity - They want chance,
not bleeding hearts” - Prof. Mohammed Yunus*