



Self Help Groups (SHGs) - A Tool to Women Empowerment

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Introduction

Women empowerment is critical to the process of the development of the community. Bringing women into the mainstream of development has been a major concern of the government since independence. Yet, despite of significant steps taken by the government, the participation of women in all walks of life varies in the context of differences in the social, economic, cultural and regional factors. It is being increasingly realized that the goal of poverty alleviation cannot be achieved without the full and active participation of women who constitute a large section of the work force in our country. In order to empower women and bring them into the mainstream, an enabling environment with requisite policies and programmes, institutional mechanisms at various levels and adequate financial resources have been created. Women are integral part of every economy. The nation's ubiquitous development and growth will increase while women with men will be considered equal partners in development programs. Today Self-help groups play a major role in poverty alleviation in rural area. It is reported that the SHGs have a role in hastening country's economic development. SHGs have now evolved as a movement.

Self Help Group is a small, economically homogenous and an affinity group of rural poor, voluntarily formed to save and mutually agree to contribute to a common fund to be lent to its members as per group decision for their socio-economic development.



History

- ❖ The concept evolved in 18th century with the publications of Lysander Spooner on benefits from small credits.
- ❖ The Origin of Self-Help Groups is from the brainchild of Grameen Bank of Bangladesh, founded by Mohammed Yunus. SHGs were started and formed in 1975.
- ❖ Microfinance in India started in 1974 in Gujarat with Shri Mahila SEWA (Self Employed Women's Association) Sahakari Bank (Ela Bhatt)
- ❖ Microfinance later evolved in the early 1980s around the concept of informal Self-Help Groups (SHGs).
- ❖ During 1992, NABARD started linking SHGs to banks in India which is today the world's largest microfinance project.
- ❖ By 1999, GOI introduced The Swarna Jayanti Gram Swarajgar Yojana. This evolved into NRLM in 2011. (National Rural Livelihood Mission).

Group dynamics

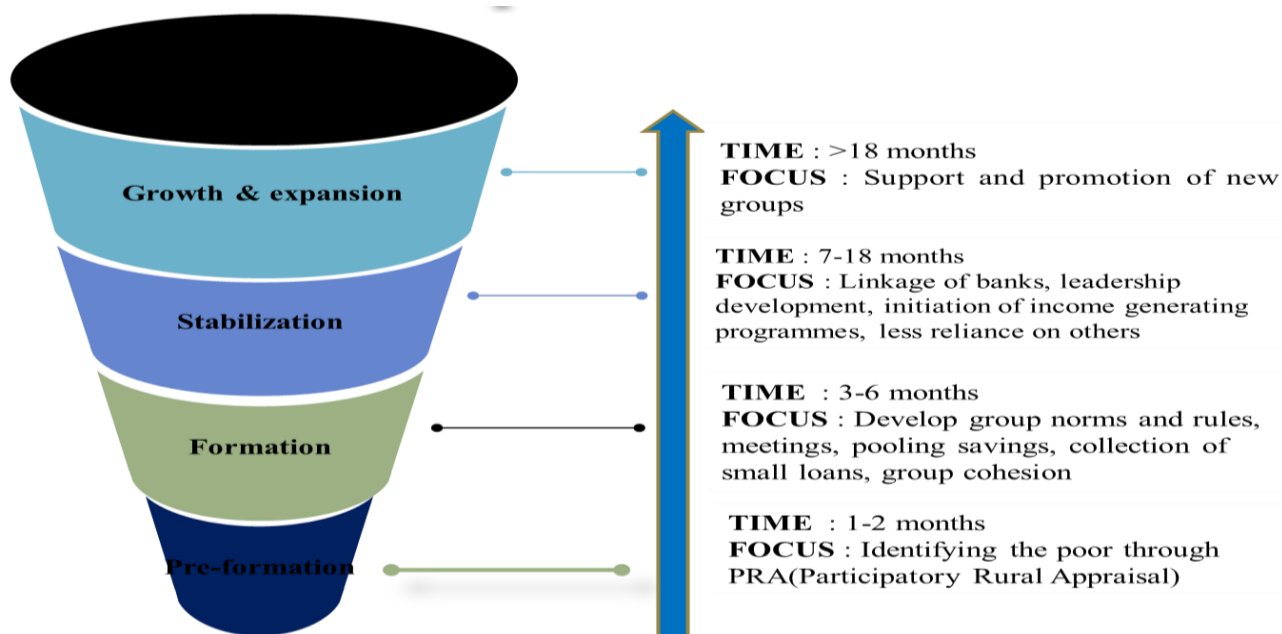
The members in a Self Help Group (SHG) are linked by a common bond like caste, sub-caste, blood, community, place of origin, activity, etc. The group dynamics (GD) of these SHGs refers to the interaction of forces between the members. It is the internal nature of the groups as to how they are formed, what their structures and processes are, how they function and affect the individual members and the organization. The Group Dynamics factors are that- how the group is organized, how the group is led, the amount of training in membership and leadership skills, the tasks given to the groups, its prior history of success or failure, etc. Also helping and hindering roles individuals play in groups like establishing, aggressive, persuading, manipulative, committing, dependent, attending and avoidance.

Characters of SHGs

- ❖ The ideal size of an SHG is 15 to 20 members.
- ❖ The members of this group should live below poverty line.
- ❖ It inculcates the thrift and savings habit among the members.
- ❖ Members have the identical interests.
- ❖ Each group maintains simple records and documents.
- ❖ A principle of collective leadership and mutual discussions.



Development of SHGs



Functions and advantage of SHGs

- ❖ Savings and thrift
- ❖ Internal lending
- ❖ Discussing problems
- ❖ Self-employment
- ❖ Women empowerment
- ❖ Poverty alleviation

Models of SHGs

1. Direct model

- 1.1 Model I: Banks lend directly to SHGs formed by them & Govt. Agencies
- 1.2 Model II: Banks lend to SHGs with NGOs/MFIs acting as facilitators for organizing & nurturing of groups

2. Indirect model

- 1.3 Model III: Banks lend to SHGs with NGOs/MFIs acting as facilitators for organizing & nurturing of groups

Formation of SHGs





Role of Banks

- ❖ Opening of savings account of banks
- ❖ Opening of savings account of federation of SHGs
- ❖ Opening of current account of producer groups(PGs)
- ❖ Transactions in savings/cash credit account of SHGs

Financial assistance to SHGs

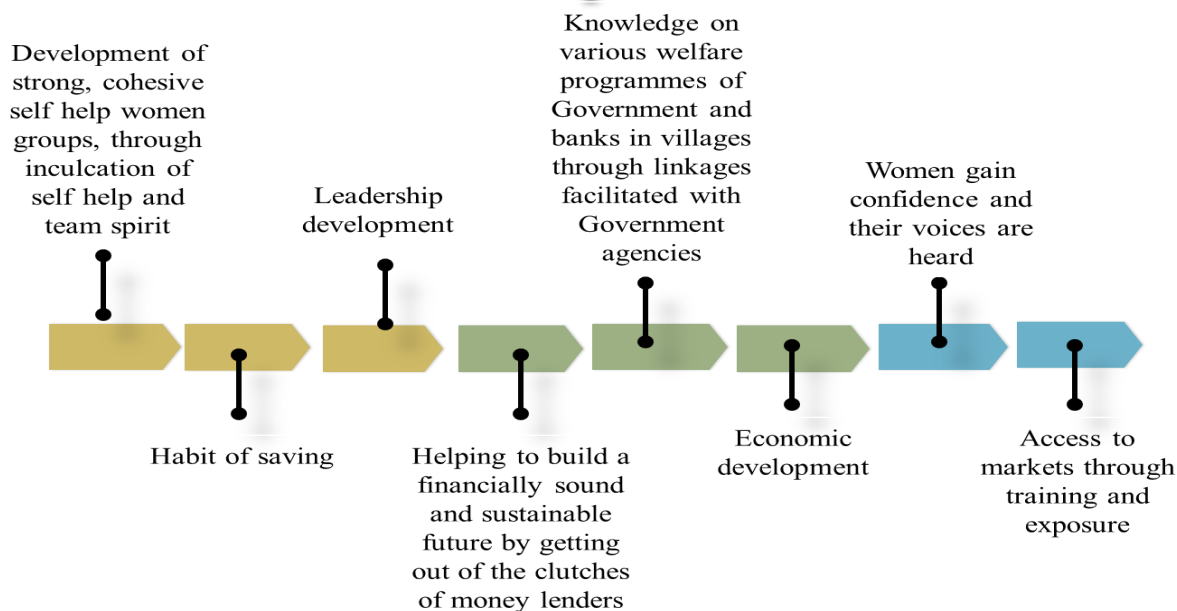
Revolving Fund

DAY-NRLM, MoRD, would provide Revolving Fund (RF) support to SHGs in existence for a minimum period of 3/6 months and follow the norms of good SHGs, i.e. they follow Pancha sutra’ – regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts.

Community Investment Fund (CIF)

CIF would be provided by MoRD to the SHGs promoted under DAY – NRLM in all blocks (intensive and non-intensive) and would be routed through the Village level/ Cluster level Federations.

Impacts of SHGs on socio-economic development



Role of SHGs in empowerments

Social empowerment:

- ❖ Social independence is one of the means to empower the women.
- ❖ Micro-finance helps women to gain confidence.
- ❖ Helps to gain respect in the family and freely interact with people.



- ❖ Increase the role of women in household decision making.
- ❖ Increase mobility of women within and outside their locality.

Education, skill and training empowerment

- ❖ Improves the literacy level of the family members. They are able to maintain records of finances
- ❖ Creates awareness about children's education.
- ❖ Imparts training on income generating activities.

Economic empowerment

- ❖ Enhances the women's contribution to the household's income as a result of credit access.
- ❖ Helps in employment generation and women's access as well as control over the resources.
- ❖ Helps in understanding the bank transactions.

Political empowerment

- ❖ Micro-finance increases the participation of women in local bodies.
- ❖ Increase the number of women in decision making power of local governments.
- ❖ Increase the number of women in local protests and political campaigns.
