

**Panchayati Raj
and
Self Help Group**

Indian Environmental Society
New Delhi

© Indian Environmental Society

Published by :

ENVIS Centre on “Role of Panchayat in Environmental Management”

Indian Environmental Society

U-112, Vidhata House,

Vikas Marg, Shakarpur, Delhi-110092

Tel. : 91-11-22046823/24, 22450749

E-mail : iesindia@gmail.com

Website : www.iesglobal.org

Supported by :

ENVIS secretariat

Ministry of Environment & Forests

Government of India

Printed at :

Times Press

New Delhi

Preface

I am happy to know that the ENVIS centre on "Role of Panchayat in Environmental Management" is publishing an interesting publication which is focusing on the SHGs. Involvement of these target groups for improving the environmental condition will be a useful asset for having a well managed environment.

Till date, poverty is the inseparable part of our country. More than 70 % of our population is living in our rural India. Unless and until we develop our rural areas, it is foolish to say that we are developing as a country. Thus our main focus should be for the development of our rural population. It is unfortunate that, still we are losing our human resource due to lack of food, shelter, proper health care etc. It shows that, how our human resource both in rural as well as in urban areas have been becoming the victim of poverty.

Formation of Self Help Groups (SHGs) is an important asset for avoiding the poverty and developing our rural areas. Since a long time, effort has been made by the government and various voluntary organizations to form SHGs in different part of our country. Due to lack of awareness and proper training, still it is not so popular and effective to meet our expectation. Various SHGs have been observed as very efficient and productive while few others are becoming dormant soon after its formation. It is essential to disseminate the information about the SHGs at grass root level. Extensive training should be provided at panchayat level regarding the formation, functioning, and benefits of the SHGs. This will motivate the rural poor to strengthen themselves.

The idea of involving these unique groups with the environmental management activities is very impressive. There are several existing environmental issues such as solid waste management, natural resource management including wetland management etc in which these groups can be involved. They should be provided information/ ideas regarding the income generation while solving these environmental issues. It will help for avoiding the environmental problems as well as poverty. I am sure the day will come when these groups will be observed as the significant contributor for better environmental management as well as in the development of our country as a whole.

Dr. Desh Bandhu

President, Indian Environmental Society

Contents

Sl. No.	Topic	Page No.
1.	Preface	3
2.	SHGs, Panchayat Raj & Environment—An Introduction	5
3.	SHG : A Necessary Tool to Overcome Poverty	7
4.	Type of SHG's	9
5.	Methodology of Shg Formation and its Sustainability	10
6.	SHG's Linkage with Banks	16
7.	SHG Empowerment	19
8.	Panchayati Raj and SHGs	24
9.	Role of SHG in Women Empowerment	27
10.	Success Stories	29
11.	Some Case Studies of Successful Panchayat level SHGs	36

SHGs, Panchayati Raj & Environment—An Introduction

India is a developing country in which more than 70 % of the population is still living in the rural areas. The only source of income can be agriculture. In majority of the cases, the agriculture land is not productive throughout the year. Thus, the income source of the rural people becomes limited to that particular season. If we will think about the development of a country like India, it is essential to bring the rural people to the front line by building their capacities. Again women, whose number is nearing to 50 % of our total population, are still not empowered when rural area is concerned. Unless and until we become able to involve them in various developmental activities, it is difficult to take our country to the front line. Self Help Group (SHG) is an encouraging concept which should be highly appreciated and encouraged. This concept has the ability to carve the niche in our favour. It can help to avoid financial scarcity, poverty of our rural people and it will involve them in various developmental activities.

Self Help Groups (SHGs) have emerged as popular method of working with people in recent years. This movement comes from the people's desires to meet their needs and determine their own destinies through the principle "by the people, for the people and of the people". Poverty and unemployment are the major problems of any developing and under developed countries. Ordinarily 'self help' refers to the provision to aid self, but here self is also taken internally. Self – help emphasizes self-reliance, self production and self-employment by mobilizing internal resource of the persons, the group or the community. The self-help groups, changes the pattern of social interaction. When such patterns change, substantial number of society members assumes new status and play new roles in the community. SHGs in social change imply not only the change of outer form of a community or a society but also in the social institutions as well as ideas of the people living in that society. In other words, it also applies to the changes in the material aspects of life as well as in the ideas, values and attitudes of the people.

In India, Self Help Groups or SHGs represent a unique approach to financial intermediation. It is a village-based financial intermediary usually composed of between 5-20 members. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro credit.

The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or, banks and by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social aspects. SHG have strong potential for enabling women to act collectively on different social, environmental and economic issues. It shifts the capacity building requirements to a different level. SHGs enable women to grow their savings and shifts to access the credit which banks are increasingly willing to lend. SHGs can also

Panchayati Raj and Self Help Group

be community platforms from which women become active in village affairs, stand for local election (involvement in Panchayati Raj) or take action to address social, environmental or community issues.

There are some questions also in Self Help Group. How effective are the groups in managing their financial transactions? Are the groups sustainable? Do they help in mobilizing women to take social action? How effective are such actions? Who is really benefiting? Do the poorest benefit? Do they not join at all or if they do join, are they more likely to drop out? It is essential to explore such questions, based on field research or a reality check in different locations of India to know “what is really happening”.

Involvement of women in our developmental activities is an essential requirement for our growth and development as a whole, the women will be active and capable to get involved with these activities once after they get associated with the groups like SHG. We should appreciate our government for implementing various acts and schemes from time to time for bringing our rural people to the front line.

Panchayati Raj System can provide a platform for these people (including women) and bring them to the front line. Our Panchayati Raj system in association with the groups like SHG can empower our rural people and make the development in our rural area through self sustainable methodologies.

These SHGs should be linked to the environment and nature. They should be properly aware and educated regarding our nature and environment. Their capacity should be built on the available natural resources which may vary according to the location. Their capacity building can be done through extensive training. The training programmes will make them to have clear knowledge about the environment and nature. It will finally lead to the planned exploitation of the natural resources available vastly in our rural area. Thus SHG can also play a major role in managing the natural resources that may lead to proper management of the environment.

SHG: A Necessary Tool to Overcome Poverty

Meaning/ Definition of Self-Help Groups:

A Self-Help Group (SHG) is a registered or unregistered group of micro entrepreneurs having homogenous social and economic background voluntarily, coming together to save small amounts regularly, to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment thereof. In fact, peer pressure has been recognized as an effective substitute for collaterals.

In other sentence, Self-Help Groups are voluntary gatherings of persons who share needs or problems that are not being addressed by existing organizations, institutions, or other types of groups.

The broad goals of a self – help group are to bring about personal and social –economic change for its members and society. All of those groups emphasis face to face interaction among members and stress a set of values or ideology that enhances a member’s personal sense of identity.

A very basic description of the Self-Help Group (SHG) has been summarized by the **Rural Finance Learning Center**. According to their definition: " Self-help groups are usually informal clubs or associations of people who choose to come together to find ways to improve their life situations. One of the most useful roles for a self-help group is to provide its members with opportunities to save and borrow and it can act as a conduit for formal banking services to reach their members. Such groups can provide a guarantee system for members who borrow or they may develop into small village banks in their own right. In rural areas self-help groups may be the only way for people to access financial services.

The structure of the SHG is meant to provide mutual support to the participants by assisting one another in saving money, opening up cooperative banking accounts that help women and other peoples to build credit with a lending institution. The SHG also functions to support members through maintaining consistent contact among group members to aid the individual’s savings goals, to help support the creation of these micro-enterprises. Often the SHG helps in the conception of these businesses and even the implementation of these enterprises upon receipt of the micro-loan.

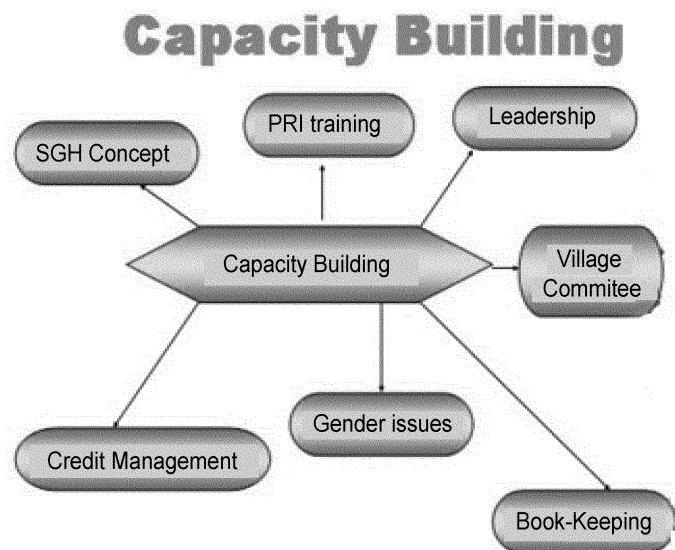


Figure 2

Panchayati Raj and Self Help Group

The Self Help Groups (SHGs) are helping more than 17 million women in the rural areas & make them self reliant. The SHGs of rural women consists of members who are the poor, having low saving capacity and who depend on money lenders for meeting their daily needs and social obligations. SHGs are small voluntary associations of poor women, preferably from the same socio-economic background. They come together for the purpose of solving their common problems. The SHGs significantly contribute to the empowerment of the poor women & meant for reaching the unreached & particularly the poorest among the poor. Women in SHGs have been encouraged by the government as well as NGOs to undertake self employment ventures with locally available resources. SHG is called as a suitable means for the empowerment of women.

Self Help Groups (SHGs) can also be defined as a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save money regularly and convert their savings into a common fund known as the group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. SHGs also provide a space which facilitates the discussion of many issues pertaining to the community's socio-economic, educational and health status. Thus, the formation of this group provides a forum to initiate many participatory activities

It (A SHG) is a small, economically homogeneous group of people especially women voluntarily formal and save an equal portion out of their little earning to built up a common fund, from which each member meet their emergent, productive and consumption needs and finally empowered themselves.

Type of SHG's

Type of Self help Groups engaged in financial intermediation in India can be distinguished by their origin and source of funds. Based on that, SHGs can be categorized into following categories;

(a) Pre-existing Groups:

- ROSCAs (Rotating Savings and Credit Association), such as Nidhis, rotating their own savings with no external resources
- Pre-existing ROSCAs that have been identified by banks and are assessing bank loans

(b) Promoted by NGOs:

- Thrift groups receiving no external funds (including those formed under component programmes of sector development projects)
- Receiving only revolving fund grant from NGO/ donor
- Started with donor/ government grants and subsequently linked to banks/ MFIs
- Receiving loans from NGO-MFI

(c) Promoted by Banks/ NBFCs:

- Promoted by bank staff and agents-receive loan from bank
- Promoted by agents- receive loan from bank/ NBFC

(d) Promoted by DRDA/ Government/ Local Government Agencies:

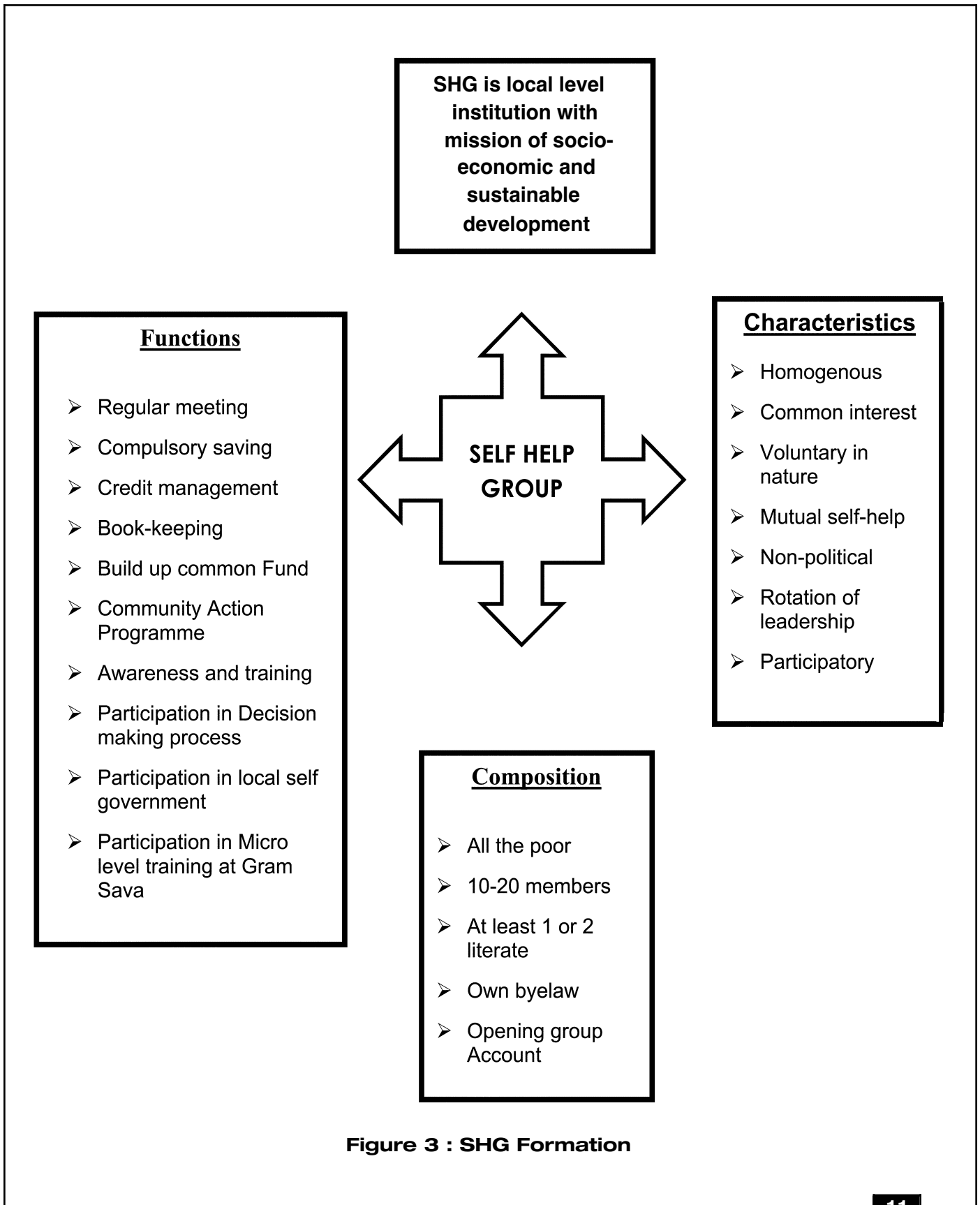
- Only receive revolving fund grant from government agencies
- Assess loans from bank/ MFIs

(e) Promoted by SHG Federations:

- Directly linked to banks
- Receive loan through SHG Federations

Methodology of SHG Formation and its Sustainability

- Generally a self – help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas have to be identified by the State Level SGSY Committee and the above relaxation in membership will be permitted only in such areas.
- Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group.
- The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinary be entirely in the hands of APL families.
- The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings, functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process.
- The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.
- The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund.
- The group corpus fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.
- The members in the group meetings should take all the loaning decisions through a participatory decision making process.
- The group should be able to priorities the loan applications, fix repayment schedule, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanee.
- The group should operate a group account preferably in their service area bank branch, so as to deposit the balance amounts left with the groups after disbursing loans to its members.
- The group should maintain simple basic records such as minutes book, Attendance register, Loan ledger, General ledger, Cashbook, Bank Passbook and individual pass books. These could be used with necessary changes/ modifications wherever required.
- In case of disabled persons, the groups formed should ideally be disability- specific wherever possible, however, in case sufficient number of people for formation of disability-specific groups are not available, a group may comprise of persons with diverse disabilities or a group may comprise of both disabled and non- disabled persons below the poverty line.



GUIDING PRINCIPLES FOR FORMATION OF SHGs

- ✓ The strong belief by the individual to bring about change through collective efforts
- ✓ Effort is built on mutual trust and mutual support
- ✓ Every individual is equal and responsible
- ✓ Every individual is committed to the cause of the group
- ✓ Decision is based on the principles of consensus
- ✓ The belief and commitment by an individual that through the group their standard of living will improve

This stage involves the formation, development and strengthening of the groups to evolve into self-managed people's organization at grass-root. In a society, individuals are to be linked together by various common bonds like caste, sub-caste, community, gender, place of origin etc to name a few.

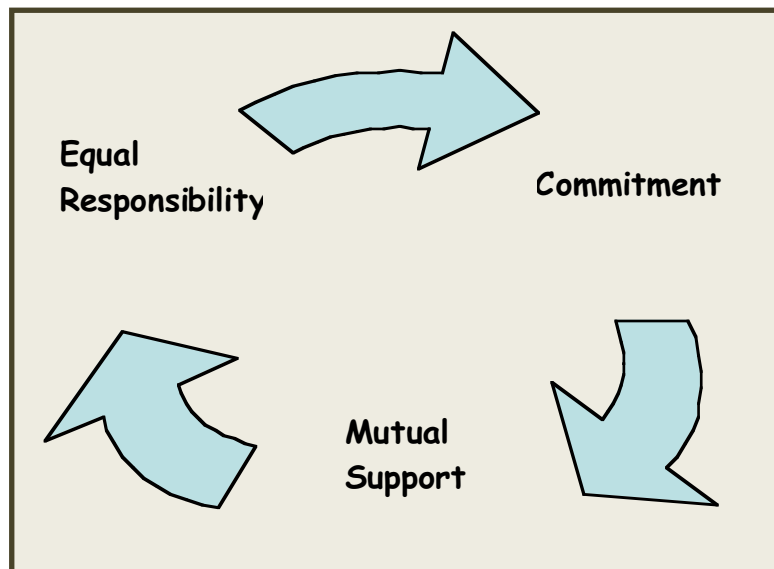


Figure 4 : Principles of Strengthening Groups

Administrative pattern of SHG:

- The number of member to form SHGs is 5 to 20.
- Savings first, credit thereafter
- SHGs should hold regular meetings. Decision on time and periodicity helps in regular conduct of meetings.
- SHGs should maintain record of financial and other transactions
- They should have norms regarding membership, meetings etc.
- Group leaders should be elected by members and rotated periodically

- All members have not met regularly.
- The SHGs will have office bearers like president & secretary and group members will elect them:-
 - ❖ Two or three group members are elected as leaders. Initially the opinion leaders may be the leaders and over a period of time they are expected to take the turns.
 - ❖ The group leaders are expected to regularly convene and conduct the meetings, help the group members in taking decisions, resolve conflicts, maintain books of account, approach bank branch for operation of accounts.
- NGOs help the SHGs in procuring raw materials and also marketing of the product.
- SHGs collectively ensure repayment of bank loans.
- Entire loan amount disbursed to SHGs is refinanced by National Bank for Agriculture and Rural Development (NABARD) to the financing bank.

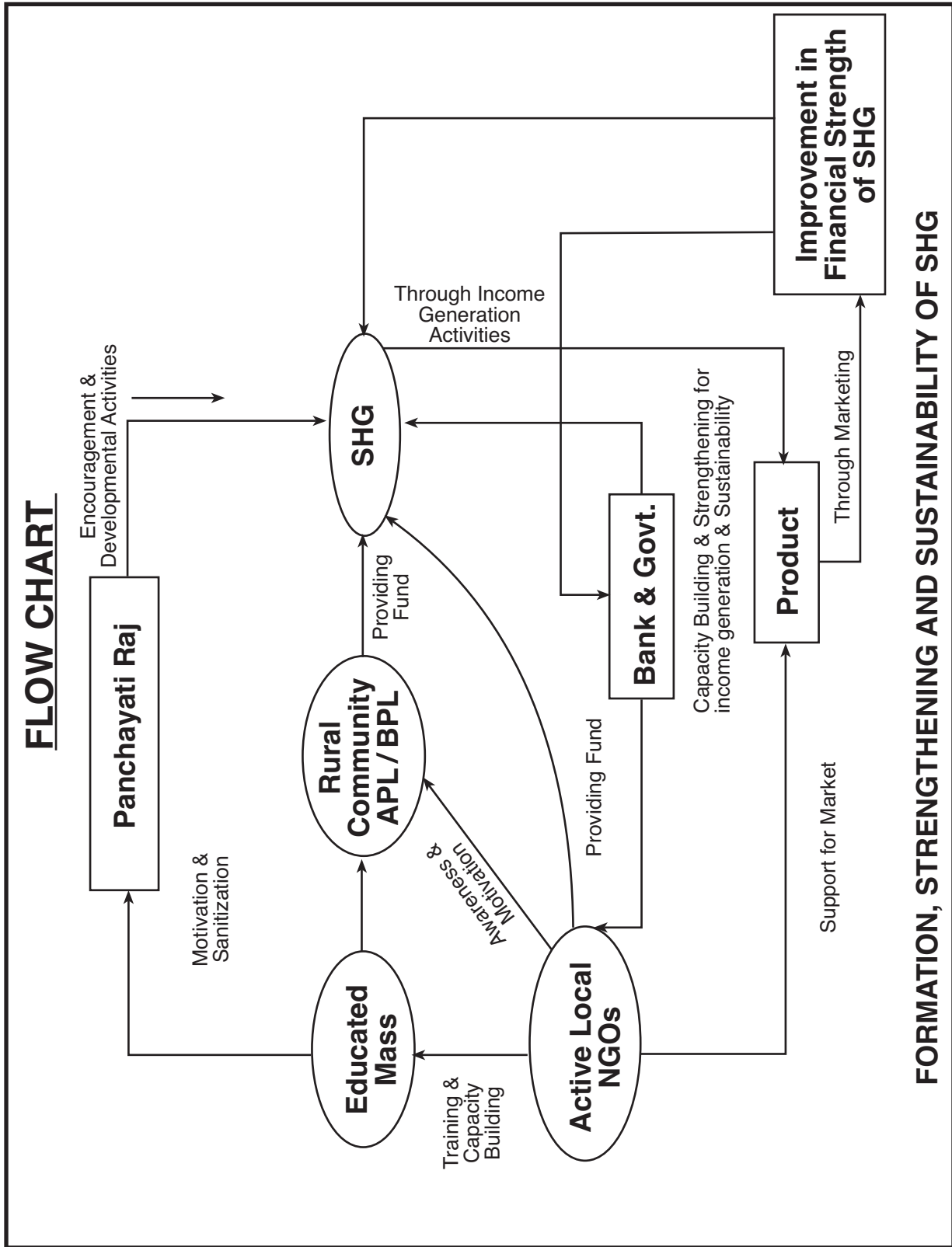
Income generation source or Activities of SHGs:

Formation of SHG is not a difficult task as compared to its sustainability. Sustainability of this group is essential to come out successfully in flying colour which will help in overcoming poverty in our rural area. For making these groups sustainable, it is also essential to engage them in some income generation activities which may vary according to the location. SHGs are observed while doing the following activities.

- ✓ SHGs must save for at least 6 months before they can be linked to a bank credit or provide loans to its members
- ✓ The rate of interest in lending among members from the groups fund will be decided by the group as well as the amount to be given and the rate of interest to be charged.
- ✓ Loans may be given to members for either productive or consumption purposes subject to the group decision
- ✓ All types of Income generating activities of SHGs must be supported by a brief market survey
- ✓ All income-generating activities require functional skills but SHGs must promote its members to be trained in their selected activity to enhance their capability for sustainable surplus production

Local NGOs responsibilities becomes important when the formation, strengthening and sustainability of the SHGs are the matter of concern. The local NGOs who are forming SHGs Should be active in strengthening those groups as well as they have to guide the SHGs in a direction to reach at the layer of sustainability. The local NGOs can make a socio-economic assessment of the community to find out the suitable persons for forming the SHGs. At the same time, they have to aware the community people regarding the need of SHG formation and its benefit for strengthening their economic condition. Apart from the above, the NGOs those are forming SHGs should involve the educated masses of the community by generating awareness, providing training and building their capacity of the educated masses.

FLOW CHART



FORMATION, STRENGTHENING AND SUSTAINABILITY OF SHG

Panchayati Raj and Self Help Group

Once the educated masses become fully aware, trained with clear information regarding the importance of SHG, they can act as a supporting hand for the local NGOs those are taking initiative in forming SHGs. The educated mass may include, local youths, voluntary members working in the government offices, social workers etc. They in turn engage themselves in motivating and sensitizing the members of grass root bodies like Panchayati Raj institutions (PRIs).

Panchayati Raj Institutions (PRIs) are the most active body present in almost all the corners of our country and remain associated with all the activities of the rural masses. Sensitization of its members for strengthening SHGs is an essential requirement to make the process sustainable. Once activated, the PRIs can develop programmes for encouraging SHGs and other developmental activities related to SHG.

The above process/ idea cannot be successful unless government or banks provide fund to the local NGOs to promote the SHG formation, strengthening and sustainability. The funds which will be utilized in this purpose will not be counted as the loss for the bank or government as the same or more amounts will come to them if the idea will be implemented successfully. Here it is essential that the Government or bank or any fund provider should monitor the local NGOs to whom they are providing funds for forming, strengthening and making sustainable SHGs

After formation of the SHGs, various products such as eating materials, handicrafts etc will be formed by them. Marketing of these materials with suitable market value is essential to make the SHGs sustainable. Thus, the NGO that formed the SHG, should take the responsibility for providing the SHGs a suitable market link. This will strengthen the SHGs by generating income for them. This in turn improves their financial strength. The financial resource generated, will be partially invested in the growth of SHG and partially may goes to the bank account. Thus bank will also be benefitted by the growth of the SHGs which is formed with the help of the fund provided to them.

SHG's Linkage with Banks

A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG Bank Linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The informal thrift and credit groups of poor were recognized as bankable clients. Soon after, the RBI (Reserve Bank of India) advised commercial banks to consider lending to SHGs as part of their rural credit operations thus creating SHG Bank Linkage.

The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. The SHGs were able to scale up their operations with more financing and they had access to more credit products.

During 2003, APMAS conducted a study on SHG – bank linkage in Andhra Pradesh covering a sample of 400 bank linked SHGs. The study clearly indicated that the repayment rates were high and that the bank linkage made difference in the lives of the SHG members. However, the study also pointed out certain issues that require attention. These include adequacy of loan size, timeliness of credit and also the need for branch manager or the promoter undertaking a rating before the SHG is bank linked.

The following were the major findings of the study:-

- Average Savings per SHG – Rs. 23,000, average loan size Rs. 31,000.
- 50% of SHGs practice equal distribution of bank loan.
- Only 50% SHGs felt that the loan size was adequate and 54% studied SHGs were first time linked.
- 69% of SHGs got RLF, some got from multiple sources.
- It takes more than four months for an SHG to get a bank loan.
- No post linkage follows up by banker and others.
- 66% of bank linked SHGs are A grade as per CRI
- Only 22% of bank linked groups are appraised by banker, etc.
- Leaders dominate and have 30% loan on them.
- 12% SHG default to banks – repayment problem.
- 10% SHGs reported that they were forced to take loan.
- High percentages of SHGs participate in Government Programs.
- Bankers' attitude is still an issue.

Emerging Challenges of the SHG-Bank Linkage Programs

(According to the planning Commission of India)

The phenomenal expansion of the programme in the recent years has thrown many challenges, which need to be addressed in our Development Plan. Also, special surveys and analytical studies should be undertaken to understand the problems of lagging regions.

- **Data on SHGs:** At present there is no adequate database on SHGs. SHGs are formed under different ministries, departments and organizations, such as ministries of Agriculture, Rural Development, Women and Child, Social Justice etc as well as financial institutions etc. However, there is no data available on the total number of SHGs in the country and in agricultural sector as well as their lending in agriculture.
- **Regional Imbalances:** There are wide regional differences in the performance of the programme. The Southern region has the highest share (54%) of the credit linked with SHGs, but N-E region has 2.8 percent share and the Northern and Western regions have 5.9 percent and 7.4 percent shares respectively. This indicates that a lot for work needs to be done in most regions of the country.
- **Developing Monitoring System for SHGs:** There is a need to monitor internal processes and internal health of SHGs. A separate SHG Monitoring Cell should be set up in every state for the purpose.
- **Capacity Building of SHG Members:** So far emphasis has been laid on capacity building of bankers, NGOs and government officials involved with SHGs. The time has now come to focus on capacity building of SHG members. A Task Force should be set up to review the existing capacity building programmes and suggest new programmes. The Task Force should also suggest ways of monitoring the existing capacity building programmes.
- **Promoting SHGs as Self-Managed Units:** SHGs have to become self-managed independent institutions if they have to contribute to agricultural development. NABARD has introduced a Pilot Project, Computer Munshi, for the purpose. The results are encouraging. There are other experiments also. There is a need to review these experiences and suggest measures to promote stable, independent and healthy SHG groups.
- **SHG Lending for Agriculture:** So far SHG lending to agriculture has been low. In the budget for 2006-07 NABARD has introduced a separate line of credit for financing farm production and investment activities through SHGs in addition to the existing refinance facility. There is a need to review its working carefully for promoting SHG lending to agriculture.
- **Livelihood Promotion among SHG Members:** It is expected that once SHGs be matured, they start livelihood promotion activities for their members in agricultural sector including the allied sectors. However, this task has not been easy and a major constraint has been in marketing of products. There is a need to involve a sound strategy for promoting sustainable micro enterprises among SHG members in agriculture and allied sectors. NABARD has taken up a pilot project on this, and the results are awaited. NABARD has also developed an approach

based on rural entrepreneurship development projects (REDPs) for farm and non-farm sectors. This approach has proved to be sound in many areas, and there is a need to involve producers from agricultural sector under this programme.

- **Concerns Related to Women:** As seen earlier, micro-credit through Self-Help Groups (SHGs) has proved to be a strategic tool for organizing rural women in groups and promoting savings and thrift habits to gain access to institutional credit for their socioeconomic development and empowerment. The rural sector requires credit policies that lead to the creation of productive processes and assets and sustainable institutional development. SHGs continue to engage in traditional stereotyped, low return activities and the fundamental livelihood concerns of the rural poor women remains largely UN addressed.

There is a need to focus on concerns of women under the SHG programme and in credit lending.

The following measures are recommended in this context:

- An integrated approach is required for meeting over-all credit needs of a poor family in terms of backward linkages with technology and forward linkages with processing and marketing organizations.
- Credit needs to be provided for diversified activities including income generating livelihood activities, production, housing consumption loans and against sudden calamities.
- The delivery system has to be proactive and should respond to the financial needs of the farmers. Cooperative Banks and Rural Regional Banks should be strengthened which should formulate new products for diversified & integrated farm and non-farm activities, including insurance, commensurate with the demand and to provide cheaper and timely credit.
- Simplify the process of giving loans, i.e. reduce the number of questions to important, non-repetitive ones.
- Provide gender sensitization training to bank staff so that they are sensitized to the needs of rural clients, especially women.

The outreach of the formal credit system has to expand to reach the really poor and needy. There is an urgent need for a paradigm shift from micro-finance to livelihood finance, comprising a comprehensive package of support services including financial services, (including insurance for life, health, crops and livestock: infrastructure finance for roads, power, market, telecom etc and investment in human development), agriculture and business development services (including productivity enhancement, local value addition, alternate market linkages etc) and institutional development services (forming and strengthening various producers' organizations, such as SHGs, water user associations, forest protection committees, credit and commodity cooperatives, empowering Panchayats through capacity building and knowledge centers etc.). A more detailed understanding of the place of SHGs in women's multiple livelihoods may be built up, as well as mapping the location of women in the rural and agricultural sector.

SHG Empowerment

Capacity Building of SHGs

It is not sufficient to promote SHG but the group has to be sustained. Constant inputs of training and capacity building are required to sustain SHGs. Civil Societies are striving towards this goal by constantly organizing training programs. It has been of general observation that any group at least requires four training session in a year. The groups need guidance in terms of best practices in group management, conduct of group meetings, accounts and book keeping and mode of accessing to government schemes and bank finance.

- ✓ At least one woman and one male member of every Panchayat may be trained by various training programmes. Such Master Trainers can train to other members of the group.
- ✓ For adequate, efficient and capacity building, different modules of training for different categories of implementing agencies were developed.
- ✓ Brainstorming sessions, lecture modules, field visits and hands on training, exposure visits, multi media learning modules and Audio-visuais were used to impart training to ensure better clarity and understanding.
- ✓ It is hugely important that implementing agencies and stake holders are all properly explained to how NREGA differ from food for work and other schemes of rural development and what is going to be their responsibility at different levels.

Social Empowerment of SHG

Social empowerment of SHGs and environment is closely linked. SHGs can play a major role in conservation and restoration of the environment. Rural population use unconventional and nature friendly source of energy in the form of animal dung, crop waste and fuel wood. Using of solar energy, biogas, and smokeless stoves can really help the rural women as they can act as the environment friendly tools.

Today their participation is restricted and limited to very less numbers because of widespread discrimination at the basic education levels and lack of opportunities for pursuing higher studies. Reducing drudgery with the help of science and technology is another major area of importance for

freeing women from the never ending domestic chores and making her contribute to the mainstream of the society. Various issues that are closely associated with the social empowerment of women are as follows :

- ✓ Increased status and powers of decision-making of women in democratic institutions
- ✓ Participation of rural community in PRI's management system
- ✓ Removal of cultural barriers to equal development of women

Economic Empowerment of SHG

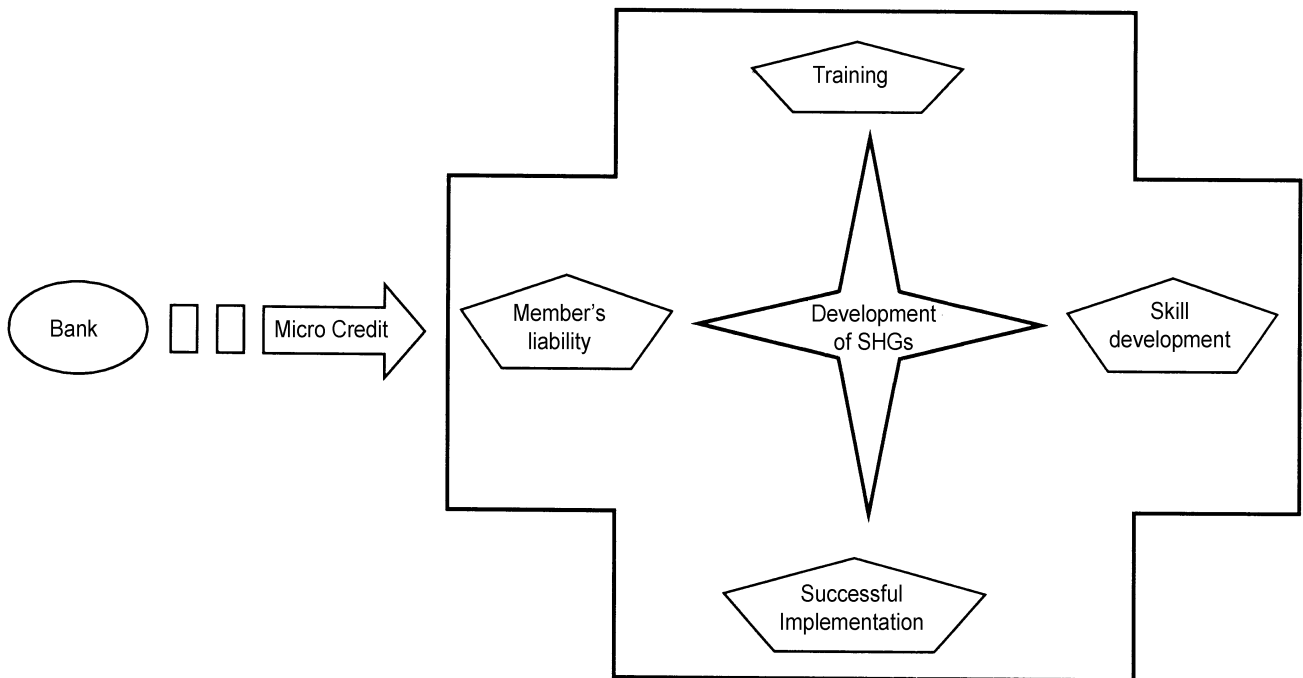
SHG-movement is in full-swing in India. SHG is a group of people coming together to uplift their economic condition. SHG is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members.

The individuals in the group are motivated by a common economic purpose. Thus, Self-Help Group could be defined as an affinity group motivated by a common economic purpose. They agree to save regularly and convert their savings into a common fund known as the Group Corpus. This saving and lending process and a common purpose of improving their economic condition helps the affinity group to metamorphose into Self-Help Group.

- ✓ Greater access to financial resources outside household.
- ✓ Reduced vulnerability of the poor women to crisis famine.
- ✓ Increasing access and the control over resources at the household level.
- ✓ Financial reliance of women

Legal Empowerment of SHG

Legal Empowerment in the development literature consists of an expanding collection of specific strategies, it focuses on the real life challenges that rural population face in securing livelihood, being the starting point for, and the foundation of, development efforts. Strengthening legal identify voice and standing of the SHGs to sure on inclusive development process is the very first step. With its focus on the livelihood of the groups, legal empowerment of the target population suggestion that stronger and enforceable property and legal rights as well as other rights related to livelihood. Central point (Unity) of this particular group can help communities and societies reap large development dividends, including more equitable and robust economic growth, improved food security, more sustainable management. More importantly, legal empowerment can protect the rural people against income and livelihood shocks induced for example, by food or economic crises of climate change.

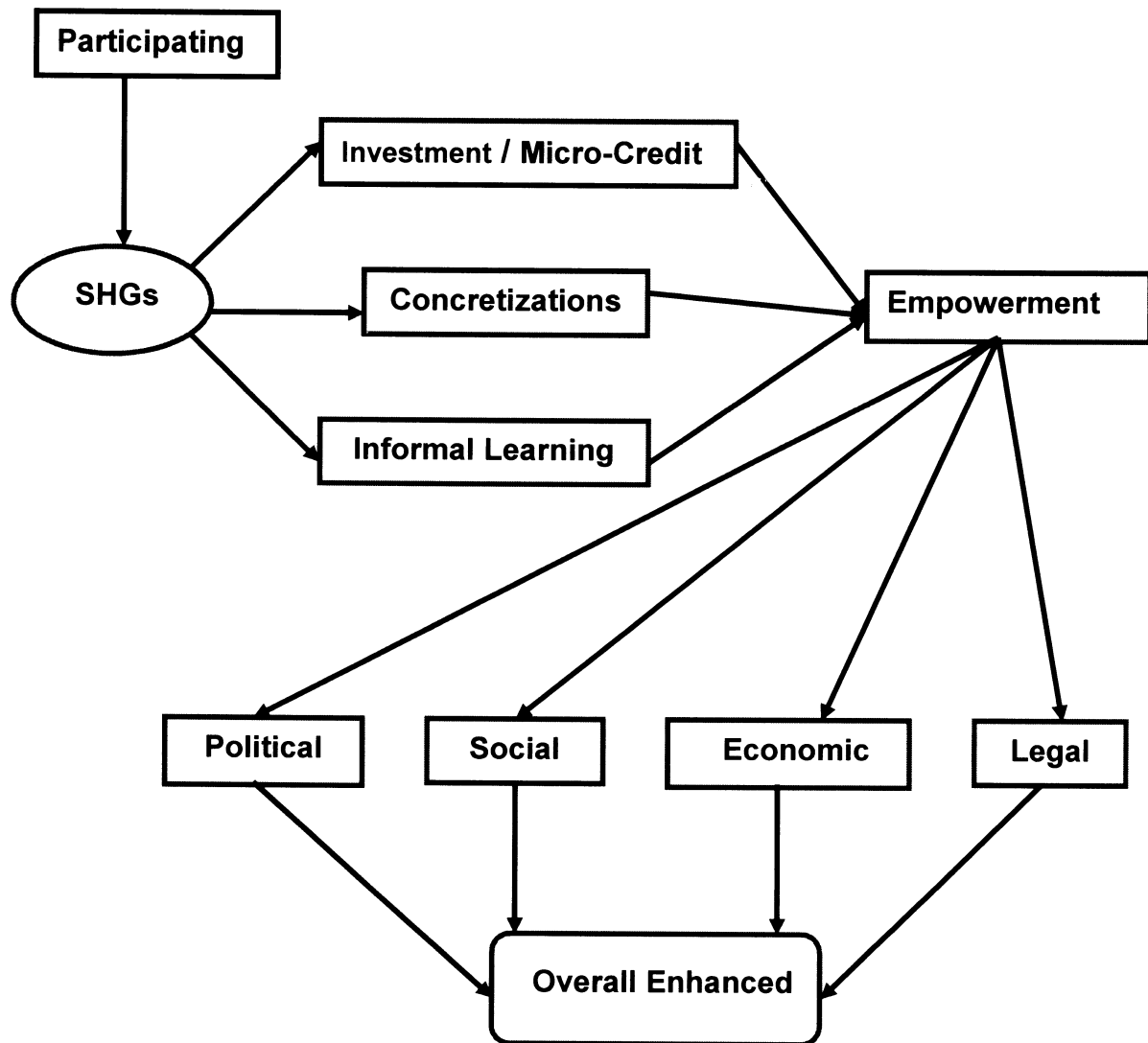


Successful Implementation for Strengthening A Group Corpus

Political Empowerment:

The policy is to strengthen Panchayats to the maximum extent, and gradually to pass on to them the control and governance of those things that matter most to the people. Accordingly, in keeping with the empowerment that has already been achieved, these following actions may raise the SHG movements high;

- ✓ Participation in Panchayati Raj Institution
- ✓ Negotiating political power
- ✓ Accessing political power
- ✓ Collective identity



(SHG Empowerment)

Drawbacks of SHGs

Weakness in rural development policies and programmes in India:-

- ✓ Lack of Involvement of rural poor in development, resulting in marginalization of non- agricultural workers and landless laborers in economic development.
- ✓ Disregard of local resources, knowledge, skills and collective wisdom.
- ✓ A 'superior' attitude in government machinery at various levels and a 'passive' and 'servile' attitude among the rural poor.
- ✓ Imposition of development programmes without understanding local conditions, technology disseminators not socio- economic and cultural realities.

To work for development of rural areas, there is a necessity find out the devices and new institution. The local self-government / Panchayati Raj institution (PRIS) by their special ability to organize the people at lower levels have succeeded considerably in attracting the people to participate in the development activities.

Micro-credit and micro finance are universally advocated as very effective instruments of poverty alleviation, and rural economic up gradation, the world over.

Weakness of the SHGs

There are certain inherent weaknesses of the SHG mode of intervention. Such an intervention is being marketed as a 'tool kit' for poverty alleviation and tends to ignore larger structural bottlenecks agricultural infrastructure – irrigation, roads and highly in egalitarian of land.

Given the preoccupation with regularity of repayment, the credit programme shows a clear bias towards activities like petty trading, which do not result in significant value- addition to promote capital formation.

Solidarity is an expensive input for financial services production as the costs of group formation and interaction outweigh the benefits of high repayment with group control.

Panchayati Raj and SHGs

The institution of Panchayats is as old as the Indian civilization itself. The village formed the basic unit of social and economic life in ancient India. Panchayati Raj is identified as an institutional expression of democratic decentralization in India. During the Vedic period, village panchayat, called 'Samiti' was the basic unit of administration and the head of a samiti was called 'Gramin.' Arathshastra, which depicts the system of governance of the Mayurayan period, indicates the significance of these institutions particularly for revenue and economic purposes and mentioned the various functions to be performed by Gramika, the village headman.

The existing modern system of rural local government (Panchayati Raj) in India is the contribution of the British rule. Lord Mayo Resolution (1870) and Lord Rippon Resolution (1882) proved very crucial in the evolution and growth of these institutions. The Royal Commission on Decentralization (1909) recommended the creation of village panchayats as the lowest unit of local self-government.

The Eleventh Schedule added to the Constitution of India by the 73rd Amendment Act lists a comprehensive range of development activities to be entrusted to PRIs as part of the decentralization process.

- ❖ **Programmes for productive activities** - Agriculture, irrigation, animal husbandry, fuel and fodder, poultry, fishery, small-scale industries including food processing and cottage industries;
- ❖ **Land development programmes** - Land reforms, soil conservation, minor irrigation, water management and watershed development, wasteland development, social forestry and grazing lands;
- ❖ **Education and cultural activities** - Primary schools, adult education, technical education and libraries;
- ❖ **Social welfare** - Women and child development, family welfare, care of people with physical and mental disabilities;
- ❖ **Provisions of civic amenities** - Drinking water, rural electrification, non-conventional sources of energy, rural roads, bridges, culverts, waterways, sanitation, rural housing and health;
- ❖ **Poverty alleviation and allied programmes** for social and economic advancement of the weaker sections;
- ❖ **Maintenance** of community assets and public distribution system
- ❖ **Organization and control** of rural markets and village fairs.

The Constitution of India directs state governments to endow panchayats with the powers and authority necessary for their functioning as institutions of self-governance with the key responsibility of

preparing and implementing plans for economic development and social justice. Local bodies have been given direct responsibility for decentralized development planning with the introduction of Article 243 ZD in the Constitution. This establishes a District Planning Committee in every district "to consolidate the plans prepared by the panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole".

Decentralized planning has thus become a constitutionally recognized key function of the panchayats and many state governments have taken steps to enable elected PRIs to discharge this responsibility.

Main Features of the 73rd Constitutional Amendment

- ✓ Panchayats will be institutions of self-government.
- ✓ There will be a Gram Sabha for every village or group of villages comprising all the adult members registered as voters in the Panchayat area.
- ✓ There shall be a three-tier system of Panchayats at village, intermediate block/taluk and district levels.
- ✓ Seats in Panchayats at all the three levels shall be filled by direct election. In addition, chairpersons of village Panchayats can be made members of the Panchayats at intermediate levels, and chairpersons of Panchayats at the intermediate level can be members of Panchayats at the district level.
- ✓ Members of Parliament, Members of Legislative Assembly and Members of Legislative Council should also be members of Panchayats at the intermediate or the district level.
- ✓ In all the Panchayats seats should be reserved for Scheduled Castes and Scheduled Tribes in proportion to their population. Offices of the Chairpersons of the Panchayats at all levels shall be reserved in favour of Scheduled Castes and Scheduled Tribes in proportion to their population in the state. One third of these seats will be reserved for women.
- ✓ One-third of the total seats and of offices of chairpersons of Panchayats at all levels will be reserved for women.
- ✓ State legislatures can provide reservations for other backward classes.
- ✓ Every Panchayat shall have a uniform 5-year term and elections shall be held before the term of the elected members ends. If the Panchayat is disbanded, elections will be compulsorily held within 6 months.
- ✓ It will not be possible to dissolve the existing Panchayats by amending any act before the duration is over.
- ✓ An independent election commission will be established in each state for Panchayati Raj elections.

Panchayati Raj and Self Help Group

- ✓ Specific responsibilities will be entrusted to Panchayats to prepare plans for the subjects listed in the XIth Schedule. A District Planning Committee will consolidate these plans.
- ✓ The Panchayats will receive funds from the state government for the execution of the subjects listed in the XIth Schedule. They will also be given powers to raise revenue and tax.
- ✓ The State Finance Commissions will be established to determine the principles on the basis of which financial resources will be allocated to Panchayats.

"Self-Help Groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the poor in our rural areas. Panchayats play a major role in the administration of rural development. Panchayati Raj and Self-Help Groups are being considered as 'Motivators of Public' and complementary to each other." Panchayati Raj Institutions – the grass-roots units of self-government – have been proclaimed as the vehicles of socio-economic transformation in rural India. Effective and meaningful functioning of these bodies would depend on active involvement, contribution and participation of its citizens both male and female. The aim of every village being a republic and Panchayats having powers has been translated into reality with the introduction of the three-tier Panchayati Raj system to enlist people's participation in rural reconstruction. On the other hand uniqueness of Self Help Groups lies in the fact that to a large extent they are self-supporting self-governing organizations free from bureaucratization and politicization. The process empowers the poor and enables them to control direction of own development by identifying their felt needs.

On the institutional front, shortly after independence, the policy makers recognized the criticality of people's participation in the development process. To ensure the peoples' participation, the Government intensified banking activities by opening large number of co-operatives in rural areas to provide credit inputs and marketing facilities to farmers. One attempt made by the Government was setting up and strengthening of Panchayat Raj institutions through 73rd and 74th amendment of the Indian Constitution. The provision that was incorporated in the act like space available for women, especially those who are marginalized in all respects like SC and ST womenfolk cannot be properly utilized without adequate capacity building of them. SHGs could be a strong and effective vehicle for social transformation and empowerment of the poor through their participation in self-governance.

Micro level planning and decentralization policy that lead to fairer distribution of resources create equal opportunities to participate in decision-making process. But women, the neglected half of our society, still in most of the cases excluded in this decision making process. This only could be possible if adequate capacity building in terms of skill, knowledge and proper awareness of women are ensured. In this regard, SHGs could play a pivotal role to mobilize the women who have very little capacities in all respects.

Role of SHG in Women Empowerment

In most developing countries the formal financial system only reaches to the top 25-30% of the economically active population- the bottom 70-75% have no access to financial services apart from money lenders. Also in India, the formal financial institutions have not been able to reach the poor households, and particularly women, in the unorganized sector. Structural rigidities and overhead lead to high cost of making loans. Organizational philosophy has not been oriented towards recognizing the poor as credit worthy. The problem has been compounded by low level of influence of the poor, either about their credit worthiness or their demand for saving services. Large banks at government order have often implemented micro finance programmes. Low levels of recovery have been further eroded due to loan waiver programmes leading to institutional disenchantment with lending to small borrowers. All this leads to the concept of micro-credit for the poorest segment along with a new set of credit delivery techniques. With the support of NGOs, an informal sector comprising small Self Help Groups started mobilizing savings of their members and lending these resources among the members and on a micro scale. The potential of these SHGs to develop as local financial intermediaries to reach to the poor has gained recognition due to their community based participatory approach and sustainability recovery rates have been significantly higher than those achieved by commercial banks in spite of loans going to poor, unorganized individuals without security or collateral. Success stories in neighboring, like Grameen Bank in Bangladesh, Bank Rakyat in Indonesia, Commercial and Industrial bank in Philippines, etc, gave further boost to the concept in India in the 1980s.

In recent days, it has been observed that two biggest worries of a majority of Indian people for future times are raising process and unemployment. The alarming rate of unemployment in the country has become a challenge to the union and state government as well. No amount of efforts can ensure regular employment in the formal or organized sector even to five percent of our population. Agriculture sector is already over saturated. Services sector can take some load provided there is trained manpower to meet the needs. What happens to the rest of humanity and women in particular? With their vast networks, the banks have to shoulder greater responsibility in activating the small and micro-enterprise. Banks are flooded with funds. They have to fulfill their target for funding the priority sector. People who are landless labors, marginal farmers, women who are the only wage earners, home based workers- badly need their funds. Funds will help them to start their economic activities, or will bail them out of the present crisis, and give them the resources to become capable of repayment of loans, further, to invest in expansion of business. Loans for income generations are the prime movers.

This inability of the credit institutions or bank to deal with the credit requirements of the poor effectively has lead to the emergence of Self Help Groups in a form of micro credit system or micro-finance institution. Usually, credit institutions provide finance for productive purposes but sometimes poor people need money for consumption or emergency purposes, which many a time cannot be catered by the formal credit system or government sponsor and poverty alleviation schemes.

In rural India, it can be seen that the poorer section and destitute can not avail of the credit from the banks and other formal institutions due to their inability to deposit collateral security and mortgage property. At this point of view, micro financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-à-vis rural development.

Women SHGs have proved to be far more stable than men's SHGs. The reason may be that a human being finds greatest satisfaction in joining others in a meaningful way. Man can draw strength of association from his work place, or at market place, or at any village level organization. But such opportunities do not normally fall in the way of women. It is also relevant that women have more stakes in the society than the men. Women are mothers, wives, and homemakers who provide the basic household necessities. A husband can desert home and children easily, but for a woman it is next to impossible. The groups provide to the women a touch with the outside world and a platform for associating and sharing with others her urgent concerns, and a newfound land from which they draw a lot of strength.

Though, the status of women in the society improved substantially in recent periods, still the gender inequality remains widespread particularly in developing countries like India. At the same time, experiences from developing countries show that improvements in women's education, health, employment opportunities and social participation contribute to economic growth in developing economies. Investment in women not only benefits women themselves but also has relatively high social returns reflected in an improvement in their children's welfare and a reduction of fertility, poverty and gender bias (Summers, 1992; Subbarao et al, 1993; Quibria, 1993). Thus, women based SHGs institutions are desirable not only from the perspective of social justice, but also because of the substantial social and economic benefits which result directly from enhancing women's social and economic status both within the household and in society as a whole. Thus SHGs should do the following to contribute effectively for women empowerment.

Best practices in SHGs are :

- Regular meetings
- Continuous savings
- Internal rotation of savings
- Conduct of meetings with specific agenda
- Thrift and credit operations taking place in the group meeting
- Rotation of leaders
- Transparent and democratic decision making
- Non-exploitation of members' needs
- One for all and all for one
- Urge for increase of corpus
- Determination for economic and social development
- Training and Capacity building

Success Stories

1. Rural Development & Panchayat Raj (CGS3) Department G.O.(Ms).No.87 Dated: 5.8.2009

ORDER

- ❖ The Hon'ble Deputy Chief Minister had announced on the floor of the Assembly that "efforts would be taken to bring all women living below poverty line under the Self Help Group movement within the next 2 years and to operationalise this announcement, 50,000 new self help groups will be formed in 2009-10 and another 50,000 new Self Help Groups (SHGs) will be formed in 2010-11".
- ❖ The Managing Director, Tamil Nadu Corporation for Development of Women Ltd, in his letter read above has sent a proposal stating that the Self Help Groups were formed specifically among women who were not members of any Self Help Group with special attention to Village Panchayats with inadequate coverage of SHGs. He has further added that as on 01.04.09 there are still 2723 Village Panchayats where coverage of eligible women in SHGs is less than 25%. Hence the Corporation needs to continue to focus on these areas and efforts have to be taken to include all left out poor women, particularly widows, destitutes and the marginalized in SHGs.
- ❖ The Managing Director, Tamil Nadu Corporation for Development of Women Limited., has stated that it is proposed to form 50,000 new Self Help Groups during 2009-10 with women who are not part of SHGs with special focus on :
 - NREGS women workers
 - Minorities
 - Slum dwellers in urban areas
 - Village panchayats with inadequate coverage of SHGs.
- ❖ The Managing Director, Tamil Nadu Corporation for Development of women Limited has further stated that for formation of a new SHG, formation cost of Rs.350/- per SHG is paid to the Non Government Organization as per the rates approved by the Government. The cost of formation of 50000 new groups works out to Rs.175.00 lakhs (Rs.350 per group x 50000 groups). He has requested the Government to issue necessary orders sanctioning Rs.175.00 lakhs towards assistance for formation of 50,000 new SHGs for the financial year 2009-10.
- ❖ The Government after careful consideration of the proposal of the Managing Director, Tamil Nadu Corporation for Development of women Limited., accept the proposal and accordingly permit the formation of 50,000 new SHGs during 2009-10, bringing all women, living below

poverty line under Self Help Groups movement by giving priority to women who are not part of SHGs, especially NREGS Women workers, Minorities, Slum dwellers in urban areas and Village Panchayats with inadequate coverage of SHGs while forming new SHGS. The Government also accord sanction for a sum of Rs.1,75,00,000/- (Rupees One Crore and Seventy five lakhs only) which includes Budget Estimate 2009-10 provision of Rs.87.50 lakhs towards formation cost of new SHGs as per the rates approved by Government and exempt the amount sanctioned from the purview of Quarterly Control of Appropriation.

- ❖ The amount sanctioned in the Para "5" above shall be debited to the following head of account. "2235. Social Security and Welfare-02. Social Welfare 103 – Women's Welfare – Schemes in the Eleventh Five Year Plan-II. State Plan - LO Assistance for formation of Self Help Groups - 09 Grants-in-aid - 03 Grants for specific schemes. (DPC 2235-02 103 LO 0933).
- ❖ The additional expenditure of Rs.87.50 lakhs sanctioned in para 5 above shall constitute a 'New Instrument of Service'. This expenditure shall be brought to the specific notice of Legislature for approval in due course. Pending approval of the Legislature, the expenditure shall initially be met by an advance from the Contingency Fund. The Commissioner of Rural Development & Panchayat Raj Department is requested to apply for the required funds from Contingency Fund to the Finance (BG-I) department in the prescribed format along with a copy of this order. The Commissioner of Rural development and Panchayat Raj is requested to send necessary proposal to include this expenditure in the supplementary Estimates 2009-10 to Government without fail.
- ❖ The Commissioner of Rural Development and Panchayat Raj Department is authorised to draw and disburse the amount sanctioned in para "5" above to the Tamil Nadu Corporation for Development of Women Limited by means of cheque.
- ❖ This order issues with the concurrence of Finance Department vide its U.O.No. 43134/RD/2009 dated 28.7.2009 and with Additional Sanction Ledger No. 462 (Four hundred and sixty two)

2. Women entrepreneurs of Dhenkanal - Breaking traditional thoughts

Tensions prevail between Noopur and her husband Bansidhar primarily due to low income of the family. Bansidhar runs a shop which does not draw enough customers as the stock he keeps is limited. Noopur discusses her problem with some other women. These women, too, face the same problem. An enlightened person of the village tells Noopur about the formation of SHGs in many places for solving the day-to-day problems of women. She discusses the idea with other women and they decide to form an SHG called Laxmi Narayan SHG. SHG consist of 20 women members. They have no money to save. Hence, each member collects 4 kilos of rice per month per member and allows the needy members to borrow from the accumulated stock. The borrowing member is required to repay whatever she had borrowed along with 3 kilos of rice per quintal per month as interest. In 1996 they sold their stock for Rs. 7,000 and switched over to cash savings of Rs. 25 per month per member. They continued to deposit the money in the local bank. Subsequently, Bank sanctioned a loan of Rs. 20,000 against the accumulated savings of the group of Rs. 10,000. The members borrow from the

group at 3% monthly interest. Some of the members of the group have utilized the loans to increase the stocks of their own or husbands' small shops. They could make a profit of 30% to 40% from the extra stocks created from loans. Now they have started a joint betel nut processing business with the involvement of the group members to generate more income.

3. From No where to Some where

It looked like the world had ended for Qamar Sultana Khan, when her husband deserted her a few years ago. She lived in Urali Devachi, Haveli Taluka, Pune, Maharashtra province of India. She was unemployed, unskilled, depressed and was an additional burden on her already poor parents. Faced with an uncertain future, Quamar started showing withdrawal symptoms, unwilling to interact even with known people. The persistence of a field worker of Gram Mahila va Balak Vikas Mandal, an NGO promoted by Bank of Maharashtra helped in introducing Quamar to the SHG fold and she joined Ganesh Bachat Gat (SHG) IN 1995. Initially, she had to borrow Rs. 20 every month to even make the compulsory savings with the SHG. She picked up some sewing work from neighbours, fetching paltry sums at times.

Break through for Qamar Sultana came, with an exposure programme by Swayam Siddha at Kolhapur in 1996, She picked up tailoring skills through the programme. The SHG gave her a loan to get a stitching machine. Bank of Maharashtra financed the SHG. In a period of 2 to 3 years, she started earning around Rs. 300 per month.

Bleakness and uncertainty slowly yielded to hope and confidence in Quamar Sultana's life. She started taking up useful activities like midwifery and postnatal help to the local women. She learned Rangoli block making and started producing artistic designs, which caught the fancy of a lady from the US who visited the village. Confident enough to forge friendship with a foreigner, Quamar Sultana even managed to sell Rangoli making kits to USA. "I earned Rs. 50,000 through rangoli kits !" (9 November 2002.)

4. Estranged wife gets justice

The SHG movement in one of the inaccessible areas of Orissa was initiated with the linking of 5 SHGs promoted by an NGO. Several poor women were motivated to form savings-cum-credit groups against all odds which ranged from economic backwardness, lack of awareness and social customs which impeded such practices. However, the NGO which was motivated by NABARD persisted with the initiatives which resulted in 5 groups being formed and nurtured viz. Janani, Saheen, Sagar, Subhadra and Bhadrakali. These SHGs were linked to the banking system in October 1993 with a total credit assistance of Rs. 19,220 from the Balasore Rural Bank. The small amount of loan advanced to each group did make one to wonder if this approach of frugal resource collation and marginal replenishment through a bank was an exercise in futility. One has to see to believe the impact!!

Sasmita, one of the members of an SHG, was abandoned by her husband who was working in far off Bombay, she was forced to leave her husband's house with her two year old daughter. Her old parents with an alcoholic son found it difficult to take the additional burden of their daughter and grand

daughter. It was a harrowing time for Sasmita and her parents. At times they did not have a square meal a day. But Sasmita wanted to keep her head high and in her lone battle for survival. The NGO-Fellowship, working in the area offered her some work in their literacy mission programme. This NGO has also been working in the social sector and they were reaching their target clients through groups of 15 to 20 members. The NGO helped her join one such group called Sagar Self-Help Group as a member and her joy knew no bounds when their group got the loan from the bank. All other members of SHG considered her request for loan as she was in deep financial duress. She opened a small retail shop of essential household items which she used to sell on the verandah (front portion) of her hutment during her spare time. The profits she earned from the shop coupled with the salary she earned out of her work in the literacy mission programme helped her to accumulate reasonable resources to improve the quality of life. The second round of borrowing from the SHG enabled her to expand her business to local kiosk and take this as a prime activity. This visible transformation in Sasmita caught the eyes of her elusive husband who was very keen to patch up the bygone era and realized the potential in her and also the strength of a fairer gender. This late realization enabled a patch-up and family reunification. Sasmita's father thanks the Self-Help Group for this reunion of her daughter with her estranged husband and subsequent restoration of healthy family ties.

5. Together we earn – Together we till

Kowaiphang Bodal is a SHG of 11 tribal women from a backward tribal hamlet of Harijoy Chowdhury Para of Jirania block, West Tripura district, Tripura, India formed in June 2002. Nurtured by a social intermediary the group mopped up reasonable sum of Rs 6,050 (US\$ 135) in a span of 10 months, which they safely kept with the local rural bank branch at Bankimnagar. Subsequently, the SHG commenced internal lending and started earning from interest payments. Intrigued by its promptness, dynamism of the members and its creditworthiness of the SHG the local branch of Tripura Rural Bank sanctioned a credit limit to this SHG. This offer served as a major confidence booster to the otherwise shy tribal women. They then started exploring the possibilities of starting income generating activities! A plot of about one acre land was hired on a one-time lease rent of Rs. 15,000 (US\$ 333) to start agricultural operations – an activity which was familiar to all. The best raw material that the poor could give was labour which they collectively put by tilling the land. In one cropping season they could harvest enough to repay the borrowing and save for the future with greater hopes

Confidence begets confidence! Now Kowaiphang Bodal has even found additional avenues for putting their spare time to use. Every month, two members of the group, on a rotational basis, weave a *Pachera* (traditional tribal garment for the lower portion of the body) for sale. A *Pachera* for ceremonial use can fetch them a return as high as Rs. 600

When asked about the benefits of forming the SHG, Secretary, Radharani Deb Barma says that taking independent financial decisions, negotiating deals and pursuing income generating activities, activities which they could not even dream of a few months back were now made real by Kowaiphang Bodal.

From simple ignorant women who could not even speak up for themselves they have metamorphosed into confident decision makers, investors and mentors to their families!

6. Gender power transforming villages

Mother Teresa SHG was formed with 20 women members under the guidance of an NGO, RUHSA in the year 1998 in Chennankuppam village of Vellore district of Tamil Nadu Province in India. The SHG has led to empowerment of the women members in this remote village. This emancipation process has also helped them to come out of the clutches of moneylenders.

HERE is one example of what the might of collective action can do.....The local practices largely led by the feudal lords ensured that poor hardly be given a Patta - an ownership certificate for the land they owned. There was no system of issuing Patta lands (land title) in the village since the last 10 years. With unified women power and persistent persuasion with local village leaders and community leaders the SHG members ensured issuance of Patta land to 47 poor families in the village. Subsequently about 15 houses have been constructed with support from a Government programme which had earlier bypassed the needy poor. The SHG members have also ensured that potable water connection is made available in the village as also good access road to the village. This SHG is now successfully managing a production unit for manufacturing Batik printed clothes, wall-hangings, etc. which are being sold in the local markets as well as outside.

7. Seeking a socio-economic space from the realms of wilderness!!

Vasugi SHG was formed in 1998 under the guidance of an NGO, RUHSA in Kavasambut village of Vellore district of Tamil Nadu province of India. Most of the members were beedi workers and dependent on money-lenders for their credit requirements. The SHG now actively participates in a number of activities in the village. Many of the members who used to put their thumb impression in place of signatures, have now learnt to put their signatures. One of the members, Jayanti is a widow with a daughter of 5 years. After the death of her husband, she was left with no one to support her. With the help of the SHG, Jayanti could get back her husband's share of property, which was her rightful due. She has also taken up a job and has become economically independent. The SHG is also actively involved in health care activities in the village. It has acquired on lease 3 acres of land for cultivation of sugarcane. The grass and sugarcane leaves are used as fodder for milch animals. For this, the SHG has been sanctioned a loan of Rs. 2, 00,000 from a local commercial bank branch.

8. Women SHG show bankers the way!!

M. Latha is barely 27-years-old, but her village background and limited education do not make her shy away from handling all the intricacies involved in getting a loan of Rs. 300 thousand from a nationalised bank in her village, Perumanur, about 10 km from Salem town in Tamil Nadu.

She is but a small peg in the micro credit revolution that is slowly but surely creating pockets of economic power and giving rural India women the opportunity to chart their own course of livelihood.

Latha is the leader of a 20 member self-help group (SHG) in Salem district, where the Indian Bank hopes to disburse, by the end of this financial year, loans of about Rs. 60 million to about 1,200 SHGs. With Rs. 3,00,000 (US\$ 6,600), her group has bought a tractor and is engaged in renting it out for all kinds of chores ranging from ploughing of fields to transporting of sand, bricks and other construction material.

Panchayati Raj and Self Help Group

On an average, the group is able to rent out the tractor for about 20 days a month, at Rs. 300 an hour. From the profits, it has already repaid Rs. 1, 52,000 lakh of the amount lent by Indian Bank at 12 per cent interest, on a monthly diminishing basis.

At the moment, Latha's group hires a driver, paying him Rs. 100 a day. "But since my group members and also bank officers are saying that I should learn to drive it, I'm taking driving lessons. I can drive it but need some more practice," says the woman not without awe in her voice, as she is about to take on what is definitely a man's job in her village.

While her husband works as a daily wage labourer, she handles the group's finances, which includes the personal savings of its members and the repayment from the profit got through the tractor. The less advantaged members of her group, four or five at a time are employed in loading and unloading construction material and the group pays each a daily wage of Rs.50. So for these women, it is a double income.

Explaining the working of the SHG concept, Mr M. Kanakasabai, Indian Bank's AGM, Salem, says the bank has done pioneering work in the field of micro credit through a pilot project in Dharmapuri district, launched in 1989.

"At that time no banker came forward to lend to these women and there was no documentation model available. So we designed the documentation and started lending without security at a time when even NABARD had a question mark in its mind, and only later accepted it as a good model for the uplift of the masses," he said.

But before the bank decides to lend, it watches closely an SHG piling up its savings, which can range from Rs. 10 (US\$ 0.25) to even Rs. 50 (US\$ 1.25) a week per member. It identifies an NGO that works with the group, monitoring its meetings, keeping the accounts and training the members on all aspects of micro credit. Once a group has saved Rs. 40,000 (US\$ 900) to Rs. 50,000 (US\$ 1,100) the bank moves in to provide three to four times the amount as loan.

This amount can be broken up into smaller components and given to the group members, for activities like keeping milch animals, goats or sheep, running petty shops or tea stalls, making silver anklets, running tailoring units and the like. A part of the loan can even be given to individual members as "consumption loans" for medical treatment, children's education, marriage in the family or repairing the house.

The finance component, which comes from the bank, has to be lent out strictly on 12 per cent interest to individual members. But the real profit for the group comes from the money lent out to members from its own savings at a whopping 24 per cent interest. Your scepticism that rural women can repay loans at such a hefty interest is countered by the refrain: "We used to borrow from moneylenders at much higher interest rates ... as high as 60 % to 100% p.a and even then repay that money. In this case, it is much easier to repay the loan."

Default is dealt with strictly - though allowed for a month or two under grounds of compassion decided by the group - and for "every day the repayment is delayed, the woman has to pay a fine of Rs.10" With such a hefty penalty, default is indeed rare. And, in times of distress, the woman also has her husband's earnings to dip into!

Panchayati Raj and Self Help Group

In Moornahalli village, about 42 km from Dharmapuri town, a few groups have turned up to talk to us. Each group has its own uniform; a bright polyster saree in floral design; with the group leader donning a plain green sari. Most of them were, and some of them continue to be, daily wage labourers, but looking at their clothes and glittering jewelry, and more than that the confidence they display when they answer your questions, they could be working women from any big city.

Says Selvi, leader of one group, "A couple of years ago, we did not know what a bank or a pass book was, and would not dare to enter a bank. But now we can sit with these officers and discuss our loans".

Saroja, a member of her group has taken a loan of Rs. 20,000 (US\$ 440) for setting up a "tiffin kadai", which serves piping hot tea and idlis and vadais to her customers. "My husband helps me run the shop and we have no problem in repaying the instalments," she says happily.

Depending on the quantum of the loan, the bank decides the monthly repayment sum. But going through the records maintained neatly by the groups in the villages of both Salem and Dharmapuri district it was surprising to find that most of the groups pay back the loan ahead of schedule. In Dharmapuri district the repayment is a mind-boggling cent per cent and in Salem District it is an unbelievably high 98 per cent.

To your persistent queries on how the repayment could be as magical as this, Mr. N. Balasubramanian, Manager (Agriculture) Dharmapuri, says simply, "How can we answer a question which we have been asking ourselves all the time ?"

But he is certainly not complaining, while coming out with answers such as "peer pressure", group dynamics" or "the woman not wanting to let down her group".

But more heartening than the fact that these women are able to access bank credit, repay it in time, make a profit and plough the money back to the family, is the working of "group dynamics" on social evils like female infanticide in this belt notorious for killing of girl babies.

Particularly in Dharmapuri district, group members take a pledge that no woman in their families will be allowed to commit female feticide or infanticide. This should be significant indeed in a milieu where many groups have both the mother-in-law and daughter-in-law as members ! Moreover, many of these groups have exercised their economic and social clout to stop an incident or two in their respective villages.

Of course dowry is something even they cannot take on, at least for the moment. Alcoholism in the home is another evil, which they bluntly say they do not want to discuss in public. But when it comes to economic power, these women have come far, far away from the point "when during family quarrels their husbands used to ask them if they could even raise a credit of Rs.10 from the local moneylender. Today the women can turn around and say that collectively they are raising loans worth lakhs," says Mr. K. Francis, Director of Integrated Village Development Programme.

And, a tiny bit of the group profit goes towards gifting the local school a few dinner plates or tumblers, a table or couple of chairs, or the village a couple of tube lights when the local village body is broke !

"You can measure their confidence from the fact that from one of our branches, two women boldly collected the loan of Rs.1 lakh in cash, put the money in an open basket and walked out, countering our warnings with a smile and saying that this is our village and nobody will dare steal this money from us," adds Mr. G. Rangarajan, Indian Bank's Lead District Manager of Salem.

Some Case Studies of Successful Panchayati level SHGs

A. Case Studies in relation to Environment Conservation.

BIJNU SHG- Female (13 members), BPL

The group has taken measures to initiate an afforestation drive for conserving the environment. A civil soyam forest is located above the village and the villagers rely on this forest for fuel wood, as well as water supply (both for drinking and irrigation). Therefore as a result of deforestation, they perceive a threat of acute shortage of drinking water, if this trend is not reversed. This issue was discussed in the group meeting and the group decided to start a plantation in this area, using locally available species. These saplings have been provided free of charge by the Forest Department.

1. KOT accessing law to contest the encroachment of forestland

An area of forestland, located at the base of the forest above the village of Kot was cleared by several Harijann families and developed as agricultural land. After going on an exposure visit to an NGO in Rajasthan, Tarum Bharat Samgh, the group decided that such detrimental environmental practices should not be allowed to continue, so they decided to take action. The details of the case are as follows: -

In 1990, seven Harijan families developed agricultural land by clearing Gram Panchayat (UP Gov) land. Crops were planted on this civil land and fencing was also erected. Two families of Akhli village illegally claimed and took possession of the entire plantation area. This illegal act deprived other villages of their right to equal access to common resources and resulted in the rest of the community voicing their disapproval of this illegal encroachment of land - but nothing was done. The issue was discussed in a meeting with the group, other villagers and the Harijan families concerned. The group requested the people in question to terminate cultivation of this land. They agreed to this and reassured the group that they would hand over the land after harvesting the current crops. This did not happen and the land continued to be farmed. The group mobilized the village community and decided to take direct action by destroying the crops and fencing. In response to this, the illegal occupant of the land filed a 'false' case under the Harijan Act against the actions of the group. The group is now fighting a difficult battle to win the case. The case is still pending.

2. Joint Forest Management Program

A forest department official approached Mr. A.K. Sharma of RLEK to explore possibilities of involving the Kot men's group in various Government schemes, in particular, the JFM and Van Samitis. The groups, among other members of the community, have since been employed under JFM, but funds

have only been released twice. The group is in the process of applying for permission by the FD to collect *jhoola ghas*, a much used natural resource which is not only used as nutritious fodder for livestock, but is also used in dying processes, such as for hair, cloth or paint. If this is possible, then they hope to develop this as an income generation activity.

Impact: Generation of alternative sources of income and employment. Increasing group control over natural resources and heightening awareness of community regarding their rights over natural resources.

Building links with government agencies - irregular release of funds has counteracted this trend. However it has been shown that such concessions on the part of the government show that dialogue between the community and the state can result in positive impacts.

AENDI: - Name of Group: Mahila Jarati SHG

Save Forest Campaign - The village has its own area of forest, which is being exploited by the FD and outsiders. The group is taking measures to monitor this use/exploitation of forest produce. They have instigated the installation of a barrier at the Check Post and are keen to produce leaflets to disseminate information and raise awareness about correct management and use of forest produce.

Dargoan: Some people from the Forests Department were cutting trees along with some village people but the group /Samiti members dissuaded them from doing this which fell on deaf ears. Group meetings were held and the issue so discussed to form a public opinion on the wrongful practices thus affecting the Water, Fuel wood etc. A proposal was made and sent to the Patwari to end this practice. Subsequently the group went out themselves and caught the concerned persons and threatened them of dire consequences. Since then the cutting & Felling of trees has stopped drastically.

Bhadrasu, Bhitri, Pujeli, Deval, Bhagi, Mothar & Salla Villages (Uttarkashi)

Name of the Group: Ambedkar SHG, Bering & Chetna, Nandeshwar, Narshim, Bhumiyaal, Jagriti & Kellath. Plantation drive was carried out by the SHG groups especially fodder trees and fruits in this village. The saplings were procured from Forest department for Rs. 2. Previously the trees were given free of charge but now a token amount has to be paid to take on the responsibility for its Safety & upkeep.

B. Case Studies Pertaining to Water Systems:

GHERI SHG- Female (15 members) S/C, BPL group

Drinking water pipeline was broken by a group of Upper caste people from Manave village. The SHG group did not have enough courage to talk to the people directly because of the caste. But they

have now got the courage to take help from the Kharsi women's group to talk to the neighboring community people and since then the pipeline has been restored with no problems so far.

BIRPA SHG- Female (7 members)

Since the women face a lot of problem as far as drinking water is concerned they are keen to get the Drinking Water Pipeline from a distant source but within the Gram Sabha either through the panchayat scheme or alternately a proposal is being made to be submitted to Harijan Kalyan for releasing Rs 20,000 for this project. The group has decided to get this money on priority basis.

SAUR Name of Group: Durga & Matri

The Government water supply, which caters to the needs of Sankari as well as Saur villages, was being stopped by one of the community groups. Since the women group have been formed this problem has been resolved by having a joint meeting between the two groups who came out together to clean the tank and the adjoining areas. It was mutually decided that the water would not be stopped as it is meant for both the villages. A sense of Co-operation prevails amongst the community members. One person from these villages has undergone plumber's training that now looks after the up keep & its maintenance.

Passa Name of the Group: Pokhu & Chaun

Similar problem was seen in Passa & Pokhri village. A proposal was sent to Jal Nigam to rectify the broken pipeline. Since no response was received from the govt. authorities the community people decided to block the pathway in order to harass the people. But with the formation of groups the women decided to jointly resolve the issue by talking to the group members and initiating sanitation drive jointly. Indigenous means were adopted to rectify the problem and since the plumber has now been trained who also happens to be a woman is taking the responsibility for its maintenance.

Similar problems were resolved in the following villages Mothar: (Name of the Group: Jagriti), Bhagi (Groups name: Bhumiyal), Sidri (Name of Group: Bhawani, Silri & Kali ma)

The Water source in this village was very far off at a gradient and the women had to spend long hours in fetching water and wait in quest Once the women were organized into groups they have resolved the issue themselves by innovative means such as using the outer covering (Sheath) of the tree and connecting the pipeline and bringing it nearer to the community dwellings. Around 50 women contributed by providing their labor and time to bring the water closer to the habitation. This has resulted in using their time more productively. The children are cleaner as they can take their bath regularly and wear cleaner set of clothes as the mothers can now wash them as and when she gets the time. The women take responsibility for the cleanliness and sanitation of the areas. Also to make the best use of runoff water the used water is channelized towards the fields. The Women have also understood the need for conserving the environment by not cutting the trees, which will have indirect

effect on the water supply. They have planted saplings of trees in the upper reaches of the village and the adjoining areas.

Village GHARARA Group Name: Kراسي Suracha aur Vikas Samiti,

Drinking water: The group has been instrumental in improving the problem of drinking water in this village. Unhappy with the present state of affairs, the group raised the issue of drinking water at the Gram Sabha meeting, and urged the Pradhan to release JRY funds for the purchase of a 2.5 km pipeline. This was done and a micro plan was drawn up by the Gram Sabha and implemented by the group, with the assistance of government official.

Impact- 1: Through community mobilization, group effort and voluntary labour, the community was able to successfully access government funds to improve the problem of a clean water supply in the village.

Irrigation: The group approached the Irrigation Department and undertook the work of constructing an irrigation channels in the form of guhls (dug-out ditches). Hired contractors previously did this type of work from the plains, which charged extortionate rates and used outside labour.

Impact 2: Through community participation, the group is actively taking part in various government schemes with a view to generate employment and fair practices

Ghorakhori Group Name: Jai Kedar Mahila Self Help Group

The group prepared a micro plan with the entire village, to solve the problem of potable water. As of yet the situation remains the same. A 3 km long pipeline was installed in the village however the water is not suitable for drinking and is used for other purposes. The pipeline was provided by the JRY scheme, with the necessary labour input (Shramdan) coming from the villagers on a voluntary basis.

Impact: The village appears clean and tidy. Participation in community development programmes has increased significantly. The number of girls regularly attending school has increased and people are becoming more aware of the undesirability of child/early marriage.

MIYANI Group Fund: Gulab Mahila Self Help Group

Water remains a burning issue in the village. Women walk 3 km to wash clothes. 7 people were due to attend the water harvesting, however due to a death in the village, they were unable to attend. A presentation about the exposure visit to Santengal was given by the f/f in the March meeting. In May meeting, the pradhan was also present and a letter was written to Swajal requesting assessment for the scheme. V/v said the water is contaminated with parasites, short-term suggestions to this problem was to boil or bleach the water.

Dhakrol

60 families are depending on a grossly inadequate water tank. Dirty water from lower sources is carried up by mule for livestock and washing etc. Villages spend all day waiting to fill up their water pots

from the slow dripping tap. Tank reservoir is perpetually empty. In order to distribute the available water equitably and to prevent those first in the queue from using up all the water, the group decided that each family should fill one pot each, remaining water would be distributed accordingly. The group had planned to take direction action to address the water problem, buy taking a procession to the CM's office in DD. Since they learnt about the regional meeting, they have decided to cancel the protest visit and instead mobilize the community to use the regional meeting to get action taking regarding the water shortage in the entire Jaunpur belt.

Village Munog Group Name: Nagri Club Mahila SHG

The drinking water problem in this village has been considerably improved as a result of the group's intervention. After collecting contributions from the community, the group facilitated the construction of a village water tank, which is supplied by a pipeline. Nevertheless, the water supply remains only a trickle and despite one member of the community having had plumbing training, he is unable to improve the flow of water. Therefore, the group and the community are keen to learn about rainwater harvesting and have shown enthusiasm and interest in the forthcoming exposure visit to Satengal.