

Chapter - V

SELF HELP GROUP

5.0 Introduction

SHGs are novel and innovative organizational setup in India for the women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves so as to have administrative capacity. As a social movement with government support. SHGs become more or less a part and parcel of the society.¹

5.1 Concept of Self Help Group

The concept of self help groups had its origin in the co-operative philosophy and the co-operators by and large, including the National Federations in the credit sector, could not think of any better SHG than a primary co-operative credit society itself.² As SHG are small and economically homogenous affinity groups of rural poor, they are voluntarily coming together for achieving the following.

1. To save small amount of money regularly.
2. To mutually agree to contribute a common fund.

3. To meet their emergency needs.
4. To have collective decision making.
5. To solve conflicts through collective leadership mutual discussion.
6. To provide collateral free loan with terms decided by the group at the market driven rates.

Today, the self help group movement is increasingly accepted as an innovation in the field of rural credit in many developing countries including India to help the rural poor considered a vehicle to reach the disadvantaged and marginalized section, which in the normal course cannot avail of credit facility from the bank.

A self help group is defined as a group consisting of people who have personal experience of a similar issue or life situation, either directly or through their family and friends. Sharing experiences enables them to give each other a unique quality of mutual support and to pool practical information and ways of coping.

Self help groups are small informal association of the poor created at the grass root level for the purpose of enabling members to reap economic benefits out of mutual help solidarily and joint responsibility. Self help groups are formed voluntarily by the rural and urban poor to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community.

A self help group is defined as a ***"self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose."*** Self help group have been able to mobilize small savings either on weekly or monthly basis from persons who were not

expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group.

The Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) in its credit guidelines for the SHGs defines ***as a small economically homogenous affinity group of rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their family and community.*** The distinguishing features of self help groups are given below.

- i) An SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
- ii) It promotes objectives like economic improvement and raising resources for development and freedom from exploitation.
- iii) It has its own by-laws for the proper functioning of the group as well as for the observance of certain rules by the group members and regulations concerning membership.
- iv) The form of such a group could be mostly on an informal basis (unregistered).
- v) Periodical meetings of members are held for solving their problems (economic and social) and they collect fixed savings of the members.
- vi) The savings of members are kept with a bank in the name of group and authorized representative of the group operates the bank account. The deposit kept in the bank is used for giving loans to members for purposes including consumption at the rate of interest decided by the group (usually higher than what the banks charge).

- vii) Sources of funds are the contribution of members savings, entrance fee, interest from loans, proceeds of joint business operation and income from investment. Funds may be used for loans, social services and common investment.

The SHG, being a group of like-minded persons, gets empowered to solve most of its problems of a non-financial nature such as raw material and input supply marketing, better adoption of technology, education and training for realization of its objectives for development.³

5.2 Need and Importance of Self Help Group

Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. A group become the basis for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural and urban poor women are

fulfilled totally through the SHGs. SHGs enhance equality of status of women as participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

The rural poor are in-capacitated due to various reasons such as; most of them are socially backward, illiterate, with low motivation and poor economic base. Individually, a poor is not weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process. However, in a group, they are empowered to overcome many of these weaknesses, hence there are needs for SHGs which is specific terms are as under :-

- To mobilize the resources of the individual members for their collective economic development.
- To uplift the living conditions of the poor.
- To create a habit of savings, utilization of local resources.
- To mobilize individual skills for group's interest.
- To create awareness about right.
- To assist the members financial at the time of need.
- Entrepreneurship development.
- To identify problems, analyzing and finding solutions in the groups.
- To act as a media for socio-economic development of village.
- To develop linkage with institution of NGOs.
- To organize training for skill development.
- To help in recovery of loans.
- To gain mutual understanding, develop trust and self-confidence.
- To build up teamwork.

- To develop leadership qualities.
- To use it as an effective delivery channel for rural credit.

5.3 Characteristics of SHGs

The important characteristics of self help groups are as follows :

1. They usually create a common fund by contributing their small savings on a regular basis.
2. The groups evolve a flexible system of operations often with the help of the non-governmental organizations (NGOs) and manage their common pooled resource in a democratic manner.
3. Groups consider loan requests in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.
4. Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.
5. The amounts loaned are small, frequent and for short duration.
6. Rates of interest vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.
7. At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.
8. Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit as also the borrower's economic resources.⁴

5.4 The Features of Self Help Groups

According to D'souza⁵ the SHGs are basically small informal groups, characterized by voluntary memberships, a democratic and consultative structure of governance, economic participation of members, autonomy, education and training and concerns for the poor. Apart from a number of things, the members do as a group, they pool their savings and lend within the group to meet the credit needs of the members. Creation of a common fund by regular contribution of members and insurance of loan with minimum documents and often without any security are, in fact, the key features of SHGs.

Fund generation in the initial stages may be substantially low in these groups. Such funds though meager, will be supplemented by external resources mainly, loans from banks or grants given by NGOs, which promote them. SHGs offer to members preliminary banking services characterized by cost effectiveness, flexibility and freedom from defaults. Assessment of the credit needs of members is done periodically at group meetings. The claims for credit are settle within the group by consensus. In case of any surplus, the amount is deposited in the bank or post offices. Defaulters are subjected to severe penalties but such occurrences are unusual. There is always peer group pressure on those who avail loans which to a large extent prevent defaults. The influence of the group on members is very powerful because it can put actions against defaulters and monitor the behaviour of members in order to forestall default.⁶

5.5 Functions of SHGs

The important functions of SHG are the following :-

- i) Enabling members to become self-reliant and self-dependent.
- ii) Providing a forum for members for discussing their social and economic problems.

- iii) Enhancing the social status of members by virtue of their being members of the group.
- iv) Providing a platform for members for exchange of idea.
- v) Developing and encouraging the decision making capacity of members.
- vi) Fostering a spirit of mutual help and cooperation among members.
- vii) Instilling in members a sense of strength and confidence which they need for solving their problems.
- viii) Providing organizational strength to members.
- ix) Providing literacy and increasing general awareness among members, and
- x) Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

Thus the SHGs function on the principle of the five 'p's'.⁷

- i) Propagator of voluntarism
- ii) Practitioner of mutual help
- iii) Provider of timely emergency loan
- iv) Promoter of thrift and savings, and
- v) Purveyor of credit.

5.6 MITCON - Self Employment Centre, Amravati

MITCON has become best consultancy and training service center from last 25 years. It is well known for the contribution towards poverty alleviation and self employment/setting up of enterprise in the Amravati district. Almost, all the scheme

related to self employment and poverty alleviation is being conducted/implemented by government in a district of Amravati.

MITCON is doing the challenging job of creative entrepreneurs in Amravati district time to time through various schemes related to rural entrepreneurs and women empowerment, and trained them by the Swarnjayanti Swarozgar Yojana, Swarnjayanti Shahari Rozgar Yojana, Khadi Gramodyog Mandal, Maharashtra Rajya Itar Magas-Vargiya Vitta Aani Vikas Mahamandal, Shabri Adivasi Vitta Viakas Mahamandal, NABARD, Public Sector undertakings sponsored by Ministry by heavy industries and public enterprises etc. Govt. of India.

There are large number of self help groups (both women and men) formed in rural and urban region by various schemes of central and state govt. It is compulsory for self help group to start the enterprise to increase their productions. SHGs do not know about information regarding selection of enterprise, skill, knowledge, which licenses require to start the enterprises. So SHGs could not run the enterprises successfully. On other hand, some SHGs have their business regularly/smoothly by knowing functioning necessary information and training.

All the matter taken into consideration SHGs can run the enterprises successfully with availability of labours, funds, local raw material supplier, selection of suitable enterprise, necessary professional, technical and skill upgradation training as per required.

Various types of training programme is being conducted by MITCON in the district. Business management training programme been also conducted to increase productivity of SHGs.

Technical Training :- Packaging and Labeling

MITCON has been organizing a technical training programme on the basis of labeling, packaging marketing in order to get suitable market for production of SHGs and its selling and increase of attractive prices. Types of information about raw material, machineries, address should get by MITCON self employment center, Amravati. MITCON has given training to 1000 (Approx.) members of self help groups per year for employment generation activities.⁸

5.7 Self-Employment Training Centre, Amravati

Maharashtra Mushroom Production Training and Research Centre (Maharashtra Rural Development Project)

This center is registered under public education and welfare society.

Scope of Society :- Farm and non-farm based self employment in rural area of Maharashtra.

- 1) Self employment based on farm and without farm in rural region of Maharashtra.
- 2) Establishment of training center at taluka level for training.

Objective :-

1. Generation of self-employment based on farm in the rural area.
2. Formation of self help group due to which financial assistance based on saving.
3. To reform the poor in rural region.
4. To make customers, of most poor people in the rural areas.

Guidance centre offer following services :-

- 1) Technical guidance for setting up of new enterprises.
- 2) To offer a consultancy services

- 3) How to sell the products?
- 4) Proper guidance of experts
- 5) Entrepreneurial skill and their development
- 6) How to search enterprises opportunities?
- 7) How to select the enterprises?
- 8) How to write account in enterprises?
- 9) How to search the customers?
- 10) How to form our place in markets?
- 11) How to decide price of products and services?
- 12) How to develop communication skill?
- 13) Visits for successful enterprises.

Entrepreneurship development programme has been conduct to create entrepreneurs by entrepreneurial personality.⁹

Name of the enterprises training under Maharashtra Rural Development Project.

S.N.	Name of Project	Duration
1.	Mushroom cultivation	15 days
2.	Goat farm	15 days
3.	Poultry farm	15 days
4.	Fishery	15 days
5.	Vermicompost	15 days
6.	Reshim Udyog	1 month
7.	Cultivation of medicinal plants	1 month
8.	Insecticide and chemical making	15 days
9.	Fruits processing	1 month

Farm based professional courses :

S.N.	Name of Course	Duration
1.	Beauty parlour	1 month
2.	Dress designing	1 month
3.	Baking and caking	1 month
4.	Candle chalk making	15 days
5.	Washing powder, Neel and Nail polish	15 days
6.	Phenile/liquid soaps	15 days
7.	Tomato sauce, Jam Jelly processing	15 days
8.	Ayurvedic shampoo and cosmetic	15 days

5.8 Linkage between Banks and SHGs

NABARD continues to provide 100 percent refinance to banks at an interest rate of 6.5 percent per annum. Other support measures provided include facilitating training of the bank officials and the field staff of the NGOs. The federation of NGOs/SHGs and other related institutions through financial assistance, faculty support and the like. As many as 550 NGOs are participating in the programme. Women SHGs constituted about 94 percent of the total groups linked. On the whole, the programme benefited 5.60 lakh rural poor families in 280 districts. The southern region continues to dominate the linkage programmes with share of 65 percent followed by the western (11 percent), the eastern (11 percent), the central (10 percent) and the northern regions 8 percent. Andhra Pradesh, Karnataka and Tamil Nadu states has taken the lead in

promoting the SHGs and in establishing the bank SHG linkage, the bank linkage is generally established after the successful functioning of individual groups for about six months to a year. The concept of the SHGs has not been as successful in the north-east and some of the eastern states. Area specific programme need to be formulated to meet the varying socio-cultural practices.

After successful experimentation in couvery - Grameen Bank, Mysore (Karnataka) in association with an experienced NGO, namely MYRADA, more and more RRBs are involving themselves as SHGs. Some government agencies like Zillah Panchayat have also taken initiatives to promote SHGs and such efforts are supported by the NABARD through assistance in organizing training programmes for the staff.

Notwithstanding 100 percent refinance from the NABARD, commercial banks perceive this activity as unprofitable. Hence, only regional rural banks and cooperative banks take up such financing. The RBI has been preventing upon the commercial bank to formulate their respective policies on micro credit and promotion of SHG. The NABARD has been organizing the SHGs workshop involving bankers and development personnel to accelerate the process of SHG bank linkage. The RBI has issued circular to the commercial banks to reckon micro credit extended to individual borrower or the tough intermediaries as parts of their priority sector lending. The circular also stated that micro credit should forms an integral part of the corporate credit plan of the bank and should be received at the biggest level on a quarterly basis.¹⁰

The RBI issued a circular dated July 24, 1991, to the commercial banks advising them to participate actively in the pilot support for linking self help groups with banks. The NABARD, after consultation with a few interested banks and voluntary agencies, issued a set of guidelines on February 26, 1992, which, while being adequately

comprehensive were kept flexible enough to enable participate banks and field level bankers to involve and to contribute to strengthening the project concept and strategy. When the pilot project was initiated by the NABARD, the self help groups model was adopted and was called as an Indian model, later, in the early nineties, the NABARD called it the SHG-Bank linkage model.

The SHG-Bank linkage programme was show to take off, but has been speeding along since 1999. But it grew rapidly over the years reaching 1,079091 SHGs in 2003-04 in India, of these about 1.6 millions are linked to banks.¹¹

5.9 Evolution of Self Help Groups in India

In India, soon after independence, there has been an aggressive effort on the part of the government, which was concerned with improving the access of the rural poor to formal credit system. Some of these measures have been institutional, while some others were through implementation of focused programmes for removal of rural poverty. Reaching out of the far-flung rural areas to provide credit and other banking services to the hitherto neglected sections of the society is an unparallel achievement of the Indian banking system. The main emphasis is the spread of the banking network and introductions of new instruments and credit packages and programmes were to make the financial system responsive to the credit the weaker sections in the society. Comprising small and marginal farmers, rural artisans, landless agricultural and non-agricultural labourers and other small borrowers falling below poverty line.¹²

With the implementation of the above policies, further government of India in its developmental planning emphasized the promotion of agriculture and other allied economic activities through credit intervention for ensuring integrated rural development

and securing the prosperity of the rural areas. In pursuance of this, formal credit institutions have been guided by the principle of growth with equity and a large share of the credit disbursed for various activities was channelized towards the weaker sections of the society.

Consequently, by the implementation of several poverty alleviation programmes, the number of people below the poverty line has declined from 272.7 million in 1984-85 to 210.8 million in 1989-90, In 1991-2000, which constitutes over 21 percent of the population. The number of operational holdings is expected to have crossed the 100 millions mark with more than 80 percent being small and marginal holdings. The institutional credit system needs to meet the challenges of delivering credit to an ever-increasing number of rural people who need greater access to formal credit. It may have to reinforce its own structure at the grass root level and also have to devise new ways of reaching out of the rural poor.¹³

As a result, the experience of implementation of the above discussed poverty alleviation programmes lead to the introduction of the Integrated Rural Development Programme (IRDP) on 2nd October, 1980 with the specific objective of raising the poor rural families above the poverty line. Such families considered credit support from banks as an important input in taking up economic and gainful activities.

In spite of these impressive achievements in the expansion of the credit delivery system and special programmes, nearly half the indebted rural households are still outside the ambit of the institutional system. They approach the moneylenders for meeting their consumption and production in the absence of institutional support. Some of the poor who have not been reached even by the vast network of the institutional credit

delivery system, have organized themselves into self help groups (SHGs) and many such groups have come into existence either spontaneously or with the active involvement of the voluntary agencies which motivated the rural poor to pool their meager financial resources for meeting their small and frequent consumption and production credit needs.

5.10 Initiatives by NABARD

NABARD has been playing the role of propagator and facilitator by providing conducive policy environment, training and capacity building besides extending financial support for the healthy growth of the SHG linkage programme over the years, various steps taken in this regard may be enumerated as under :-

1. Conceptualization and introduction of pilot programme in February 1992 for linking 500 SHGs with banks after consultations with Reserve Bank of India, Banks and NGOs.
2. Introduction of bulk lending scheme in 1993 for encouraging the NGOs which were keen to try group approach and other financial services delivery innovations in the rural areas.
3. Developing a conducive policy framework through provision of opening savings bank accounts in the names of SHGs (through they are informal groups), relaxation of collateral norms, simple documentation and delegation of all credit decisions and terms to SHGs.
 - Training and awareness building among the stakeholders.
 - Provision of capacity building support of NGOs/SHGs/Banks.

- Mainstreaming the SHG linkage programme as part of corporate planning and normal business activity of banks in 1996 and internalizing, training, monitoring and review mechanism.
- Encouraging banks (RRBs and DCCBs) for promotion of SHGs.
- Financial support to NGOs for promotion of SHGs.
- Encouraging rural individual volunteers in promotion and nurturing of SHGs.
- Close monitoring.
- Dissemination through seminars, workshops, occasional papers and print media.
- Constitution of High Powered Task to look into the aspects of policy and regulation of microfinance and suggest policy, legal regulatory measures for smooth and unhindered growth of microfinance sector.
- Setting up a microfinance development fund in NABARD for meeting the promotional costs of up-scaling the microfinance interventions. The funds has since been redesigned as microfinance development and equity fund.
- Initiating the credit rating of the microfinance institutions through accredited credit rating agencies of India by meeting 75 percent of the cost of the rating as grant. This is done to enable the microfinance institution to approach banks for commercial borrowing and extending micro-credit to the poor.¹⁴

5.11 Refinance Assistance Provided by NABARD

Self Help Group is a visible organized setup to disburse microcredit to the rural women and encourage them in entrepreneurial activities. SHGs and micro-credit are the solutions to speed up the socio-economic development of poor women.

NABARD has been working as a catalyst in promoting and linking more and more SHGs to the banking system. A Microfinance Development Fund has been constituted in NABARD. This would be utilized for scaling up the SHG-linkage programme and supporting other microcredit initiatives. Special emphasis is provided for building the capacities of the poor with particular emphasis on vulnerable sections including women, scheduled castes and scheduled tribes. The refinance assistance provided by NABARD with regard to microcredit presented in Table No. 1 reveals that commercial banks, regional rural banks have developed linkage to 4,61,478 SHGs as on 31.3.2002. The cumulative credit disbursed by them is Rs. 545.46 crores as on 31.03.2002. The amount of refinance provided so far is Rs. 395.73 crores.

Table 5.1 : Growth of microfinance in India

Years	No. of SHG	Bank loans	NABARD refinance (Rs. in crores)
1992-93	255	0.289	0.268
1993-94	620	0.650	0.459
1994-95	2112	2.440	2.303
1995-96	4757	6.058	5.661
1996-97	8598	11.840	10.650
1997-98	14317	23.760	21.380
1998-99	32995	57.070	52.060
1999-2000	114775	192.870	150.130
2000-2001	263825	480.870	250.620
2001-2002	461478	545.46	345.73

Source : Kurukshetra, April 2005.

As per current growth rate by 2008, NABARD aims at linking one million SHGs involving 20 million poor households with the help of 4000 Non-government organizations and 1000 microfinance institutions.¹⁵

5.12 Pilot Project - The History of SHG

Encouraged by the results of the studies of the SHGs experience, the NABARD in consultation with the RBI, the Commercial Banks (CBs) and the NGOs, launched the pilot project of linking the SHGs with the commercial banks in 1991-92 and issued detailed guidelines in February 1992. The RBI advised the commercial banks in July 1991 to extend finance to the SHGs as per the NABARD guidelines, subsequently, the linkage project was extended to the RRBs and the cooperatives.

The linkage philosophy was based on the informal credit system, that is, the moneylenders were holding their away over the rural poor because of their responsiveness, flexibility and sensitivity to the credit needs of the poor. The poor require credit very frequently in small quantities without much hassle and for the activity of own choice. The moneylenders is always there at his doorstep for supplying the credit promptly, but with an exorbitant rate of interest, forcing the poor to cough up all his surpluses/ income and making him/her, thereby move downhill along the poverty line. The moneylender has a vested interest in the perpetuation of poverty.

The formal credit system has the resources, manpower and technical capability to handle any volume of credit dispensation. The pilot project on linking the SHGs with the Banks was launched aiming at combining the positive factors of both the system and ensuring advantages to both the formal credit system and the SHGs. The traditional attitude of a banker that the poorest of the poor is not reliable and the banks

are not meant for them is a myth to be dispelled. The distinct advantages envisaged under the project for the banks and the SHGs are that Banks are advised to win the confidence and trust of the rural poor.

Though the pilot study is intended to find the impact of the SHGs with the Banks, however, during the pilot phase of the project, a number of other studies have also been conducted aiming at comparing the advantages expected and the reality.¹⁶

5.13 Emergence of SHG Movement in Maharashtra

As per proverb "many a little makes a mickle", tremendous change taken place in economics of rural region by self help groups. This self help group has originated from Amravati district in Vidarbha. There are 94386 SHGs in Maharashtra in year 2006-2007 as per statistics. Some daughter in law and mother in law come together of Maharashtra from Amravati district had established one SHG long back in 1947 at the beginning with a tiny amount of only 25 paise for their savings. Further, in 1970, Ellaben Bhat had elaborated on topics Mahila and micro finance. Similarly one SHG had established in taluka of Wadsa of Gadchiroli district in 1984, Chaitanya Gramin Mahila Bal Yuvak Sanstha started promoted SHGs in Pune district, informally in 1958. Later on SHGs emerged big movement for empowerment of women. In this way, the women had developed through mahila mandal, rozgar guarantee labours organization and medical plants training etc. Government has provided funds to SHGs for poverty alleviation under the scheme Swarn Jayanti Gram Swarozgar Yojana (SGSY) in 1999. SHG is increased to 11 times and loan to 76 times from last five years in Maharashtra.

Nobel awarded Mohmud Yunis changed the face of his country through Grameen Bank of Bangladesh with reference to continuous contribution of his work toward self help groups.

Maharashtra Rural Development Project implemented on trial basis in four district of Maharashtra. Jointly organized by international agriculture development fund with the help of central government. SHGs were formed earlier even though women SHGs established under this programmes in this way.¹⁷

5.14 SHGs in Amravati District

Women come together and formed SHGs for their economic development of rural poor. Now there are 20033 self help groups formed in Amravati district as on March 2011, but SHGs have no guidance from experts, so there was no market to sell their products. Now Maharashtra government is going to guide themselves (SHG) and will make available market by expertise (market experts). There are 12,171 self help groups of poor people below poverty line under District Rural Development Agency (DRDA), out of which 9250 SHGs is under economic activities. Government (Collector of Amravati District) has given ration shops to 12 SHGs of Chikhaldara and 13 SHGs of Dharni Taluka and also kerosene dealership to 37 SHGs in Chikhaldara taluka and 29 SHGs in Dharni taluka respectively, for upliftment of BPL members of SHGs and improve their standard of living i.e. development of tribal.

Central government is considering to allot directly LPG dealership to economically viable SHGs for their financial benefits. LPG distribution and new connections so as to provide a sustainable income to them. Steps would be taken by government very soon in strengthening the SHGs and achievement in different fields in the rural area of district.

Whereas there are 2915 self help groups working under MAVIM (Mahila Arthik Vikas Mahamandal) and 5142 SHGs workinf under District Urban Development

Agency DUDA (Nagarpalika & Corporation) their average monthly saving 32,51,700/- (Mahanagarpalika having 3256 SHGs and 1886 SHGs of Municipality) There are 13 Nagar Palika and one Mahanagar Palika i.e. Achalpur, Anjangaon, Daryapur, Morshi, Warud, Shendurjana Ghat, Dhamangaon Rly., Chandur Bazar, Chandur Rly, Chikhaldara, Dharni and Amravati. Non-governmental organizations are functioning in this district to form and monitor the SHGs for empowerment of women.

The self help group were started in Amravati district during 1998. The coverage of SHGs organized village panchayat, town panchayats, municipalities and corporation and the period of existence from 1998 to March 2011. Krishi Vidyan Kendra, Durgapur (Badnera), Amravati formed 95 self help groups and every year Kendra being also imparting training of entrepreneurship.

Three year ago, women were reluctant even to attend Gram Sabha meetings. Of late the attendance of women at the meeting went up by 75-80 percent. The message of the importance of social awareness/social audit was disseminated through training for the SHGs. The women began attending the meetings and learnt representing their grievances. They are able to give priorities for their needs and to recognize themselves into networks at the Gram panchayat level to decide their agenda. The SHGs have become the tool for institutionalizing convergence between various welfare departments.¹⁸

5.15 Formation of Self Help Groups

There are three stages in SHG evolution.

- i) Group formation

- ii) Capital formation through revolving fund and skill development.
- iii) Income generating activities.

i) Group Formation :-

Group formation is not a spontaneous process. External agencies, individual working with communities can act as a facilitator in the formation of groups and its development. Self Help Group Institution (SHGI) plays a vital role in the initial stages of group formation. The external facilitators are generally Non-governmental organization, social workers, village level worker, informal associations of local people, community based organizations, government departments, banks, farmer clubs etc.

They interact with the poor families especially women to identify the small homogenous groups. The members regularly meet on a fixed time and date in a month to collect savings from members under the supervision of SHPI/NGOs. Thus SHGs will inculcate the habit of thrift and credit among the members, who generally belong to the families of BPL.

ii) Capital formation through revolving fund and skill development :

Self help groups are taught simple principles of accounting and facilitated to receive external funds in multiples of their savings. SHPIs, bankers or donors are the sources of funding for SHGs. The corpus consists of own savings and other external funds (Revolving fund, grants, loans). Small loan from corpus fund are given to needy members. The loans are given to members on a participatory method during the regular meeting etc. The loans have a definite repayment schedule, which is usually of short duration. The funds thus are rotated among themselves. The groups shall have a bank

account to deposit the savings, revolving funds etc. The group shall maintain certain basic records as well

iii) Income Generating Activities (IGA) :-

SHG members take up different income generating activities. SHPIs play an important role in taking up the suitable IGAs by the members based on the skills.

Income Generation Activities of SHG

- Agriculture
- Animal husbandry
- Hosiery
- Candle preparation
- Cane items
- Carpets
- Khadi, leather items
- Spinning and weaving
- Basket weaving
- Woolen blankets weaving
- Sale of fruits and pongamia seeds
- Vegetable vending
- Chicken shops
- Mess
- Mid day meals
- Embroidery
- School uniform stitching units
- Brick making
- Pot making
- Saree business
- Candle making
- Agarbatti making
- Pickle making
- Fenile making

5.16 Norms of SHGs

Any self help group will have certain norms : help to function properly for sustainability of SHGs. It is mandatory for any SHG to have certain byelaws pertaining to

- i) Objectives of the group
- ii) Meetings - time, periodicity
- iii) Savings - amount, periodicity, rate of interest.
- iv) Credit - procedure for sanction, ceiling amount, purposes, rate of interest to be charged, repayment period.
- v) Fines - defaulters in attending meetings, savings and credit repayment
- vi) Leadership - election or nomination of leaders, rotation of leaders etc.
- vii) Personal / Social improvement - minimum literacy to be achieved, social work to be done, convergence of facilities etc.

The norms are further elaborated as follows.

Meetings :-

The group decides the periodicity of the meetings and regular monitoring, attendance of the meeting, punctuality of the members, disciplinary action on errant members etc. Generally, each group meets at least once in a month at a fixed time, some groups meet twice a month to transact their business. The meeting place may be the house of a leader, a common place, a temple, panchayat building etc. Absentee member are liable for fine, which becomes the part of corpus funds of the group.

Maintenance of registers :-

Each SHG maintain certain basic register for effective monitoring, accountability and transparency. The register of SHGs include minute book, attendance register, ledger book, cash book, bank pass book etc. These registers are suggested by

promoter (banker, NGO), which may vary from place to place. The details of meetings, proceedings, attendance, memberwise savings and credit, bank transactions etc. are verifiable from these registers. The registers are maintained by a book keeper (President/treasurer/literate members), who is paid monthly honorarium for maintaining these registers.

Pattern of leadership :-

Each group shall have leaders, who represent the group matters in various platforms. The nomenclature of leaders varies from region to region and state to state. The leaders are elected from the members on rotation. Leaders aid to democratic function of the group. The purpose of rotation is to see that the leadership qualities are developed among the members of the group. However, the experience in Andhra Pradesh indicates that the rotation of leadership apparently take place on the prescribed manner. The same leaders continue to hold the office and or influence the leadership.

Awareness of group :-

The group will create a awareness among the members and empowerment of members take place. The members will have to know the purpose of group formation, activities and operations, savings, credits etc. The members are expected to participate actively in the group discussion and decision making process. SHG helps to work as a cohesive group and will have transparency in the transactions.

Group activities :-

Savings and credit are the two important dimensions of SHG movement. Regularity in savings and method of dealing with defaulters are the important features of savings. The credit function of SHGs is judged by decision making process adopted

credit requirement and quantum of loans sanctioned, system of monitoring credit repayment pattern etc. The group has to monitor their performance regularly.

Revolving of fund :-

The SHGs to become eligible for sanction of revolving fund, community investment fund etc. they need to pass through certain stages.

Stage - 1 (Grading of SHG) :- The formation stage lasts for 6 months. It is necessary to test whether it has evolved into a good group or not. This helps to understand the weakness of the group and to overcome such deficiencies. Members also evaluate their own performance through a participatory approach.

Stage - 2 (Capacity Building of SHG) :- It is a crucial stage to enhance the capacity of groups and enables to receive the revolving fund, which become a part of corpus fund of the group. The external fund received enhances the group capacity to extend loans to the maximum. The expectation of the group during this stage include -

- (1) Gradual improvement of per capita loan
- (2) Shift from consumption to production loans.
- (3) Understanding the training requirements.
- (4) Assessing and ascertaining the reasons for poverty.
- (5) Meeting the credit needs of the members.
- (6) Understanding the participatory monitoring of assets created through loans extended to its members.
- (7) Capable of understanding community action programmes and continuing to do so independently, and
- (8) Reducing dependently on out side facilitating agency.

Final stage (Taking up the economic activities) :- After the above two stages, the group is eligible to receive assistance for economic activities in the form of revolving fund or subsidy extended to the members and or group, some members are given loan and subsidy with the assurance of group as guarantor, which monitors the repayment, under SGSY, the subsidy component is about 50% or Rs. 1,25,000/-.¹⁹

5.17 Role of Non-governmental Organization (NGO)

Voluntary action stimulated and promoted by non-governmental organizations engaged in development play a significant role at the grass root level in the Indian social milieu, the success of rural development depends upon the active participation of the people through self help organization. The non-government organization involve people in the developmental process and relate themselves to working with people. This means that their main plan is the generation of the self-confidence and self help through self help groups and independence among the people of the community in which they operate. They substantiate the efforts of government with regard to provision of social welfare through rural development programmes planned for this purpose.

Non-governmental organizations act as 'creators', 'reservers' and 'destroyers' of evils in rural areas. They create awareness among people, create livelihood and opportunities for people with their cooperation, preserve what is needful to their environment, cultural base, appropriate technologies and scientific practices etc. and destroy the evils like alcoholism, female foeticide, superstitions and other social ills.

In recent years, the non-governmental organization have acquired greater importance and significance than ever before because the administration has not been

able to reach the people especially the poor and weaker sections to the desired level. In this context, the fact that the non-governmental organizations are the appropriate agencies for creating the right type of climate for change and development cannot be disputed.

There are 25 NGO working in Amravati district, for empowerment of women.

5.18 Role of Government Organization

An SHG is a small affinity group of 10-20 members from homogenous strata. It is formed and groomed by an NGO or bank branch or a government agency called self help promoting institution (SHPI). The members of the group are encouraged to collect regular thrift on a weekly or fortnightly or monthly basis and use the pooled resources to give interest bearing small loans to needy members. The SHPI trains the members to maintain simple accounts of the collected thrift and loans given to members. The regular meetings also provide them a platform to discuss and resolve many social and common issues, thus fortifying their togetherness. A savings bank account is opened with a bank branch and regular thrift collection and loaning to members build up the financial discipline among the members to encourage the bank to provide larger loans to the group.²⁰

Government organizations are as follows :

- 1) District Rural Development Agency (DRDA)
- 2) Krishi Vidyan Kendra (KVK)
- 3) Mahila Arthik Vikas Mahamandal (MAVIM)

1) District Rural Development Agency (DRDA) :-

The Swarnajayanti Gram Swarozgar Yojana (SGSY) has been launched with effect from 1.4.1999 as a new self-employment programme for the rural poor. The SGSY is being implemented by the DRDA through the Block Development Office. The SGSY programme replaces the self-employment and allied programmes - Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-employment (TRYSEM), Development of Women and Children in Rural Area (DWCRA), the Ganga Kalyan Yojana (GKY) as well as Million Scheme (MWS) are no longer in operation.

The salient features of the Swarn Jayanti Gram Swarozgar Yojana are given below.

- The Swarn Jayanti Gram Swarozgar Yojana (SGSY) aims at establishing a large number of micro-enterprises in the rural areas, building upon the potential of the rural poor.
- The SGSY emphasis on the cluster approach for establishing the micro-enterprises. For this 4-5 key activities have to be identified in each block. The major share of SGSY assistance has to be in activity clusters.
- The SGSY adopts a project approach for each key activity. Project reports are to be prepared in respect of each of the identified key activities. The banks and other financial institutions have to be closely associated and involved in preparing these project reports, so as to avoid delays in sanction of loans and ensure adequacy of financing.
- The existing infrastructure for the clusters of activities should be reviewed and gaps identified. Critical gaps in investment have to be made up under SGSY, subject to a ceiling of 20 percent of the total allocation made under the SGSY for

each district. This amount is maintained by the DRDAs as SGSY - Infrastructure fund and which can also be utilized to generate additional funding from other sources.

- The assisted families may be individuals or groups (Self Help Groups). The SGSY, however, favours the group approach.
- The SGSY seeks to lay emphasis on skill developments through well designed training courses. Those who have been sanctioned loans, are to be assessed and given necessary training. The design, duration of the training and the training curriculum is tailored to meet the needs of the identified key activities. DRDAs are allowed to set upto 10 percent of the SGSY allocation on training. This may be maintained as SGSY training fund.
- The SGSY provides for promotion of marketing of the goods produced by the SGSY swarozgaries, which involves provision of market intelligence, development of markets and consultancy services, as well as institutional arrangements for marketing of the goods including exports.
- The SGSY is a credit-cum-subsidy programme. However, credit is the critical component of the SGSY, subsidy a minor and enabling elements. Accordingly, the SGSY envisages greater involvement of the banks.
- Subsidy under SGSY is uniform at 30 percent of the project cost, subject to a maximum of Rs. 7500. In respect of SC/STs, subsidy is 50 percent and Rs. 10,000/- respectively. For self help groups, the subsidy is at 50 percent of the cost of the scheme, to a ceiling Rs. 1.25 lakh. There is no monetary limit on subsidy for

irrigation projects. SGSY particularly focus on the vulnerable groups among the rural poor.

- Funds under the SGSY are shared central and state governments in the ratio of 75:25.²¹

As on March, 2011, 12171 self help groups organized by DRDA in the Amravati district. For the year 2010-11 revolving fund assistance had been released to 11215 groups and loan assistance for economic activity has been released to 571 groups. For the year 2009-10, the programme aims to cover 11217 groups with revolving funds assistance and economic assistance for 9250 self help groups.

2) Krishi Vidyan Kendra (KVK) :-

Krishi Vidhan Kendra was started in 1996 as a first KVK of the country with a view to update the technical skill of the farm public, to train the farmers, farm women and rural youth in scientific farming, to provide in service training to the staff of developmental departments and to evolve new varieties of crop plants suited to the region.

This Kendra was administered by State Government. The technical and administrative controls of this center have been taken over by the Maharashtra Government and this Kendra is registered a society. This Kendra is financed by the ICAR as well as by the Maharashtra government.

Under ICAR programmes, this KVK is carrying out the activities as per the mandates of KVK which are as follows.

- Conducting on-farm testing for identifying technologies in terms of location specific sustainable land use systems.

- Organize training to update the extension personnel with emerging advances in agricultural research on regular basis.
- Organize short and long term vocational training courses in agriculture and allied vocations for the farmers and rural youths with emphasis on learning by doing for higher production on farms and generating self employment.

Women cell is functioning at this Kendra for the welfare of farm women. As on March, 2010, 101 self help groups were promoted under women cell in various villages. The leaders and members of these SHGs are trained on various aspects of agriculture and allied fields so as to enable them to start self-employment units. To fetch additional income for their families and improve nutritional and health like educational field, agriculture field is also developing and expanding in this age of information and technology. Krishi Vidnyan Kendras is not only limited to education and research but have been also become centres for creating employment and entrepreneurs.²²

3) Mahila Arthik Vikas Mahamandal (MAVIM) :-

MAVIM is the state women's development cooperation of Maharashtra, established on the 24th February, 1975 on the occasion of International Women's year.

The mission of the corporation is "To bring about gender justice and equality for women, investing in human capital and the capacity building of women, thus making them economically and socially empowered and enabling them to access sustainable livelihood."

The corporation has the objective of bring about women's empowering by mobilizing women and building organization of women, enhancing their capacities by training, increasing their self confidence and strengthening entrepreneurship among women and making credit and market accessible to women. The corporation also seeks to

improve women's access to education, and increase their participation in decision making and governance.

MAVIM's head office is situated in Mumbai and the corporation has 34 district offices across the state of Maharashtra. MAVIM has professionally qualified personnel trained in social science in its head office and in district offices. MAVIM promotes self help group in villages its (1350) field workers known as Sahayoginies and through its 4 contracted NGOs. Reorganization of MAVIM from a commercial company under the company Act 1956 to being registered in September 2005 under section 25 of the company's Act as a not for profit company.

In Amravati district we have formed 2915 SHG under various schemes (SGSY, SCP Special Component Plan, Ramai Mahila Sakshamikaran, TSP (Tribal Development Project), Swayamsidha, Krushi Saptak and Maharashtra Rural Credit Programme (MRCP). The commitment is ensured for women empowerment through SHG. They worked under various schemes and completed training of SHG.

Amravati is one of the district, which is implemented various schemes for women empowerment through Self Help Groups (SHGs). In this district, MAVIM has associated for women access to credit, under this broad objective MAVIM has decided to work for following five component i.e.

- 1) Formation of SHG
- 2) Entrepreneurship development
- 3) Gender sensitization
- 4) Functional literacy
- 5) Social awareness

For fulfillment of above component MAVIM has appointed qualified and experienced staff and doing with NGO for the fast mobilization.

Formation of SHG :-

Progress of SHG, agewise classification of SHG, monthwise SHG progress, memberwise classification of SHG, castewise status of SHG member steps are done under various scheme like MRCP, SGSY, SCP, TSP, Krushi Saptak Yojana. There are 2915 formed SHG in 2011 and gradation of SHG is done through various schemes mentioned above. Further bankwise SHG formation, bankwise status of SHG linkage, bankwise eligible SHG status for linkage process is done.

Functional Literacy :-

Literacy is major problem in rural area. By conducting various awareness programmes some women comes out of their problems. Only literacy is not important but there should have functionality.

- SHG are independently organized various activities (Study tour, exhibition, tournament, experience sharing, debate competition, hand writing sundar maza ghar competition etc.)
- Participation of family group members in decision making (Child education, marriage, family planning, family budget and expenditures).
- SHG members are operating bank account and maintain relation with government officials (Gram panchayat, Panchayat Samiti, Post office, Tahsil office etc.).

Gender Sensitization :-

Gender sensitization is not perfectly measurable indicator while discussion with SHG members they react that they feel to participation in social and general functions. They are contracting to Govt. officials without any support. They also getting respect from their family and villagers, now SHG women are regularly attending village

and block level meetings and their husband sharing domestic work. SHG member are representative of various committee in village level.

Entrepreneurship Development :-

To encourage women to take up entrepreneurship activities to increase their income EAP training helps women to understand concepts, stages how to identify and how to become entrepreneur's. Fee base skill training like fashion design, dress design, beauty parlor and tailoring etc. is given for their generation of income.

Social Awareness :-

Near all SHG are aware of their role and responsibilities. SHG also organized following programmes. Sanitation programmes, savitribai fule jayanti, health camp, world women day, darubandhi and other programmes, etc.

In 2007, the state government sanctioned a new programme for MAVIM supported by IFAD known as the Tejaswini Maharashtra Rural Women Empowerment Programme. The Tejaswini programme is implemented in all 33 rural districts of the state and 13000 villages where MAVIM presently operates, supporting over 65000 SHGs. This programme is for poor rural women especially from scheduled castes and scheduled tribes, widows, divorces, landless labourers etc. The Tejaswini programme will focus on the following thrust areas :-

- Grass root institution building
- Micro finance services
- Livelihood and micro enterprises development
- Women empowerment²³

5.19 Rules and Regulations of SHGs

(a) Memberships :-

1. Only one responsible person from a family aged around 21-60 years can become member in the groups.
2. The members/persons who are involved in any party politics activities or involved in any type of antisocial activities or the willful defaulters are not eligible for membership in the group.
3. The size of the group shall be around 10 to 20 members.

(b) Group Meeting :-

1. The group members meetings should be held once a week or fortnight / month regularly on a convenient day, place and time as decided by the group.
2. The members should attend all the meeting in time without fail.
3. The member who unable to attend the meeting for genuine reasons, the same has to be intimated to the group in person or through a messenger in advance or at least informed at the same meeting. If fails the member is liable to pay fine for the absence as decided by the group.
4. The latecomers for the meeting and those who walk out in the middle without intimating the chairpersons are liable to pay fine as decided by the group.
5. If a member was absent for three consecutive meetings without genuine reasons such person's membership shall be suspended or cancelled with or without notice.
6. Unrelated issues / points should not be brought for discussion in the group meetings.

7. The members should not use vulgar words or physical force against any member during the meeting and the violators or mis-behaviours have to pay fine as decided by the group or their membership shall be cancelled.
8. The members should not sleep or stay separate from the group during the meeting.
9. All the members should have to sign in the minute's book at the end of the meeting after recorded proceedings of each meeting are readout and confirmed.

(c) Members Participation in the Group :-

1. All the members should participate in the discussions and decision making process orally and mentally in the group meetings.
2. Equal opportunities and encouragement should be given to all the members for their full participation in the meeting and in all the activities of the group.
3. All the members should attend the related training/workshop/seminars/ exposures etc. within and outside the village without fail. The violators are liable to pay fine except for the genuine reasons.
4. The members should co-operate and participate in all the developmental activities related to the members families, village, the group environment etc. Appropriate actions against non-cooperators/ non-participators shall be taken by the group.
5. The members should participate in researching/learning dissemination and adoption of appropriate technologies for development.
6. The illiterate members should show interest and put efforts to become literates. The group shall run a learning center at the convenient time for this purpose.
7. All the members should involve in regular savings and credit management activities with a special focus.

8. All the members should work with concern towards creating/building socio-economical safety society and stress on population control.

(d) Duties and Responsibility of the Members :-

1. All the members should promote co-operation and unity in the group.
2. The members should create equal opportunities and the give encouragement to all the members in the groups.
3. The member should mobilize, use and manage the needy resources properly / judiciously.
4. It is the responsibility of all the members to take necessary collective action against the willful defaulters and recovers the loan amount.
5. The members should take responsibility carefully for their all-round development and should also take leadership responsibility in the group with service motive.
6. All the members should involve in planning, implementing, monitoring and evaluate the development programmes of the family, village and environment time to time and to give attention for the results of evaluations with proper actions.
7. The member should promote and protect the unity and integrity of the group and the village.

(e) Executive Committee :-

1. An executive committee consisting three representatives selected unanimously in the group should take overall responsibility of the smooth functioning of the group.

2. The period of the executive committee shall be six months or one year as group decides and the new committee should be selected three months in advance and trained to take over the position of their representatives.
3. The above three position of the representatives shall be called as (a) President, (b) Secretary (c) Treasurer. Two out of the above three shall jointly operate the Group's bank account. This committee is responsible for the group's cash at hand, cash at bank or post office.
4. The executive committee members should ensure remitting the cash at hand immediately to the group's bank account. The cash in hand should not be kept more than two days for emergencies, if kept, the concern member should pay fine plus interest as decided by the group.
5. The active member/cashier/treasurer should ensure proper maintenance of books of accounts of the group on day to day basis regularly up to date. They are also responsible for getting the accounts inspected once a month and audited once in six months or year and to submit the accounts statements and reports to the group meeting for appraisal.
6. The executive committee should facilitate the programme planning, timely implementation, monitoring, evaluation and actions.
7. The executive committee should facilitate the regular group meetings and smooth functioning of the group.
8. The executive committee members should have good contact with the Govt. Departments, credit institutions, voluntary organizations and other related institutions and mobilize resources for the improvement of group and village.

9. The executive committee members can execute any agreement/deeds/ contact on half of the group with prior discussions and resolutions in the group each time for each subject.

(f) Members Savings in the Group :-

1. Each and every member should save atleast minimum or maximum as per members wish per week or per month in the group which should be maintained in each individual members name.
2. Savings account may be withdrawn by the members only at critical circumstances with prior approval of the group. However, the member should maintain a minimum balance of Rs. 1000/- in their savings account.
3. No interest will be paid for the members savings with group. But 12% interest shall be paid for the amount kept in the group as fixed deposit for a minimum period of six months.
4. The members should save from the family income earned only, but not the borrowed money for interest.
5. The members will not be encouraged to adjust their savings amount against their loans due to the group. Only at extreme circumstances, the group shall consider to adjust.

(g) The Credit Management :-

1. The credit can be given to the needy members of the group for the purposes such as consumption, income generation, asset creation, clearing the old burden loans, socio-religious and any other appropriate purposes.

2. The credit shall be given to the needy person of the group only after careful study, through discussion and unanimous decision on the quantum of credit, rate of interest and the repayment schedule for each loan.
3. All SHG members regularly save a small amount. The amount may be small have to be regular and continuous habit with the members.
4. Savings first credit later should be the motto of every SHG member.
5. The loaner should give a written agreement to the group for the loan amount as the official procedures in the presence of the witness to the group at the time of taking credit. The loaner should give a guarantor within the group if necessary.
6. The loan amount should be utilized for the agreed purpose only. In case of any change of purpose, it should be approved by the group in advance. The violators are liable to pay fine/penal rate of service charge.
7. The loaner should repay the credit/loan amount with service charge as per repayment schedule agreed upon. If failed such member is liable to pay fine or penal rate of service charge @ Rs. 12% annum in addition to the normal rate of service charge from the date of overdue or as decided by the group.
8. The members those who are irregular for the SHG meetings or irregular in savings are not eligible for credit/loan from the group.
9. All the members shall have equal opportunity for loan from the group on eligibility/priority basis.
10. The funds of the group should be revolved to the optimum extent for the benefit of all the members.

11. The group can avail loan from the bank and other credit institutions, NGOs, other groups and other available sources for its activities and the same has to repay in time as per the terms and conditions agreed upon.

5.20 Working of Self Help Groups

There are no uniform rules and regulation for the SHGs, and they may vary from group to group. The promoter of the group formulates the rules and regulations, which may be suitable for the all groups, are summarized bellow.

1. Group Formation :-

The group formation is proceeded by a village level household survey together the baseline area. The promoters should conduct this, and a suitable poverty assessment method should be used for the purpose.

To facilitate sustainability, the total number of members of the group should range between 12 and 20. The age limit for membership will be 21 to 60. The group must be a homogeneous one though not necessarily from the same caste or religion. The target group must be the poorest.

2. Meetings :-

The group must meet weekly or fortnightly for collection of savings and repayment of loan amount and for discussing all other matters. The group meetings need to be conducted at President's house, members of groups or Gram panchayat or temples, with a certain discipline in relation to regularity, time and items to be discussed.

3. Group Savings :-

The group members must be encouraged to save as much as each can without it being a uniform amount for all. Usually the SHGs start off with a minimum savings of all members. As the years pass, they may opt for optional savings according to the capacity of each members.

4. Group Common Fund :-

The amount such as fines imposed on members, grants from the NGOs, bonuses for various programmes and service charges on external loans should be put into the common fund of the groups. All common expenses related to the groups may be met from this common fund.

5. Rotation of Group Fund :-

All savings and excess of common fund would be rotated as short-term loans amongst the members at rate of interest decided by the majority members of groups and loan is given to needy members on the priority basis.

6. Books and Registers to be Maintained :-

The books and registers to be maintained by treasurer/literate members of group to ensure proper accounts are given below for transparency. Attendance register, Minutes book, Savings ledger, Loan ledger, General ledger, Cash book, Individual pass book, Receipt book and Payment voucher etc.

7. Training :-

The staff of NGO, DRDA and bank staff imparts training of skill development, self employment like fenile making, agarbatti making, soap making, making dairy products etc. through MICON and entrepreneurship development. So as to start his own business for the betterment of life.

8. Annual Auditing :-

A qualified auditor should audit the accounts of the groups annually. The self help groups should meet the audit cost. But most of SHG could not audited annually.

5.21 Typology of SHG

1] Model -I Self help groups formed by NGOs and linked to banks

In this model, NGOs would organize the poor into groups undertake training for awareness and understanding building, entrepreneurship and skill training help in arranging inputs, extension and marketing, introduce savings and internal lending, help in maintenance of accounts and link them with the banks for credit requirements. Banks directly provide loans to SHGs with recommendation of NGOs. In this model, NGOs act as facilitators.

2] Model - II NGO forms and perform financial intermediation role as an lender to SHG after sourcing loans from bank

In this model, besides acting as facilitator, the NGO also works as financial intermediary. Here, the loan is given to NGO by the bank for on lending the SHGs. In this linkage model, NGO would be legally responsible for repayment and would bear the risk of non-payment. Involvement of NGOs in microcredit system would have positive influence as they are the grass root agencies with information about borrowers. Thus, adverse selection and production of recovery could be avoided. At the same time, NGO would be in a position to help the rural poor, particularly the women to bring them above poverty line create rural employment. The growth rate of SHGs and micro-credit have

been phenomenal which certainly reveal that the rural people involved in their growth are able to improve their micro-entrepreneurial skills with the help of their own savings and additional bank credit, as required.

3] Model - III Bank - SHGs Association

In this case, banks directly promote self help groups. Here, the bank assume to play the role of NGOs and ensure linkage with SHGs. This SHG-NGO-Bank integration is very much essential to credit delivery for self-employment and other business activities, which could be an effective vaccine against poverty. But the ultimate goal of this linkage programme is not just promotion of SHGs. The challenge of poverty alleviation must come at the center stage. It is already an established fact that micro-credit is an important means of poverty alleviation. The SHG route is one of the cost effective methods of credit flow to the poor who need most.

There are a variety of SHGs or peer groups the world over. For example, in the Grameen bank, a group consist of only five members. Out of these five, one is the president, one is secretary and one treasurer. Only two members are ordinary members. When the loan is available, the group gives it first of all to the ordinary member and only later to its office bearers. This implies many lessons, while some members hold position, others benefit by early loans.

In Grameen bank model, six groups i.e. 30 members form a center and a lending activity of the bank is done only in the branch offices. A branch office operate within 10 kms of all centers, weekly meetings of the groups are held. When they gather, the women first of all do some physical exercise and they recite the 16 principles for their

social development. Thereafter, the repayments of loans are made and then regular savings are collected. These are considered subject to recommendations by the center. On another day, the borrower has to visit the branch office to collect the loan amount. For an SHG within the pattern of loose collective, there is a variation. The group may be a cooperative credit society or a federation of cooperative societies. In case, the groups are federations, the savings are collected by the group leader and brought to the federation office, which maintain detailed accounts of group savings.

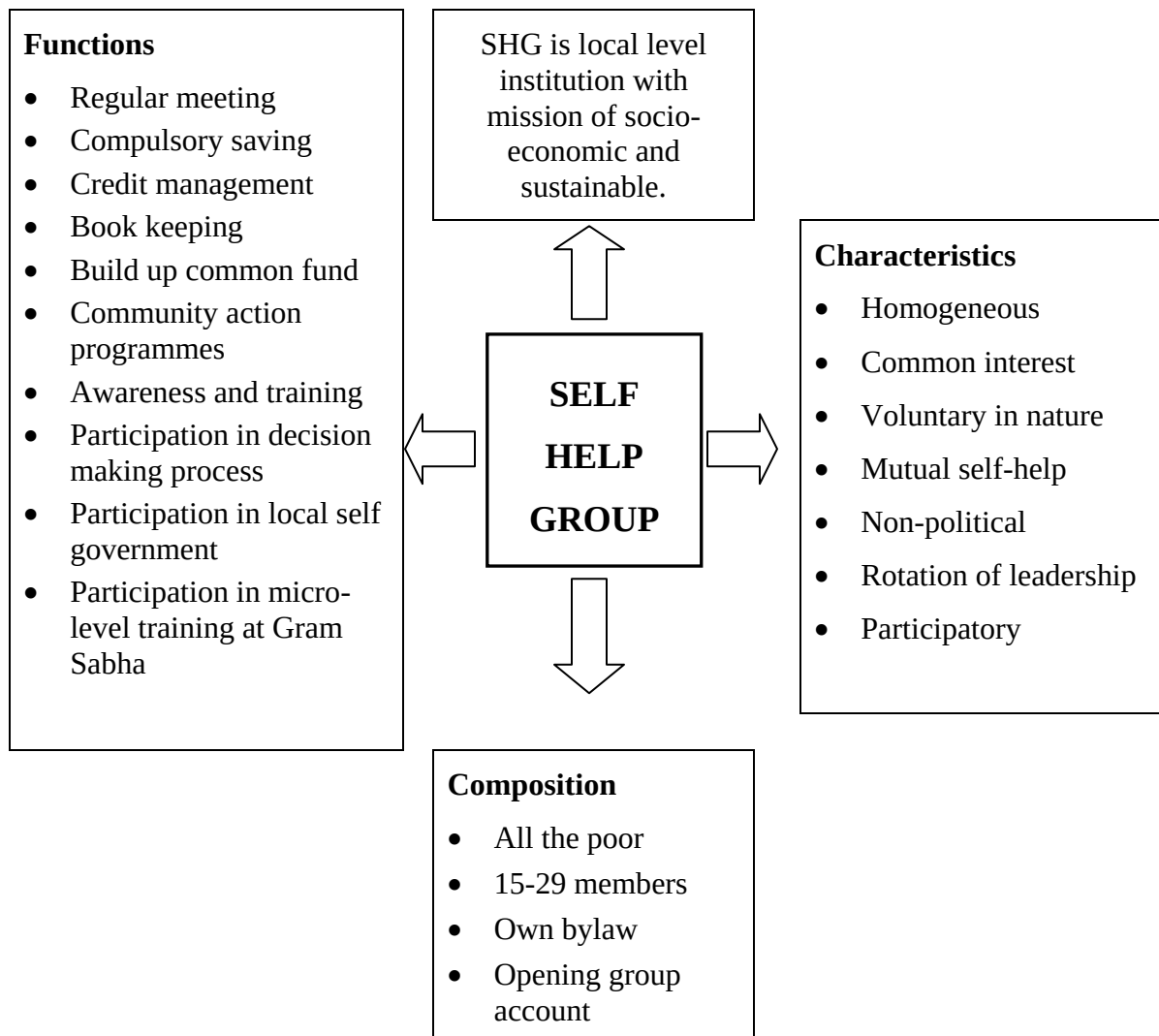


Fig. 5.1 : SHG - Conceptional framework and key features

4] Key Features :-

- i. SHG formed only for the sake of savings and credit activities are less sustainable than those engaged in a range of activities that include production and action on social issues apart from savings and credit.
- ii. Motivation for the group formation and the profile of the leader is a major determinant of the strength of the group.
- iii. Women only groups are better able to address the specific needs and problems of the women members.
- iv. The role of the facilitator is critical in strengthening group processes and truly instilling the concept of self help. Their effectiveness in disseminating information, upgrading skills and facilitating linkages, contribute towards the extent of self-reliance of the group.
- v. Guideline cited by government and non-government agencies, for its growth and gradation, some times may be not possible to maintain. Actually the frame for reaching maturity varies with the socio-cultural setting of the regions, as well as the experience and approach of the promoting agency.
- vi. As the process of organization is a social process, seeking to change existing caste, class and gender hierarchies in society it may not always be possible to hasten the pace of the process.
- vii. Training, capacity building support and networking of groups in terms of cluster and federation is very much essential for their long term sustainability.

- viii. SHGs are playing a vital role to fulfill the constitutional mandate of 73rd amendments mobilizing women folk at the Gram sabha.
- ix. The SHGs have had a range of impacts, economic, social and political on the lives of their members. In some cases, they have succeeded in providing cheap and easy credit to the members, in many others they have not.
- x. Level of awareness of rural people has been greatly enhance, giving the women folk, a new confidence.²⁵

5.22 Siddhivinayak Mahila Bachat Gat Co. Society, Amravati

The rural development is possible through only women self help groups. This concept is come ahead. Women of society were united together to form a group. There are numbers of organizations of both women and men in a villages, near about twenty thousands of SHGs are formed in cooperation of District Rural Development Agency, Nationalized banks and district cooperative banks. Out of which 1200 SHGs are formed under Siddhivinayak Mahila Bachat Gat Mahasangha, Amravati which is emerged out as tremendous huge tree.

Information regarding government schemes is to give to SHGs, training to women, help for financial assistance, how will invest, where to contact, to solve the problems in financial assistance, supply of raw material, give them information about agricultures, on that basis, give a education and training about small scale enterprises, keep women together, problem solved among themselves, etc. In this way all this work/problem solved at the local level. The surveys has been conducted since last three month in the district for participation of farmer's SHG and labours in Mahasangh. In this

surveys information convey (got) to self help groups by all this difficulties. Due to this most of the machineries is trying to bring by the cooperative society.

Mahasangh was established on 30th September, 2003 for security of group's fund / setting up of small scale enterprises and guidance for Self Help Groups (SHGs). This SHGs has made a good quality of products but they do not have get good market for their products in order to get good market this is a big challenge before the Mahasangh and market can enhance their productivity through this Melava naturally. It is helpful to availability of market to this products by women. But now state government is in position to provide rooms in this market to SHGs for marketing their products. Women SHGs will come out of pickle and papad formula and diversify to produce some best quality products that would create a place itself in the market. Women united gather for production of products is not motive of this Melava but SHGs do his work through which method? from where machineries can get available for producing their products? etc. guidance about machineries is main objective of the Mahasangh.

1) First step of mechanical development of SHGs

There were 150 stalls in the Melava organized by Siddhivinayak Mahila Bachat Gat Cooperative Society. There were 100 machineries kept in 35 stalls for this, which raw material is required? How the product is made, where marketing of products can done? etc. all information is given to self help groups through Mahasangh.

2) Objectives of Siddhivinayak Mahila Bachat Gat Cooperative Society

There are 22 thousand SHGs is non-working due to lack of machineries. Non-working groups come in mainstream is main objective. It is registered under Company Act 26, only one Mahasangh in the state is emerged out in the form of federation.

3) Availability of machinery

Cashewnut processing spices, chilley, turmeric, supari cutter, ice cream sticks, chise machine etc. of machineries are available in the Melava, near about 25 thousand to 1 lakh rupees of machineries will useful for the SHGs.

4) Farm subsidiary

The main objective of this organized Melava is empowerment of women in rural region. For that view, which enterprise can do the women in the rural region. All this regarding information were given through Melava to SHGs. Flower production, fruit nursery, vegetable cultivation, Reshim udyog, milk processing, such various types of information regarding enterprises were given to SHGs in the Melava. If women earned for upliftment of family, naturally it is help to stop committing the suicides of farmers and increased the confidence of women. Later on the SHGs is turned into huge federation which lead to social, economic and political empowerment of women.²⁶

5.23 Constraints of SHGs

Although there is remarkable success in SHGs micro-financing, the movement has its own constraints also.

a) Small scale operation :-

The SHGs collect savings and advance loan of a meager scale. As on March 2002, advances by SHGs formed only 0.15% of outstanding priority sectors loans and 0.5% of amounts of scheduled commercial banks. There is need for upscaling their activities. The performance of SHGs cannot be measured primarily in terms of the repayment rate and continuity and sustainability. The upscaling of their financial services

warrants the consideration of certain vital development issues like efficiency, productivity and opportunity cost of using the financial resources.

b) Winners and losers :-

The success of a women members is judged by her conformity to the norms of the SHG i.e. regular savings, timely repayment, work to earn income and the ability to control the household expenditure, particularly that of her husband. This being the case, there are many women who may be called winners and some other 'losers'. Some women are not able to repay their loans and make regular savings. There are instances of women who borrowed at high rates of interest from moneylenders in order to keep up with their SHGs repayment commitments. This is because when hundred and more women start the commercial production of goods and services in the same line, it is inevitable that some will not be able to find market and make profit. Those who fail to make a profit, are labeled as losers. Equality of opportunity does not yield equality of well-being.

c) Lack of Sustainability and Self-sufficiency :-

The majority of the SHGs are too small. The scale of their business is not a viable as the members are very poor. The group fund to be self-sufficient and sustainable usually, is formed by the better off among the poor people, who are just above the poverty line. A few studies suggest that the SHGs that are financially self-sufficient and sustainable tend to be those that do not serve the poorest borrowers. Many of the SHGs still depend on subsidy or grant from the donor agencies or on concessional funds from external agencies. A study has revealed that only 33% of the SHGs survived after three years of existence.

d) No Security :-

The SHGs work on mutual trust and confidence of the members. The deposits of the SHGs are not secured or safe. The SHGs are not allowed to accept deposits from non-members either, further SHGs do not have any statutory redressal mechanism to resolve disputes.

e) Poor Impact on Income and Employment :-

The SHGs are successful in imbibing banking habits among their members. But the impact of microfinancing on the income, employment and levels of living of their members are marginal. Many of them are not able to cross the poverty line. It requires an additional injection of investments.

5.24 New Emerging Cooperatives - A Critical Study of Self Help Group

SHGs are new forms of cooperatives and have gained lot of importance in the present time. Government has also proposed to table a Micro-Finance bill where SHG's have very important role to play. This form of cooperatives not only leads to employment generation on the principles of cooperation but also empowers the women for their social and economic upliftment. Public and private sector banks are coming forward to finance these institutions. Formation of SHG enables them to obtain credit from the institutional lenders thereby providing much needed succour to its landless member succour to its landless member labourers who in their individual capacity are unable to obtain a credit line for themselves.

SHG's have played crucial role in micro finance and for social and economic upliftment of women. Since, the early 1990's, micro finance was being disbursed largely due to linkages between NABARD, Self Help Groups and banks. As on March 2006, there were 2.2 million SHGs covering 32.98 million poor households.

Cumulative disinvestments of Rs. 11,398 crore have been achieved, with a growth rate of 51% in priority states. However, demand for micro finance is much bigger and estimated to be between Rs. 75000 crore and Rs. 100,000 crore approximately. Self Help Groups (SHGs) have the potential to rejuvenate cooperatives and so the Government is extending help to SHGs. Similarly, empowering of women through SHGs is slowly taking shape throughout the country. Government on their part design and implement various schemes for SHGs. The schemes are not only for offering credit facilities to SHGs but also for providing market for goods produced by them. NABARD and District Development Organization(s) channellise various scheme of Government for SHGs and are playing vital role in this regard.

Empowering of women for their social and economic upliftment

Given the widespread gender bias faced by women in various fields a view is emerging that schemes like micro finance can turn the situation in their favour as it makes them financially better. This enables them to realize their potential for a better career.

One study of SHG brought out some interesting facts. A longer association of members with their SHGs enables them to be more confident, financially more secure, in better control of their lives and in a stronger position vis-à-vis their family. Further, in case the women members continue to participate in SHGs for a longer period their economic self- reliance will be strengthened. Enthused by their performance, Government is taking initiatives for empowering them by adding new facet(s) to them activities. Few such examples in this context are quoted in the following paragraphs :-

- The Government of Maharashtra has planned to open 9000 new Fair Price Shops and in this regard Kerosene distribution licenses/shops will be allotted to women

SHGs. The women Economic Development Corporation and International Agriculture Development will provide support for it.

- Govt. of Maharashtra for this year introduces 'Tejaswini Rural Women Empowerment Programme' in collaboration with Women's Economic Development Corporation (WEDC) and financially supported by International Fund for Agriculture Development (IFAD). Programmes will be run in 13036 villages of Maharashtra through WEDC. Programme has following objectives to be achieved i.e.
 - Development of public institutions by SHGs.
 - Providing micro credit to women members of the SHGs.
 - Employment generation.
 - Women empowerment and social equality.

5.25 Case Studies

1) Village Jarud, Warud Panchayat Samiti, Dist. Amravati :

SHGs were formed in 2003, with the input of training awareness and sensitization, women developed a habit of saving and now they are saving Rs. 100/- per month per women on average. The women members launched a drive against the social evil like illicit production of liquor. When they seen persons involved in illicit production of liquor, opposed by women, women organized into association, and went to District's Commissioner's office to seek the permission for the closure of the unit in the village. Many agitations/Morcha were taken out against owner of this unit and at last they are successful.

Now, women members are engaged in income generating activities like dairy, vermi-compost, tailoring and knitting and grocery shop. The members are conscious regarding education and health of their children. The members are also associated with clusters of SHGs and monitoring activities like mid-day meal and health services.

2) Ambamata SHG, Dharmapur, Panchayat Samiti Nandgaon, Dist. Amravati :

Smt. Laxmi lived in Dharmapur. She got married and went to Nandgaon village. She was abused by her husband for dowry. In January 2009, they sent her back to mother's house. That time, the SHG member did not keep quite. The Dharmapur SHG members all come together and went to her husband's house to advise them. When they refused to keep her, they went to the police station and lodged a complaint. They also discussed the matter with Gram Panchayat members and finally sent Laxmi to her husband's house.

2) Ramai SHG, Dhamangaon Rly, Dist. Amravati :

Ramai SHG was started in 2004. It has 17 members and they have their total savings about Rs. 57,000. They are involved in income generating activities like dairy and they are successful in it. A 16 year old girl Ku. Vaishali lived in the village. Her father got her engaged and was preparing for early marriage. The members of Ramai SHG came together and stopped her marriage and told her father about the disadvantages of child marriage including its illegality. Her father agreed and stopped his daughter's marriage.

4) Sant Gadge Baba Women SHG, Rasegaon, Panchayat Samiti - Achalpur, Dist. Amrvati.

The village Rasegaon with population of 15000 is about 40 K.M. away from Achalpur town. The main livelihood of Rasegaon is Agriculture & allied activities and also business. People of this village are very anxious to live in better economic condition and they are in search of sustainable source of earning. In the month of December, 2006, a educated women fold consisting 14 BPL numbers of this village took a valiant step and formed a Group namely "Sant Gadge Baba Women Self Help Group. Under active participation and guidance of the Officials of DRDA, Panchayat samitti Achalpur and Sanghatika of Rasegaon.

The aforesaid SHG was given an amount of Rs. 25000/- as Revolving fund on 05.09.03 of which Rs. 10,000/- is subsidy. The Central Bank of India, Achalpur Branch, had disbursed the said amount to the SHG. The SHG did his activities as per SGSY norms. This group had conducted the Cleanliness campaign and sanitary free campaign in the village.

As the Group is good one so an amount of Rs. 2.5 Lakhs was given in the year 2008-09 for taking up Dairy activities of which Rs. 1.25 Lakh is Subsidy after qualified in the 2nd gradation test. With the amount the group constructed a Cowshed also purchased 7 nos. of Cross-Bread Cows of which 4 nos. was pregnant. At present the SHG is getting 30 litres of Milk from 4 cows and are selling all milk at Achalpur town @ Rs.35/- per litre thus is being earned a hand some profit. The Group is repaying the loan installment regularly It is hoped that the all members of the Group will be able to attain their goal of self-reliance within stipulated period.

5) Anusaya Women SHG, Varha, Panchayat Samiti: Tivsa, Dist. Amravati.

Anusaya Women SHG was formed in May 2006, which consist of 10 female members out of which nine members are from BPL families and one from APL. They have started their corpus with individual monthly deposit of Rs.50/-. The first grading was done in May 2007 and Revolving fund was released in the month of August 2007. Accordingly, the Banker of the Group, State Bank of India, Varha Branch have sanctioned loan of Rs.25000/- as Bank Linkage and Group have utilized the fund in internal lending and started Banking habit.

The Group have regularly paid their loan installment to Bank. On May 2008, 2nd Grading was done and found the Group have qualified the activity of Goatery. Accordingly, first installment of Rs.60,000/- subsidy was released in September 2008. The Bank had sanctioned loan to the Group for the activity. The groups have started the activity of rearing goat successfully. The group is now rearing 70 Nos. of goat and 115 Nos. of kid. The group has now been released 2nd installment of subsidy for Rs.65000/- in March 2009. The installment of loan have started from the month of November 2009. The group is now seemed to be successful group and have the capacity to repay the Bank loan.

6) Laxmi women Self Help Group, Vastapur, Panchayat Samiti: Tivsa, Dist. Amravati.

The village Vastapur that is situated 25 km away from the Chikhaldara town is one of the most economically back-ward village under Aksharpura Dev. Block of Amravati District. The main livelihood of this village is Agriculture activities. The Laxmi women self help group at Bastapur was formed under the guidance of Chikhaldara Panchayat Sammitee, Dist Amravati in 2002 and passed 1st grading in October, 2004. A sum of Rs. 25,000/- only has been provided as revolving fund during the month of March

2005. During 2005-2006 the SHG has passed second grading test and Central Bank, Akshalpura, taluka Chikhaldara sanctioned an amount of Rs. 2.50 lakhs against their activity for milk business. An amount of Rs. 1.25 lakh was released to the SHG as subsidy and accordingly disbursed by the bank.

The SHG consists of 12 BPL members. The group has now procured 7 nos. buffalo and all these buffalos are kept in a common shed under their supervision. At present the SHG is selling milk and milk products and selling their products in the local areas as well as in Chikhaldara town. They have paid Rs. 1.25 lakh and interest as per bank norms. Thus the SHG members are found actively participating in socio economic upliftment of the village.

7) Magasvargiya Women SHG, Pathur, PO. Ridhhapur, Taluka.: Morshi, Dist. Amravati

Magasvargiya Women SHG was formed in August 2007 with consist of 11 female members. All the members are from BPL families. They have started their corpus with individual monthly deposit of Rs.25/-. The first grading was done in April 2008 and Revolving fund was released in the month of September 2008. Accordingly, the Banker of the Group, Maharashtra Bank, and Ridhhapur Branch had sanctioned loan of Rs.25000/- as Bank Linkage and Group had utilized the fund in internal lending and started Banking habit.

The Group had regularly paid their loan installment to Bank. On December 2nd Grading was done and found the Group had qualified the activity of goatery. Accordingly, first installment of Rs.90,000/- subsidy was released in March 2009. The Bank had sanctioned loan to the Group for the activity. The group has started the activity and successfully rearing goat. The group is now rearing Nos. of goat 60. The group has

now been released 2nd installment of subsidy for Rs.90,000/- in September 2009. The installment of loan will start from the month of March 2010. The group is now seemed to be successful group and will have the capacity to repay the Bank loan.

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