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## ROLE OF SELF-HELP GROUPS (SHG) IN ECONOMIC DEVELOPMENT OF WOMEN IN ANDHRA PRADESH

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### INTRODUCTION

Self-Help Group or in-short SHG is now a well-known concept. It is now almost two-decade old. It is reported that the SHGs have a role in hastening country's economic development. SHGs have now evolved as a movement. Mainly, members of the SHGs are women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. This has led boost to the process of women's empowerment.

Self Help Groups (SHGs) are small voluntary associations of poor people especially of women from backward classes that come together for the purpose of solving their common problems through self-help and mutual help. Merely a poor woman is not only socio-economically weak but also lacks access to the knowledge and information about opportunities, available in the society. However, in a group, they are empowered to overcome many of these shortcomings. Microcredit focuses on capability building among poor women through the group approach commonly known as self-help group (SHG). At present SHGs are growing at rapid pace with an eye to helping the woman for changing their position within the family as well as in the society. In this context, this paper aims to conduct an empirical study for a clear understanding how far utilization of microcredit through self-help groups (SHGs) empowers the women in the rural area.

The Indian state of Andhra Pradesh, one of India's poorest, has used development self-help groups (SHGs) extensively as a primary tool of poverty alleviation and empowerment. A SHG is a small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation or watershed management, with a degree of self-sufficiency. However, in Andhra Pradesh, the groups largely are the conduit through which micro credit is routed to the poor in the belief that it will serve as a catalyst in helping them to pull out of poverty.

### WHAT ARE SHGs?

- Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions.
- It can be defined as self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.
- Villages face numerous problems related to poverty, illiteracy, lack of skills, lack of formal credit etc. These problems cannot be tackled at an individual level and need collective efforts.
- Thus, SHG can become a vehicle of change for the poor and marginalized. SHG rely on the notion of "Self Help" to encourage self-employment and poverty alleviation.

### FUNCTIONS OF SHGs

- It looks to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities.
- It resolves conflicts through collective leadership and mutual discussion.
- It provides collateral free loan with terms decided by the group at the market driven rates.
- Such groups work as a collective guarantee system for members who propose to borrow from organised sources.
- The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.
- Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of microfinance services to the poor.

### NEED FOR SHGs

- One of the reasons for rural poverty in our country is low access to credit and financial services. A Committee constituted under the chairmanship of Dr. C. Rangarajan to prepare a comprehensive report on 'Financial Inclusion in the Country' identified four major reasons for lack of financial inclusion:



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- Inability to provide collateral security;
- Poor credit absorption capacity;
- Inadequate reach of the institutions, and
- Weak community network.
- The existence of sound community networks in villages is increasingly being recognised as one of the most important elements of credit linkage in the rural areas.
- They help in accessing credit to the poor and thus, play a critical role in poverty alleviation.
- They also help to build social capital among the poor, especially women. This empowers women and gives them greater voice in the society.
- Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning.

### BENEFITS OF SHGs

- **Social integrity:** SHGs encourages collective efforts for combating practices like dowry, alcoholism etc.
- **Gender Equity:** SHGs empowers women and inculcates leadership skill among them. Empowered women participate more actively in gram sabha and elections.
- **Multiple effects:** There is evidence in this country as well as elsewhere that formation of Self-Help Groups has a multiplier effect in improving women's status in society as well as in the family leading to improvement in their socio-economic condition and also enhances their self-esteem.
- **Pressure Groups:** Their participation in governance process enables them to highlight issues such as dowry, alcoholism, the menace of open defecation, primary health care etc and impact policy decision.
- **Voice to marginalized section:** Most of the beneficiaries of government schemes have been from weaker and marginalized communities and hence their participation through SHGs ensures social justice.
- **Financial Inclusion:** Priority Sector Lending norms and assurance of returns incentivize banks to lend to SHGs. The SHG-Bank linkage programme pioneered by NABARD has made access to credit easier and reduced the dependence on traditional money lenders and other non-institutional sources.
- **Improving efficiency of government schemes** and reducing corruption through social audits.
- **Alternate source of employment:** It eases dependency on agriculture by providing support in setting up micro-enterprises e.g. personalised business ventures like tailoring, grocery, and tool repair shops.
- **Changes In Consumption Pattern:** It has enabled the participating households to spend more on education, food and health than non-client households.
- **Impact on Housing & Health:** The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.
- **Banking literacy:** It encourages and motivates its members to save and act as a conduit for formal banking services to reach them.

### OPPORTUNITIES

- SHGs often appear to be instrumental in rural poverty alleviation.
- Economic empowerment through SHGs, provides women the confidence for Participation in decision making affairs at the household-level as well as at the Community-level.
- Un-utilised and underutilised resources of the community can be mobilised effectively under different SHG-initiatives.
- Leaders and members of successful SHGs bear the potentiality to act as resource persons for different community developmental initiatives.
- Active involvement in different SHG-initiatives helps members to grow leadership skills.
- Evidences also show that often women SHG leaders are chosen as potential candidates for Panchayat Pradhans or representatives to Panchayati Raj Institution



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### DISADVANTAGES OF SHGS

- Members of a group do not come necessarily from the poorest families.
- Though there has been social empowerment of the poor, the economic gain to bring about a qualitative change in their life has not been satisfactory.
- Many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises. With poor value addition per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.
- There is a lack of qualified resource personnel in the rural areas who could help in skill up gradation or acquisition of new skills by group members. Further, institutional mechanisms for capacity building and skill training have been lacking.
- Poor accounting practices and incidents of misappropriation of funds.
- Lack of resources and means to market their goods.
- SHGs are heavily dependent on their promoter NGOs and government agencies. The withdrawal of support often leads to their collapse.

### CHALLENGES

- **Lack of knowledge** and proper orientation among SHG-members to take up suitable and profitable livelihood options.
- **Patriarchal mindset:** Primitive thinking and social obligations discourages women from participating in SHGs thus limiting their economic avenues.
- **Lack of rural banking facilities:** There are about 1.2 lakh bank branches and over 6 lakh villages. Moreover, many public sector banks and micro-finance institutions are unwilling to provide financial services to the poor as the cost of servicing remains high.
- **Sustainability** and the quality of operations of the SHGs have been a matter of considerable debate.
- **No Security:** The SHGs work on mutual trust and confidence of the members. The deposits of the SHGs are not secured or safe.
- Only a minority of the Self-Help Groups are able to raise themselves from a level of micro-finance to that of micro-entrepreneurship.

### HG MODEL IN INDIA

In India three different models of linkage of SHGs to the financial institutions have emerged. They are:

- Banks, themselves, form and finance the SHGs.
- SHGs are formed by NGOs and other agencies but financed By by banks.
- Banks finance SHGs with NGOs and other agencies as financial intermediaries.

The second model is the most popular model. Almost three-fourths of all the SHGs come under this model. Only 20% of the SHGs are covered under the first and 8% under the third model respectively

**Table-1 Total number of SHGs as on 31st September 2022**

District	Total SHGs	Percentage	Total members	Percentage
Anantapur	64,464	7.86	6,64,022	8.00
Chittoor	72,743	8.87	7,15,356	8.61
Cuddapah	38,720	4.72	3,77,297	4.54
East Godavari	1,02,975	12.56	10,12,074	12.19
Guntur	69,114	8.43	6,76,725	8.15
Krishna	67,453	8.22	6,88,076	8.29
Kurnool	56,645	6.91	5,81,378	7.00
Nellore	46,350	5.65	4,59,776	5.54
Prakasam	66,104	8.06	6,39,765	7.70
Srikakulam	59,040	7.20	6,53,472	7.87
Visakhapatnam	54497	6.65	584791	7.04
Vizianagaram	46216	5.64	511747	6.16
West Godavari	75789	9.24	739837	8.91
Total	8,20,110	100	83,04,316	100



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Table-2 SHGs profile entry status

District	No. of blocks	Total SHGs	SHGs < 5 members	SHGs > 20 members
Anantapur	63	64,464	118	0
Chittoor	66	72,743	364	0
Cuddapah	50	38,720	83	1
East Godavari	62	1,02,975	269	0
Guntur	57	69,114	74	0
Krishna	49	67,453	77	0
Kurnool	54	56,645	390	0
Nellore	46	46,350	121	0
Prakasam	56	66,104	272	0
Srikakulam	38	59,040	71	0
Visakhapatnam	39	54497	84	0
Vizianagaram	34	46216	182	0
West Godavari	48	75789	180	0
<b>Total</b>	<b>662</b>	<b>8,20,110</b>	<b>2,285</b>	<b>1</b>

### INSTITUTIONAL INNOVATION

The success of the use of SHGs in Andhra Pradesh can be traced very fundamentally to the larger macro environment where at the national level, the Government of India took the initiative in harnessing existing banking structures through the NABARD and linking them with SHGs. A key in the success of the program has been the commitment of NABARD administration with this program. Beginning with its top management they have had the vision that SHGs were a good scheme for rural development. (Kotaiyah, 2003). This illustrates how by creating new synergies, linkages and relationships between institutions they can be strengthened. The creation of new institutions is also significant in the formation of SHGs, VOs and federations in Andhra Pradesh. SERP has proved to be a bridge between NGO and state. The structure of this organisation is interesting and can be studied. The institutionalising of state effort through GONGOs may well be the model that other regions want to experiment with.

Andhra Pradesh has managed to forge several links at different levels between and across institutional actors. The institutionalising of people’s groups through SHGs, VOs, or MMSs is an attempt to construct a structure that can stand up against existing monoliths like the state, the private sector, the banking sector, etc. Organising the poor lends them voice and the capacity to deal with institutions they otherwise are intimidated by. It is important to realise that while theoretically these links may seem one-to-one, in reality the size and socio-political strengths of the players are not matched. Hence there will always be the danger of the more powerful using the less powerful for their own ends. Self-interest, which is the prime motivating factor of market behaviour and also of the give-and-take within democracy, is a double-edged sword. It is here that accountability has to be sharp so that gains flow both ways between institutional actors. For example, concern has been expressed about the use of SHGs to sell the products of multinational corporations that too with state consent. (Sharma, 2002). In a situation where the corporate sector and the state gains, the benefits to SHGs should also be visible, for there to be a win-win situation.

### CONCLUSION

In Andhra Pradesh, one noteworthy observation relates to the linkages between different approaches towards development, poverty reduction and empowerment. It is not merely enough to address the economic indicators of poverty. While incomes have to be augmented through livelihood generation interventions, for which credit is an important component, attention also has to be paid to the determinants of human poverty in terms of health and education requirements. Likewise, social poverty, which manifests in the presence of corrosive evils like caste taboos, norms of dowry, adherence to vices such as alcohol and drugs, have to be woven into empowerment programs. Learning and experimentation has been carried out at several times, for example with respect to the rice credit line, emulating the junked community health model, and the Gender Equity in the Family project. While credit has to be given to courage for experimentation, it is necessary for successful experiments to be deepened and also expanded.

Andhra experience is that there is value in using SHGs as a conduit for poverty alleviation initiatives. However, one has to understand the limitations of this use and gauge the ways in which these can be surpassed to get more out of such an approach. The



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need for small homogenous groups to be formed is simultaneously the strength and the weakness of SHGs. Andhra Pradesh foray into PIP methods has to be further studied to ascertain their success in such understanding and identification.

When micro credit is the pivot around which organisation takes place, its ability to alleviate poverty/empower is limited. In Andhra Pradesh however, these limitations have been overcome by integrating micro credit with a powerful plus component of social and economic infrastructure. The danger here lies in that while it seems almost Utopian on paper, during implementation, community institutions like SHGs may not be equipped to take on such complex tasks.

SHGs should not be seen only in their capacity to route micro credit. Their political potential is powerful. SHGs and federations form the training ground to make leaders and potential political aspirants. This critical mass has tremendous potential to work for the betterment of the regions they represent. Andhra Pradesh has unleashed an extensive wave of mobilization and sharp attention has to be paid to the danger of other vested interests co-opting such a critical mass.

The potential of women-only SHGs for women's empowerment depends upon several other supportive measures like education, health, housing and infrastructure. While all five spaces may expand positively, there is a limit to the capacity for credit based SHGs to empower women. Further since gender related discrimination requires interventions that will not alienate men and forming only women groups may well do just that unless other methods of awareness building are used.

Partnerships are fundamental for development. This kind of inclusiveness where institutions and actors both public and private, work in synergy, has considerable potential for poverty alleviation. It can bear positive results if care is taken to protect the interests of all the participants. Market dynamics are not adequate to allocate costs and benefits. It is however difficult to conclusively say what the effect of excluding NGOs will be. In a larger design of partnerships, it may not be advisable to create rifts between actors working towards similar goals.

The Andhra experience has shown how the linkage between the national, regional and local environment can be made with political will. The political economy within which the up-scaling has taken place is a democracy. In any democracy there is a trade-off between the state acting in the interest of the people so as to maintain their own position and protecting their vested interest at the cost of the people. It cannot be taken amiss that the state is seeing SHGs as a method of gaining popularity, if the outcomes reflect the alleviation of poverty that is intended. In the pursuit of numbers, care has to be taken that the subtleties involved in empowerment processes are not lost. Monitoring and evaluation should be conducted with indicators that are able to capture the complex matrix of socio-cultural, economic and political variables that influence empowerment.

The Andhra experience has brought to the fore the close nexus between accountability and people's participation. Unless a sense of ownership is infused into any program, participants will not demand accountability or feel accountable. Involving people at every level of decision making within the program transforms beneficiaries into participants and ultimately everyone benefits. Such channels of communication can be opened by the political state as has been done in Andhra Pradesh. When a government is not fearful of transparency it instils confidence and involvement on the part of those who are governed.

Andhra Pradesh has shown that, to approach a complicated problem such as poverty, a complex mix of methods is required. At one level, use has to be made of existing structures and at the same time new edifices have to be created. What is important however is that these two should somewhere be able to synchronize. Again, economic and social issues are equally important if poverty has to be understood. Discriminations at diverse levels criss-cross and often annihilate the positive results of a strategy. The attempt to understand the problem often half wins the battle.

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