

SHG-led Women Empowerment

*Dr K K Tripathy
Dr S K Wadkar*

Economic policies of India have always emphasised the development of poor, marginalised, and disadvantaged sections of the society – particularly the women. The government’s schematic interventions have underscored the importance of raising citizen’s income through social mobilisation, social capital formation, community entrepreneurship, and community-led product and productivity growth. The role of women in economic and social development has remained of utmost importance for policymakers and planners in India.

The Government of India has drawn several policy measures to achieve “gender equality” and “gender empowerment”. One of such measures is the promotion and economic activation of Self-Help groups (SHGs). SHGs are voluntary associations of economically poor, usually drawn from the same socio-economic background and who resolve to come together for a common purpose of solving their issues and problems through self-help and community action.

SHG-led Women Empowerment Drive

In 1984, for the first time, the concept of social mobilisation and business development through organising of SHGs was introduced based on Prof. Yunus’s ‘Grameen Bank’ model. Initially, the National Bank for Agriculture and Rural Development (NABARD), along with empanelled Non-Government Organisations (NGOs) designed and developed the promotional ecosystem, including the SHGs-Bank linkage programme. In the year 1990, the Reserve Bank of India recognised SHGs as an alternate credit flow model. Thus, there was a paradigm shift in the development banking in India, whereby SHGs were accepted as group-based clients of banks for both deposit and credit linkages, collateral-free lending, and lending to groups without specification of purpose/ project. Prof. S. R. Hashim (1997) committee reviewed the poverty alleviation and employment generation programmes of the Ministry of Rural Development, Govt. of India and recommended shifting focus from an individual beneficiary approach to a group-based business development approach. Hence, Integrated Rural Development Programme (IRDP)

and its associated schemes were merged and a new scheme called ‘Swarnjayanti Gram Swarozgar Yojana’ (SGSY) was launched to provide self-employment to below the poverty line households through the formation of SHGs to bring them out of poverty during 1999 to 2011.

Prof. R. Radhakrishna (2009) Committee reviewed the performance of SGSY and suggested changes in its design from a ‘top-down poverty alleviation’ approach to a ‘community-managed livelihood’ approach. To do so there is a need for a sensitive support structure right from the National, State level to sub-district/ block levels for inducing social mobilisation and building strong grassroots institutions with continuous nurturing support for 6-8 years. It was also felt that the underprivileged managed their livelihoods through a mix of activities,



Dr Tripathy is the Economic Adviser in the Department of Fertilizers and Dr Wadkar is an Assistant Professor in VAMNICOM, Pune. Views are personal. Email: tripathy123@rediffmail.com



with different cash-flows, seasonality, and support requirements. The emphasis was also given to linking SHG members to social safety/ welfare schemes and programs. The need for institutionalisation of SHG movement was felt necessary. Thus, based on the Prof. Radhakrishna Committee recommendation, SGSY was restructured into National Rural Livelihood Mission (NRLM) by the Ministry of Rural Development to provide a sharper and greater focus as well as momentum for poverty elimination on 9th December 2010. NRLM Mission was launched on 3rd June 2011. The complete transition of SGSY into NRLM was effective from 1st April 2013. The NRLM has been renamed as Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM).

DAY-NRLM & Women Empowerment

DAY-NRLM – which is being implemented since 2011 on a mission mode, has twin objectives of (a) organising rural poor women into SHGs; and (b) constantly nurturing and assisting them to take up economic activities. In

the ongoing DAY-NRLM scheme of the Ministry of Rural Development, the focus is on scaling-up and institutionalisation of SHGs across various states. The objective is to reduce poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions for the poor. The programme aims to ensure that at least one woman member from each rural poor household (about 9 crores) is brought into women SHGs and their federations within a definite time frame. Since 2013-14 women SHGs have cumulatively leveraged a credit of Rs. 3.56 lakh crores from banks to take up income-generating activities.

The key emphasis is on universal social mobilisation for including all target households; institution-building i.e. a 3-tier structure, ‘SHGs’ at the ward level, ‘Village Organisations (VOs)’ at the village level, and ‘Cluster Level Federations (CLFs)’ at the cluster/ block level; universal financial inclusion; enhancing & expanding existing livelihood options for the member of SHGs, and inculcating the entrepreneurial spirit to empower them psychologically, socially, economically and politically (Figure 1).

The SHG movement follows five principles or ‘Panchasutra’ viz. Regular Meetings; Regular Savings; Regular Inter-Loaning; Timely Repayment of Loans; and Up-to-date books of Accounts. In addition, five additional principles now followed by SHGs are Health, Nutrition, and Sanitation; Education; Active involvement in Panchayati Raj Institutions (PRIs); Access to Entitlements and Schemes; and Creating Opportunities for Sustainable Livelihoods. These taken together are called - ‘Dashasutras’ under DAY-NRLM.

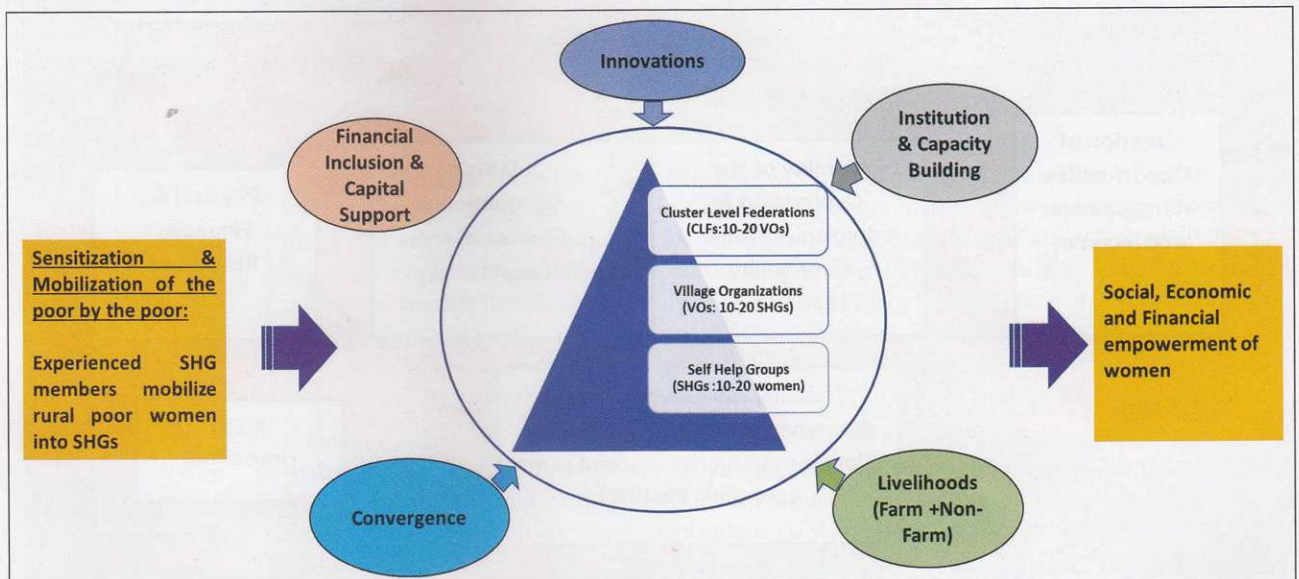


Figure 1: Key Features DAY-NRLM and Institutional Structure of SHGs

Women Entrepreneurship and Economic Progress

The absence of appropriate entrepreneurial culture, credit flow issues to community-led business units give rise to many economic and extra-economic problems. If people are organised and are provided with basic facilities, they would not only be able to participate actively in the economic process but also will contribute positively to their own well-being and the overall welfare of their society. The right choice of opportunity or project feasibility is considered to be a major part of a drive towards earning profits in new economic enterprises. Utilising opportunities and resources (both physical and human) requires capable systems. Self-help groups generate resources for the operation of their economic units through inter-loaning and bank credit linkage activities. However, their occupational choices are often not in line with their ability to manage, operate and sustain their activities. There are mainly three central aspects of entrepreneurship as identified by classical economists: (a) uncertainty and risk, (b) managerial competence, and (c) creative opportunism or innovation. This requires empowerment of millions of SHGs. Thus, if the community business entities owned and operated by women SHGs are empowered they can ensure job

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opportunities by effectively utilising available local resources and transform these resources into profitable products as per the local need and the acceptability of consumers. Exhibit 1 indicates the mechanism of conversion of scarce resources into employment and income-generating activities for economic progress and poverty alleviation via SHG units' appropriate

occupational choices and community-led actions. The need is to have a proper evaluation of proposed economic ventures and a rigorous analysis of the financial and physical viability of the occupation along with exploration of innovative and intended business pathways.

DAY-NRLM & Empowering Process

The nucleus of Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) has been built around a basic human nature of the feeling of self-worth and the self-help. The scheme has rightly identified and underscored an unwavering and sustainable synergy between the financially deprived people and the formal financial institutions, stimulated through socially mobilised, small, cohesive, and informal SHGs. Four pillars of the scheme embody the empowerment processes of the women members of the affinity groups.

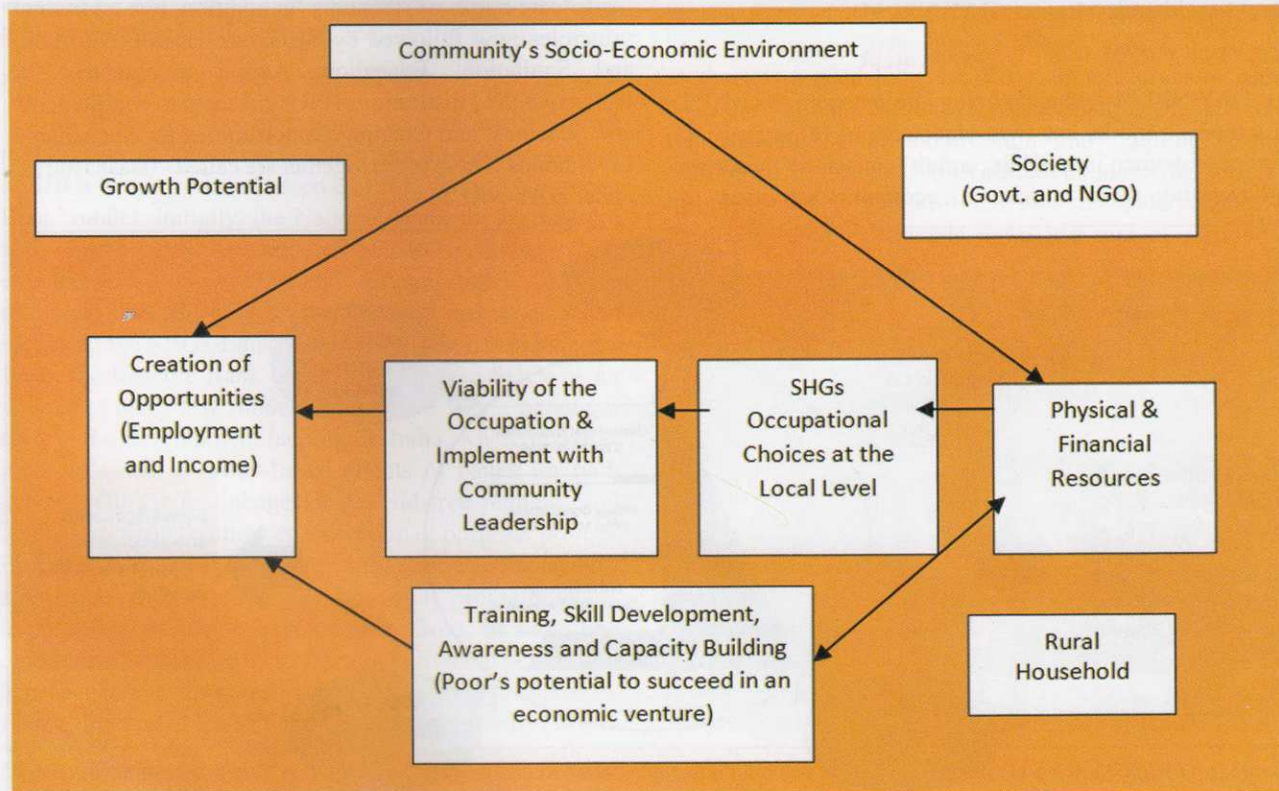


Exhibit 1: Economic Progress through SHGs

Table 1: Empowerment Parameters, Constraints, and Resolution Under DAY-NRLM

S. N.	Empowerment Parameters	Constraints & Resolution
1.	Universal Social Mobilization	Identification and inclusion of the poor for obtaining scheme benefits has remained a challenge. An attempt needs to be made to develop community resource persons (CRPs) and utilize their services for participatory identification of rural poor to ensure inclusive community entrepreneurship. The CRPs are the best suitable entities to understand village and group dynamics and can convince PRIs and other key stakeholders to support SHG network. This would not only help improve access and availability of services but would increase social unity for economic progress.
2.	Promotion of Institutions of the Poor	Lack of conceptual clarity on the legal framework of the federations, deviations in the perceived role and forms of CLFs, and low competency of CLF board members in managing business activities require steps for attracting and retaining skilled and trained management staff/ human resources at VO and CLF level. Instituting a 3-tier structure – SHGs at ward level, VOs at the village level, and CLFs at cluster/ sub-block level would promote livelihood collectives by optimizing available resources. This will build a self-determined cadre of women SHGs, reduce social issues/evils like alcohol consumption, caste/class conflicts, child labour, domestic violence, etc. and increase participation in Gram Sabhas.
3.	Training, Capacity Building & Skill Upgradation	Lack of appropriate training plans, quality training materials, and availability of expert training institutions have impacted SHGs' capacity-building initiatives. In addition to the periodic training need assessments by expert agencies, timely training and capacity building of SHGs, their leaders, their community resource persons, and service providers can sensitize and orient stakeholders, including Panchayati Raj Institutions on the potential of SHGs in the community empowerment with business growth.
4.	Universal Financial Inclusion	Lack of uniform financial management systems at all tiers of SHGs has impacted growth in the bank accounts, improvement in the financial literacy, and absorption capacity of community members. The need of the hour is to focus on both demand and supply sides of financial inclusion, promote financial literacy and provide capital support, set up linkages with financial institutions, and promote business correspondence and community facilitators/ Bank Mitra to ensure universal coverage of micro-insurance services.
5.	Multiple & Diversified Livelihoods	Lack of progressive leadership for inclusiveness of small-sized enterprises at the federal level adversely impacted the stabilization, spread, and outreach of existing livelihoods and their diversification. Livelihood activities are more of a consumptive purpose. The commercial purpose of it, along with market/ forward linkages, is largely missing. To meet this constraint, efforts are needed to promote those livelihoods which can cope with risks and vulnerabilities. In addition to deepening and expanding existing livelihoods options and tapping new opportunities, the focus should be on infrastructure creation and marketing support to ensure access to timely services, safety nets, and entitlements.
6.	Support Structure at the Community	Creation of business environment, enhancement of skills, and identification of value chains with proper clustering across the state along with positioning competent human resources in the SHGs ecosystem are required for the all-round development of collectivized livelihood activities. Further, improving the capacities of women in farm and non-farm activities to access public and market institutions and schemes within a convergence framework would transform rural unemployed youths into self-employed entrepreneurs. Suitable linkages with Government, District Rural Development Agencies (DRDAs), and PRIs and provision of external sensitive and technical support structures would help to sustain community organizations.
7.	Schematic Convergence	Field level schematic convergence is the need of the hour to bring synergies directly or indirectly with the institutions of the poor. The focus should be on the convergence of schemes of Central Ministries/Departments as well as States. Partnerships with non-government organizations (NGOs) and other civil society Organizations (CSOs) and linkages with PRIs would facilitate mutually beneficial working relationships through better access to govt. schemes and ensure improved quality of life.

The first such pillar is social mobilisation, formation, and promotion of sustainable institutions of the poor. So far, 5.6 crore rural women have been mobilised into 68 lakhs SHGs; 2.93 lakh primary (VOs) and 25,467 secondary level federations (CLFs) have been promoted under NRLM. These community-based organisations adhere to core principles of democratic governance and financial accountability, participate effectively in local governance and development, mediate livelihood concerns and social issues affecting the poor members on a 24*7 basis, facilitate access of the poor to entitlements and public services.

Next is the pillar of financial inclusion where focus is laid on both demand and supply-side interventions. Demand-side interventions ensure the promotion of effective book-keeping; provision of capital support to SHGs; creating a culture of prompt repayments of loans; financial literacy and counselling; support for the micro-investment plan for repeat finance; institutionalising Community Based Recovery Mechanism (CBRM), etc. [Figure 2]. Supply-side interventions confirm the formation of sub-committees of State-level Bankers Committee (SLBC) in all States; bankers' sensitisation on concept, practices, and requirements of SHGs through exposure visits, workshops, and trainings; positioning of Bank Sakhis in all bank branches; promoting alternate models for delivery of banking services in remote areas; facilitating regular conduct of credit committee meetings from Block to State levels; mitigating risks through insurance coverage, etc.

'Livelihoods' constitute the third pillar of women empowerment where poor households are made capable to cope up with vulnerabilities – debt bondage, food insecurity,

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health crisis, and migration; to make sustainable farming/non farming income. The focus is on strengthening existing and new income sources, promotion of opportunities in emerging markets – micro-enterprises, self-employment, skill-based employment, etc. The activities spread across areas from sustainable agriculture to organic farming; promotion of Non-Timber Forest Produce (NTFP); strong capacity building architecture; value chain intervention; custom hiring centres, etc. Under a sub-component of NRLM, Mahila Kisan Sashaktikaran Pariyojana (MKSP), around 35.88 lakh

women farmers were supported under non-chemical based agro-ecological interventions; dedicated interventions for NTFP; creation of value chain infrastructure in multiple states for several commodities viz. Maize, Mango, Floriculture, Dairy, Goat, etc. To sustain these efforts and provide continuous support, the NRLM has created community-led livelihood extension services with the help of about 31,889 Community Resource Persons (CRPs). The scheme empowered women SHGs to take up non-farm livelihoods activities too. Start-Up Village Entrepreneurship Programme (SVEP) promoted rural start-ups in the non-farm sector. The initiative has supported 1.82 lakh entrepreneurs in 125 blocks since 2015. A total of 30,352 enterprises have been set up under SVEP so far.

The fourth and last pillar of empowerment is social inclusion and convergence. Platforms established by SHGs are leveraged for better implementation of multiple public welfare schemes/programmes. Local authorities can optimise public investments and can create durable, productive and sustainable assets and secure livelihood of rural households through convergence of self-employment activities of DAY-NRLM with the resources and activities

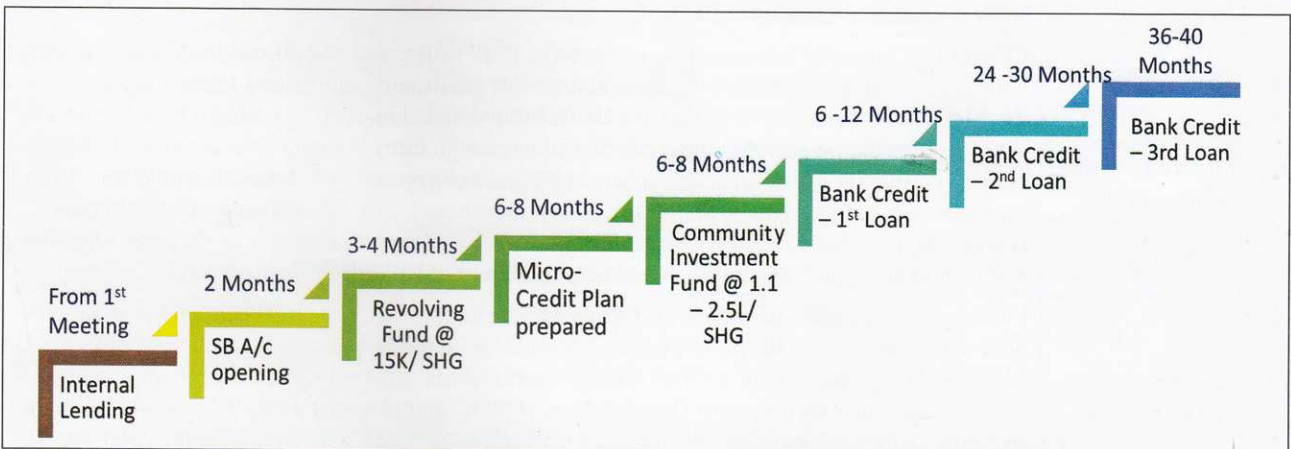


Figure 2: Step-wise gradual processes leading to financial inclusion of SHGs



of other programmes/schemes available with panchayat institutions, rural development, and other district/block-level line departments.

Issues and Challenges

The SHG movement traversed from the “thrift and saving” in the 1980s to the “livelihood” based economic empowerment method since the 2000s under DAY-NRLM. As a result, 70 lakhs SHGs as ‘Informal Organisations’ promoted in India, federated into 3.27 lakh VOs and further federated at the cluster/block level into 28,000 Cluster Level Federations (CLFs). However, to sustain this movement and make them competitive, there is a need for building a robust and stable community structure that is scalable across states. This demands robust institution-building and awarding a legal identity to the existing CLFs. This too requires careful planning and contemplation. Most of the State Rural Livelihood Missions (SRLMs) are in the phase of transitioning and are considering the suitability of specific legislations to support the 3-tier structure of SHG federations. Most of the States are trying to explore an appropriate legal framework for CLFs. Table 1 captures parameter-wise constraints and their effective resolution.

Women entrepreneurship development at the community level relies on how socio-economically empowered they are. The empowerment of women in collectives like SHGs stands on four strong pillars of

(i) social mobilisation, formation and promotion of sustainable institutions of the poor; (ii) universal financial inclusion; (iii) livelihoods capable to cope with vulnerabilities like debt bondage, food insecurity, health crisis, and migration; and (iv) social inclusion and convergence of multiple development scheme resources.

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The village entrepreneurship development approach of DAY-NRLM is aimed at creating a catalytic local entrepreneurial ecosystem and encouraging the rural unemployed youth to take up local enterprises on their own. Focus on mobilisation of more SHGs and taking their support services for creation and operation of rural farm and non-farm infrastructure would help improve rural livelihoods and income. The new and innovative rural enterprises scheduled to be established under DAY-NRLM have the potential to (a) ensure financial inclusion of SHGs & farmers; (b) increase household income; (c) assure training, placements to the millions of rural youths; and (d) facilitate farm and non-farm logistics at the community

level. The potential would transform into reality provided several vital issues and constraints viz. social mobilization, promotion of institutions of the poor, training, capacity building, and skill upgradation, financial inclusion, multiple & diversified livelihoods, sensitive support structure, schematic convergence are addressed in a participatory manner in consultation with the stakeholders of DAY-NRLM. □