

# SHG - A Tool of Women Empowerment

Dr. Madhu Jain

Associate Professor, Economics, UGC Research Award Fellow, SPC Govt. College, Ajmer, Rajasthan, India

**ABSTRACT:** A SHG is a community-based group with 10-25 members. Members are usually women from similar social and economic backgrounds, all voluntarily coming together to save small sums of money, on a regular basis. They pool their resources to become financially stable, taking loans from their collective savings in times of emergency or financial scarcity, important life events or to purchase assets.<sup>[1][2]</sup> The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. In India, RBI regulations mandate that banks offer financial services, including collateral free loans to these groups, on very low interest rates. This allows poor women to circumvent the challenges of exclusion from institutional financial services. This system is closely related to that of solidarity lending, widely used by microfinance institutions.<sup>[3]</sup>

Beyond their function as savings and credit groups, SHGs offer poor women a platform for building solidarity. They allow women to come together and act on issues related to their own lives including health, nutrition, governance and gender justice.<sup>[4][2]</sup>

**KEYWORDS:** Self Help Groups, women empowerment, tools, NABARD, SEWA, missions, finance

## 1. INTRODUCTION

Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among the poor and the needy, increasing school enrolment and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective.<sup>[5]</sup> This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions.

### NABARD's 'SHG Bank Linkage' program

Many self-help groups, especially in India, under NABARD's 'SHG Bank Linkage' program, borrow from banks once they have accumulated a base of their own capital. This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups, the bank can serve small rural depositors while paying them a market rate of interest."<sup>[6]</sup>

According to a report from 2006, NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members, that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed.<sup>[7]</sup> A study conducted by S Chakrabarti in 2004 said that organization like SHG can be an effective tool for "allevating poverty". "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra-Pradesh, Tamil Nadu, Kerala, and Karnataka. These states accounted for 57% of the SHG credits linked during the financial year 2005–2006."<sup>[8]</sup>

### Advantages of financing through SHGs

- An economically poor individual gains strength as part of a group.
- Besides, financing through SHGs transaction costs for both lenders and borrowers.
- While lenders have to handle only a triple SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG minimize or travel (to and from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.
- Where successful, SHGs have significantly empowered poor people, especially women, in rural areas.<sup>[9]</sup>
- SHGs have helped immensely in reducing the influence of informal lenders in rural areas.
- Many big corporate houses are also promoting SHGs at many places in India.



- SHGs help borrowers overcome the problem of lack of collateral. Women can discuss their problem and find solutions for it.<sup>[2]</sup>

## II.DISCUSSION

Self-Employed Women's Association (SEWA), meaning "service" in several Indian languages, is a trade union based in Ahmedabad, India, that promotes the rights of low-income, independently employed female workers.<sup>[1]</sup> Nearly 2 million workers are members of the Self-Employed Women's Association across eight states in India. Self-employed women are defined as those who do not have a fixed employer-employee relationship and do not receive a fixed salary and social protection like that of formally-employed workers and therefore have a more precarious income and life.<sup>[2]</sup> SEWA organises around the goal of full employment in which a woman secures work, income, food, and social security like health care, child care, insurance, pension and shelter.<sup>[3]</sup> The principles behind accomplishing these goals are struggle and development, meaning negotiating with stakeholders and providing services, respectively.<sup>[4][3]</sup>

SEWA was founded in 1972 by labor lawyer and organiser Ela Bhatt. It emerged from the Women's Wing of the Textile Labour Association (TLA), a labour union founded by Gandhi in 1918.<sup>[5]</sup> The organisation grew very quickly, with 30,000 members in 1996, to 318,527 in 2000, to 1,919,676 in 2013.<sup>[2][6]</sup>, and nearly 2 million in 2019.<sup>[7]</sup> Even before the financial crisis of 2008, over 90% of India's working population was in the informal sector (Shakuntala 2015), and 94% of working women in 2009 worked in the informal sector (Bhatt 2009).<sup>[8][9]</sup> India's history and patriarchal systems also contributes to this disparity because traditional gender roles exclude women from regular, secure forms of labour.<sup>[10]</sup>

### TLA and Gandhian roots

SEWA originated in 1972 as the Association's Women's Wing of Textile Labour Association (TLA), which was established by Gandhi in 1918.<sup>[11]</sup> SEWA is located in Ahmedabad, India, the city where Gandhi's ashram still exists and once served to facilitate much of the Mahatma's work. Gandhi's ethos of collective mobilization led to the founding of TLA, which is a labour union generally concerned with textile labourers in the formal sector. Around the era of SEWA's establishment, Ahmedabad youths were enthusiastic to interact with the poor because of Gandhi's legacy in the city.<sup>[10]</sup> While not explicitly stated, low-income labourers in the formal sector are more likely to be men because of cultural practice putting men in positions of security and higher status.<sup>[10]</sup> There were no unions protecting individuals who worked outside the formal sector, which tended to be women.<sup>[11]</sup> As a young lawyer for TLA in the 1970s, Bhatt saw these women outside textile factories and created a department within the Women's Wing of TLA specifically devoted to women in the informal economy.<sup>[10]</sup>

Gender discrimination was apparent in TLA, whose leading figures were all male during the time of SEWA's involvement in the organization.

Despite the rift between TLA and SEWA, there are clear influences of the Mahatma in SEWA's principles of truth, non-violence, and integration of all people that shape the organization to be so successful.<sup>[3]</sup> Driving SEWA's every decision are satya (truth), ahimsa (non-violence), sarvadharm (integrating all faiths, all people) and khadi (propagation of local employment and self reliance), which all helped Gandhi organize poor people in the Indian independence movement.<sup>[12]</sup>

### Ela Bhatt

In 1972, SEWA materialized first as a collective of women that worked outside the textile mills and other formalized sources of income—individuals not targeted by TLA.<sup>[11]</sup> An early survey of SEWA members found that 97% lived in slums, 93% were illiterate, the average member had four children, and one in three were the primary breadwinner.<sup>[11]</sup> Its first large project was the SEWA Cooperative Bank, established in 1974 to provide loans to low-income members.<sup>[11]</sup>



Products at the SEWA Hansiba Store in Mumbai

Behind all these accomplishments was SEWA's founder Ela Bhatt. Bhatt was born in Ahmedabad on 7 September 1933 to a Brahman caste family of lawyers and was, herself, a lawyer for TLA beginning in the early 1950s.<sup>[10]</sup> Bhatt found that poor women in Ahmedabad were not just domestic workers, but conducted a variety of businesses at home—as hawkers, street vendors, construction labourers—and were not being represented in India's economy.<sup>[10]</sup> Incredibly enough, 94% of Indian working women were self-employed in 2009, yet it took until 1972 for any sort of informal labour union to form.<sup>[9]</sup> The former US Secretary of State Hillary Clinton saw Elaben Bhatt as one of her role models. Hillary visited SEWA first in 1995. In one of her speeches, she described Elaben as soft-spoken and a visionary leader.<sup>[13]</sup>

#### Tools for struggle and development

##### Organizing model

SEWA goes beyond being a labour union and additionally acts as a meeting point for poor, Indian women who are regularly marginalized across rural landscapes and isolated to urban slums. The model has spread from Ahmedabad to other parts of Gujarat as well as to other Indian states as part of the larger federation SEWA Bharat.<sup>[14]</sup> SEWA's organizing model brings together women across castes and class who share experiences of labour exploitation. A survey of SEWA members show that its women achieve the goals of full employment and self-reliance through interpersonal recognition that also has been shown to increase productivity within the organization.<sup>[15]</sup> SEWA also connects workers in the same business within over 50 cooperatives.<sup>[16]</sup> SEWA serves as a model for successful bottom-up democratic organizations by emphasizing an organizational model.<sup>[15]</sup>

Steps to organizing such a large union are outlined as follows:

1. Recruit members and assess needs of this unique cohort
2. Group members by trade, cooperative, region, etc.
3. Foster leadership within groups
4. Train leaders to promote SEWA programs either locally or within their profession
5. Elect members to positions of SEWA leadership councils<sup>[17]</sup>

##### Economic tools

SEWA established its own bank in 1974 called the Shri Mahila Sewa Sahakari Bank, or SEWA Cooperative Bank, as a way to circumvent corrupt banks, moneylenders, and other middlemen.<sup>[2]</sup> Everything about the bank is determined by SEWA members—the bankers and board members are organization members, the loan rates are set by members, the funds are entirely from members.<sup>[2]</sup> SEWA Bank's philosophy is centered around saving and entrepreneurship, especially considering SEWA members have stock in the bank.<sup>[2]</sup> SEWA gives microcredit, or microfinance, to members through its bank, which is considered by many to increase micro and macro productivity by lending to individuals to pursue a business, finance a home, and various other ways to establish one's self.<sup>[2]</sup> Women have become a central demographic within microfinance because they are understood to be the most socially vulnerable population within poverty-stricken communities and also tend to generate wealth for the whole family rather than as an individual.<sup>[18]</sup>

A large body of literature exists that critiques the merits of microcredit. Many (Keating, Rasmussen, Rishi 2015) argue that microcredits are indeed effective in bringing women into a liberated economy; however, the capitalist system women are introduced to is deeply violent and institutionally sexist.<sup>[15]</sup> Mahajan (2005) argues that microcredit does nothing to promote economic growth for a nation as a whole for reasons that Surowiecki (2008) such as microloans



stifling innovation and prohibiting job production—in other words stagnating business growth at "micro" level instead of "small" business level.<sup>[19][20]</sup> Often, microloans simply have a crippling effect on the individual. A study by Jahiruddin (2011) of Bangladeshi microloan benefactors found that the poorest entrepreneurs (i.e. women) tend to be the most susceptible to business failure and increased debt because they have fewer resources as a safety net. The same study also found that entrepreneurs who reported worsening poverty also are the most dependent on microloans.<sup>[18]</sup>

Research specific to SEWA Bank complicates the above narrative. A 1999 study by Chen and Snodgrass found that SEWA members using the microloan program experienced an increase in income and could more easily find gainful employment.<sup>[21]</sup> Another study by Bhatt and Bhatt (2016) found that women in the program also find more self-esteem and confidence to conduct business.<sup>[22]</sup> One reason for these differing experiences could be that SEWA provides both monetary support and financial guidance that other microloan programs do not.<sup>[22]</sup> These individual experiences, however, do not speak to the deleterious macroeconomic implications of microloans.

Other economic tools used by SEWA include guidance in savings, insurance, housing, social security, pensions, fundamentals of personal finance, and counseling.<sup>[22]</sup>

#### Governmental tools

As one of the largest organizations in India, SEWA uses its huge political influence in lobbying for various causes. They fight to incorporate the informal sector into national economic statistics and economic policies, as well as the provision of social securities, because their members do not have employers to provide insurance, healthcare, childcare, etc.<sup>[23]</sup> In fact, women who work in the informal economy are often subject to police harassment because street vending is illegal, which provokes unnecessary force from law enforcement. SEWA educates street vendors on how to apply for permits and work within the justice system.<sup>[16]</sup> In addition to protecting the rights of its members, SEWA is a loud voice in human rights for India in general. During the peak of Muslim-Hindu tension in the early 21st century, SEWA acted as a peacekeeper because of its nature as a bridge between the two religions, between castes, and between classes.<sup>[1]</sup>

#### Action oriented research

SEWA Academy is a branch that conducts credible research on a range of subjects from childcare, to health reform, to professional experiences, and many other issues of importance to the organization.<sup>[24]</sup> The method of research is variegated, too, from self-evaluation to surveys.<sup>[25]</sup> In doing so, SEWA can assess its programming efficacy and determine what issues are most pressing for members. As a grassroots organization, SEWA researchers are members that undergo research training that thus provides another skill and connects women to education.<sup>[24]</sup> Women in Informal Employment: Globalizing and Organizing (WIEGO), a sister group co-founded by Elaban Bhatt, produces extensive research on self-employed women at the global scale. WIEGO is within the Hauser Center for Non-Profit Organizations, a department of Harvard University's John F. Kennedy School of Government. Several studies are co-authored by SEWA and WIEGO.

#### Social platform

To counter the perception that Indian women are most useful in the household, SEWA makes visible the crafts, skills, and value of female labour to the Indian economy.<sup>[7][23]</sup> More than the Indian economy, self-employed women have a role in social hemispheres with few outlets to participate—SEWA works to bridge that gap by acting as a platform for civic engagement in local communities.

#### Goals

SEWA's main goals are to organize women workers for full employment and self-reliance. SEWA aims to mainstream marginalized, poor women in the informal sector and lift them out of their poverty. Their members have the possibility to take care of their children and their elderly while they can generate earnings for the family unit. Also, they produce low cost goods for the domestic and global markets. So, they allow low-income people to have the chance to purchase low cost goods and services.<sup>[26]</sup>

SEWA has interacted and has been advised by many law firms like HSA.<sup>[27]</sup>

#### Employment

SEWA Mahila Housing Trust, founded by Renana Jhabvala among others, created the Karmika School for Construction Workers in 2003 to help train women in the construction trades. Women made up 51 percent of employees in construction trades in India in 2003, but most women in the construction industry had been unskilled labourers. After training at Karmika, according to a 2007 survey of graduates, 40 percent reported working 21–30 days per month as opposed to 26 percent who reported similar work days before training. 30 percent became helpers to



masons, and 20 percent became masons themselves. These increases come mostly from small private construction projects, such as housing, but there was very little success placing women in the more profitable public sector infrastructure projects.<sup>[28]</sup> SEWA's childcare cooperatives in Sangini and Shaishav, have helped more than 400 women get regular work as providers of childcare.<sup>[29]</sup>

#### Income

In 1994, members' earnings were Rs 39 million for 32,794 women (about Rs 1200 average). By 1998, members' average earnings had risen to Rs 304.5 million for 49,398 women (about Rs 6164 average). This is from aggregate numbers including urban and rural workers. Most of this increase occurred in urban areas.<sup>[30]</sup> SEWA has had more difficulty pushing for higher wages in rural areas, due to the excess supply of labour in those regions, which weakens the bargaining position of women.<sup>[2][31]</sup> In the construction trades, skilled women workers earn comparable salaries to their male counterparts. Mahila Housing SEWA Trust's Karmika School helps women in the construction trades in India to gain those skills.<sup>[28]</sup> Providing childcare has led to income increases of 50% in Kheda and Surendranagar.<sup>[29]</sup>

#### Food and nutrition

SEWA's push for food security brought about programs to deliver food grain in Gujarat.<sup>[32]</sup> The child care centers established by SEWA have acted during natural disasters such as floods and droughts to provide necessary food as well as other emergency supplies and assistance. The two districts of Surendranagar and Patan in particular have 25 childcare centers in their communities, which were able to respond to droughts, epidemics, cyclones, floods and the earthquake in 2001 not only with childcare but also food, water, and shelter.<sup>[29]</sup>

#### Health

In 1984, SEWA began offering health insurance, which cost their member Rs 85 annually. Health care has become one of their largest projects.<sup>[32]</sup> Since 1992, Vimo SEWA has provided life and hospitalization insurance for its members and their families for as little as Rs 100 per person. Enrollment topped 130,000 people in 2005.<sup>[33]</sup>

SEWA found that the very poor used this access to health care less than those slightly less poor. Some of the factors include distance to care providers and facilities and the "ex-post reimbursement" nature of health insurance, in which patients must pay upfront and then claim reimbursement. They continue studying the issue of how to bring access to all.<sup>[34]</sup>

SEWA also has programs to improve water quality by training some of their members to repair pumps for wells and campaigning for underground water tanks for drought-prone areas.<sup>[32]</sup>

#### Childcare

In studies in the Kheda and Surendranagar districts before 2006, poor women with access to child care earned 50 percent more. Childcare also encourages going to school for the entire community by improving the view of the value of education, as well as freeing older siblings from childcare responsibility, allowing them to continue their education. It removes social barriers by helping to alleviate the caste distinctions as children of all castes learn and play together. It aids poverty alleviation by allowing mothers to work and earn more. SEWA has childcare cooperatives in Sangini and Shaishav.<sup>[29]</sup>

#### Housing

As of 1989, SEWA bank had 11,000 members. Nearly 40 percent of their loans were for purchasing or improving housing. One requirement of the borrower was purchasing shares in the bank worth 5 percent of the loan. However, most low-income households do not qualify for loans from the bank and still must seek other options.<sup>[35]</sup> Also, SEWA has pushed for women to put their names on titles for property, in order to improve women's property rights.<sup>[36]</sup>

#### Assets

The Shri Mahila Sewa Sahakari Bank, or SEWA bank, was created to help self-employed women gain access to financial resources. It began with 4000 women each contributing Rs 10.<sup>[2]</sup> The bank encourages saving and has adapted the traditional banking approach to assist the mostly illiterate members, such as issuing ID cards with pictures and fingerprints, since many women cannot sign their name, as well as institute "mobile banks" that visit the rural areas and slums in order to provide banking services, since it is difficult for the women to come to the bank.<sup>[2]</sup> The bank grew from 6,631 members in 1975 to 20,657 in 1997 and from 1,660,431 working capital to 167,331,000.<sup>[2]</sup> SEWA Bank formed savings and credit groups in the 1990s. They began lending to rural women and encouraged these women to have their names included on title deeds to the lands purchased.<sup>[36]</sup>





#### Workers' organizational strength

The Surendranagar child care cooperative, which is run locally, inspired the creation of the "Women and Children's Development Mandal". It consists of over 20,000 women and provides services such as finance, employment support, housing services, as well as childcare.<sup>[29]</sup> SEWA's membership in Ahmedabad had grown to 55,000 workers in 1995, far outpacing the membership of the Textile Labour Association, SEWA's original parent organization, in that city.<sup>[28]</sup> By organizing and collective action, the women of SEWA were able to achieve a voice in the government that did not listen to them individually. They were able to pool small amounts of money to form the SEWA Bank. They were able to draw attention to the unorganized sector of the economy, those who were self-employed or temporary workers without an explicit employer.<sup>[37]</sup>

#### Workers' leadership

In a 2007 survey of Karmika School graduates, 68 percent report more confidence in their work and higher status within the family.<sup>[28]</sup> SEWA's organization and leaders have directly created or indirectly inspired other organizations within India, in other countries and worldwide, including WIEGO Women in Informal Employment: Globalizing and Organizing and SEWU Self-Employed Women's Union.<sup>[31]</sup> Participation in SEWA's programs and their models has increased women's participation in community affairs, reduced domestic violence, and raised their feeling of empowerment overall.<sup>[2]</sup> SEWA was recognized as a Central trade union in 2009. SEWA assisted in passing India's Act on the Unorganized Sector, which establishes some welfare and social security for non-traditional employees. They continue to work for a better share of social security and the rights of labour standards enjoyed by traditional employees.<sup>[37]</sup>

#### Self-reliance

According to personal interviews in July 1998, women who have worked with SEWA in their communities feel more confident and gain more respect from the men. They have managed co-operative businesses, in one case in the village of Baldana, better than the men who had managed that same business. The cooperative had been operating at a loss. SEWA helped convert it to women management. The men of the village "forcibly ousted women on renewed profitability. Soon, corruption led to huge losses again and women's and SEWA's intervention."<sup>[2]</sup>

#### Literacy

Many of SEWA's members are illiterate, leading to problems in understanding laws, conducting business and daily life (for example, according to a SEWA member, "We cannot read the bus numbers, often we miss our bus". In 1992, SEWA began offering literacy classes in May 1992 for Rs 5 per month).<sup>[2]</sup>

### III.RESULTS

SHG is a holistic programme of micro-enterprises covering all aspects of self-employment, organization of the rural poor into self Help groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

It lays emphasis on activity clusters based on the resources and the occupational skills of the people and availability of markets.

Self-Help Group refers to self-governed, peer controlled, informal group of people with same socio-economic background and having a desire to collectively perform common purposes. Here poor people voluntarily come together to save whatever amount they can save conveniently out of their earnings, to mutually agree to contribute to a common fund and to lend to the members for meeting their productive and emergent needs.

SHGs 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 emergent credit needs of members of the group.

SHG is a group formed by the community women, which has specific number of members like 15 or 20. In such a group the poorest women would come together for emergency, disaster, social reasons, economic support to each other have ease of conversation, social interaction and economic interaction.



A SHG is an informal association to enhance the member's financial security as primary focus and other common interest of members such as area development, awareness, motivation, leadership, training and associating in other social inter-mediation programmes for the benefit of the entire community.

The very existence of SHGs is highly relevant to make the people of below poverty line hopeful and self-reliant. SHGs enable them to Increase their income, improve their standard of living and status in society. It acts as a catalyst for bringing this section of society to the main stream.

Ultimately, the nation reaps the advantages of socialism.

The Government of India and various state Governments have been implementing various programmes for rural upliftment. However, rural poverty and unemployment still persist in the country. This problem is becoming severe and acute. The available latest statistics relating to the Indian Economy indicates that about 26% of the total population in the country belongs to the rural poor.

Considering the gravity and intensity of the problem, many Voluntary Development Organisations (VDOs) have come forward with different programmes for the rural poor in the country. These agencies undertake various innovative programmes and schemes to address the issues of poverty and unemployment prevailing in our country.

Among the various programmes "Swarna Jayanti Grama Swarojgar Yojana" (SGSY) is an important one. This programme was launched on 1st April, 1999, at 75: 25 costs sharing between Central and State Governments.

The main objective of this programme is to bring the beneficiaries above the poverty line by providing income generating assets to them through bank credit and government subsidy. The Self-Help Groups (SHPs) are the major component of this scheme.

Women are a vital part of the Indian Economy, both at the national and the household levels. They make one-third of the national labour force. Compared with their menfolk, Indian women contribute a much larger share of their earnings to basic family maintenance with the result that women's earnings positively and immediately affect the incidence and the security of poverty.

Despite all this, social conventions and gender ideology deprive them of the access to, and control over, the resources which would enable them to increase their productivity. Women form the backbone of agricultural operations and majority of agricultural labourers are woman. Seventy to eighty percent of the field work is done by women.

Most post-harvest and processing tasks are their sole responsibility. They are heavily involved in animal husbandry, particularly small livestock. About 85 percent of persons engaged in dairy production are women. Since independence, government's policy on women's development has taken varying types of emphasis: from the initial welfare oriented approach to the current focus on development and empowerment.

The planning commission, with the aim of converging the benefits in the social and economic development sectors for women in the Ninth plan, envisaged "inclusion of an identifiable women component plan in the programmes of the respective ministries right from the planning process, and to monitoring and implementation of programmes to ensure the reach of benefits to women".

The Ninth Plan Document (1997-2000) also laid emphasis on the participation of people in the planning process, and the promotion of self-help groups. Self-Help Group (SHG) is a homogeneous group of poor, women. This group is a voluntary one formed on areas of common interest so that they can think, organise and operate for their development.

SHGs function on the basis of co-operative principles and provide a forum for members to extent support to each other. It is considered is a means of empowerment. SHGs organise very poor people who do not have access to financial system in the organised sector. In groups, normally transparency and accountability are lacking.



However, in a group like SHG, they are ensured through collective action of the members. This scheme mobilises the poor rural people especially women to form groups for mutual benefits. SHGs play a crucial role in improving the savings and credit and also in reducing poverty and social inequalities.

Objectives of SHG:

1. To inculcate the savings and banking habits among members.
2. To secure them from financial, technical and moral strengths.
3. To enable availing of loan for productive purposes.
4. To gain economic prosperity through loan/credit.
5. To gain from collective wisdom in organising and managing their own finance and distributing the benefits among themselves.
6. To sensitize women of target area for the need of SHG and its relevance in their empowerment.
7. To create group feeling among women.
8. To enhance the confidence and capabilities of women.
9. To develop collective decision making among women.
10. To encourage habit of saving among women and facilitate the accumulation of their own capital resource base.
11. To motivate women taking up social responsibilities particularly related to women development.
12. It acts as the forum for members to provide space and support to each other.

SHGs are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women, SHG is a group of people that meets regularly to discuss issues of interest to them and to look at solutions of commonly experienced problems. The group may or may not be promoted by Government or non-Government institutions.

#### IV.CONCLUSIONS

The SHG is group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a common fund known as Group Corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management.

Generally all members of the group should belong to families below the poverty line (BPL). However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line (APL) living continuously with BPL families and if they are acceptable to the BPL members of the group.

This will help the families of occupation groups like agricultural labourers, marginal farmers, and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the SHG. However, the APL member will not be eligible for the subsidy under the scheme.

The group shall not consist of more than one member from the same family; a person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not



ordinarily be entirely in the hands of AIM, families. Further, APL members of the SHG shall not become office bearers (Group Leader, Assistance Group leader or Treasurer) of the group.

The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly) functioning in a democratic manner allowing free exchange of views, participation by the members in the decision making process. The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.

The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund. The Group Corpus Fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.

The members in the group meetings should take all the loaning decisions through a participatory decision making process. The group should be able to prioritise the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanee.

The group should operate a group account preferably in their service area bank branch, so as to deposit the balance amounts left with the groups after disbursing loans to its members. The group should maintain simple basic records such as minute's book, attendance register, loan ledger, general ledger, cash book, Bank pass book and Individual pass books. 50% of the groups formed in each block should be exclusively for the women.

In the case of disabled persons, the groups formed should ideally be disability-specific wherever possible, however, in case sufficient number of people for formation of disability-specific groups are not available, a group may comprise of persons with diverse disabilities or a group may comprise of both disabled and non-disabled persons below the poverty line.

The SHGs broadly go through three stages of evolution such as:

I. Group formation.

II. Capital formation (through the revolving fund).

iii. Skill development and taking up of economic activity for income generation.

As SHGs are formed under the Swarna Jayanti Swarajgar Yojana (SGSY), for SHGs subsidy would be 50 percent of the project cost subject to a ceiling of Rs. 1.25 lakh or per capital subsidy of Rs. 10,000 whichever is less. There is no monetary ceiling on subsidy for minor irrigation projects for SHGs as well as individual swarajgaris (self employed).

The SHGs may consist of 10-20 members and in case of minor irrigation, and in case of disabled persons and difficult areas, i.e. hilly, desert and sparsely populated areas, this number may be a minimum of five. Self Help Groups should also be drawn from the BPL list approved by the Gram Sabha.

Since the inception of the programme of SGSY (1st April, 1999) 22.52 lakh self-help groups have been formed covering 66.97 lakh swarajgaris. These include 35.54 lakh members of the SHGs and 31.43 lakh Individual swarajgaris who have been assisted with a total investment of Rs. 14403.73 crore. Out of total swarajgaris assisted, SCs/STs were 45.54 percent and women 47.85 percent. During 2006-07, the central allocation scheme is Rs. 1200 crore.

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