

Chapter-4

Self Help Groups Strategy

4.1 Historical Background of the Self Help Groups (SHGs)

During the British period majority of Indian rural population was poor. Nothing had been done to eradicate their hardship. Only after independence some measures have been adopted for poverty alleviation but this initiative did not reach to its expected goals. The rural credit delivery system since 1947 is unable to free the poor people from the clutch of the local money lenders, traders and agents. The banking services in rural India are not sufficient to meet the need of the poor people. Although there are some banking facilities but these are unable to provide the expected services to the rural poor due to high bank interest rates and inability of the poor to deposit collateral security and mortgage property.

These vulnerable situations led to the formation of informal groups and encourage the poor people to save small amounts regularly for their future prospects. Later, this process develops in various ways. The Fifth Five Year Plan (1974-79) aimed at the removal of poverty and attainment of self-reliance in India. The aim of the plan was to bring larger sections of the poor people above poverty line. The Sixth Five Year Plan (1980-85) also had continued its foremost objective to remove the poverty. The Seventh Five Year Plan (1985-90) had emphasized on the close association of NGOs with rural development programmes, particularly with the poverty alleviation programmes for bringing improvement in the quality of life of the poor. The Ninth Five Year Plan (1997-02) introduced the SHG model as a core strategy to achieve empowerment with the objective to organize women into Self Help Groups that may be

a major process of women empowerment (Planning Commission 1997). But in spite of all these plan programmes, poverty and unemployment have always increased year by year.

The policy of nationalization of banks in 1969 (14 banks) and in 1980 (6 banks) has been adopted in an aim for economic development by granting credit to weaker sections and also for monitoring the stagnant rural economy. To meet this objective, the population ratio to per bank branch went down from 65000 in 1969 to 11000 in 1992. It has been found that after nationalization of banks credit share in agriculture, small-scale industry, professional and transport operators have risen sharply from 14 percent in 1969 to nearly 33 percent in 1980. But irrespective of these tremendous achievements, it has been found that on many occasions bank loans are sanctioned to the people having political and social ranking rather than the needy people.

The London-based Barnes Institute which carried out a study in 1990 in 11 countries including India suggested that poor are creditworthy if credit is channeled to enterprising persons and small groups through non-banking institutions. Credit can be provided to the group on the basis of group solidarity who are the credit borrowers and act as co-guarantors simultaneously. Besides, NGOs may provide some facilities for creation of SHGs that also discuss the rural problems including socio-political and personal life of rural people.

For example, the land less labourers in Bagepalli Taluk, Kolar District of Karnataka formed the 'Coolie Credit Fund' with the help of an NGO named ADATS. It has started several income generating activities since 1985. This informal organization saves the labourers from the clutches of the landlord and money-lenders who charge high interest rates and also prevent many from being bonded labourers.

International Influence

There are some successful micro financing agencies like Grameen Bank of Bangladesh, Bangladesh Rural Advancement Committee (BRAC), Bank Rakyat (Indonesia), Pag-IBAG-Fund (Philippines), and Bank for Agriculture and Agricultural Cooperatives (BAAC, 1966) in Thailand (Karmakar, 1999)¹ at the international level which had a greater influence to originate the SHGs in India. The origin of Self Help Groups (SHGs) is in the hindrance in the Grameen Bank of Bangladesh, is the brainchild Noble laureate Mohammed Yunus² in 1975. The success story of Grameen Bank attracts the attention of Nations all over the world to reduce their poverty and to change the socio-economic status of women. Motivated by this success story the NABARD in India initiated the effort to introduce SHGs bank linkage programme in 1991-92. SHGs is not a formal body like co-operatives where cent percent repayment can be ensured through peer pressure. NABARD stated that there are five stages of group formation. These are pre-formation, formation, stabilization (phase-1), stabilization (phase-2) and growth and expansion.

The National Bank continues to provide cent percent refinance to the banks at an interest rate of 6.5% per annum and other facilities like training of the officials, field staffs of NGOs and the beneficiaries. Women SHGs constituted about 94% of the total groups linked where 5.60 lakh rural poor families were benefited in 280 districts of India. The Southern region of India continues to dominate the linkage programme with a share of 65% of the total group where Western region 11%, Eastern region 11%, Central region 10% and Northern region only 3%. Andhra Pradesh, Karnataka and Tamil Nadu play the leading role in promoting SHGs.

4.2 Origin of Self Help Groups in India

The origin of Self Help Groups (SHGs) can be traced as mutual aid among the poor people who believe that SHGs is a form of co-operation. SHGs emerged in India as a limb of the women's socio-economic movement that was initiated in 1970s but only in mid eighties savings and credit groups were formed to introduce income generating activities as Development of Women and Children in Rural Areas (DWCRA) with the financial support of Central Government of India. Group approach was first adopted with the introduction of DWCRA which organize women together for income generating activities. As rural credit was out of reach of the rural people and women, SHGs brought an opportunity among them to promote tiny savings and thus create credit opportunity for their own. In this way the poor rural people become free from the clutches of moneylenders. Rural women do not have any financial independence, they have limited access to resources and employment opportunities and thus they have to rely on male counterpart. Only in 1980s the concept of SHGs came to India with the major source of resource for women with peer liability.

In 1982, National Bank for Agriculture and Rural Development (NABARD) was established to provide rural poor more access of banking and credits. In 1992, NABARD introduced a pilot project for linking up SHGs to develop a supplementary credit delivery system to reach to the poor people in a cost-effective and sustainable manner. As savings was the prime principle of the bank linkage scheme, habits of savings was inculcated among the rural poor and participated in this programme in large. Besides, the Ninth Five-Year Plan introduced the SHG model as a core strategy to achieve empowerment with the prime object to organize women into Self Help Groups (SHGs). Later on, it appears as a pathway of women empowerment.

The evolution of SHGs in India is much more complicated. It is greatly influenced by the globalization. Globalization is the inspiration of economic, social and cultural movement of society. It has created a gap between the rich and poor in India as well as the third world countries where the SHGs movement or micro credit movement are well organized. Globalization may be concerned a capitalist movement that deteriorate the vulnerable condition of the poor who has not at least money to compete with the capitalist market. So they realized that they have to be organized themselves so as to they compete collectively with the capitalist market for survival. Besides, this is a matter of great concern for politicians, planners, and economist and policy makers to preserve the privileges of the vulnerable sections of the society. They consciously evolved different kind of policies and programme to preserve their interest and social justice.

Poverty eradication is the primary objective of SHGs and women are the major targets of it as because they are the poorest of the poor. So, there is a need of gender equality social justice so that they can change their vulnerable situations. In this regard the Government of India takes necessary action for women development by organizing them in the SHGs, the income generation process. By this way the women SHGs members get involved in the economic activity and prove their socio-cultural ability.

The SHGs movement is supposed to be an innovation of co-operative movement in India. Over the years the co-operative societies have failed to meet the needs of the poor people. It may due to the large size of the society and the heterogeneous characters of the members. In the large size co-operative societies, the decision was always taken by the well-off and influential members that were not in favour of the poor people. These co-operatives are always functioning for influential members. The poor members do not get proper attention and social justice. As a

result and against this background, an alternative system for meeting economic aspiration and credit needs of the rural poor has evolved in the form of the Self Help Groups (SHGs) seems the logical development of Self Help Group Approach in India.

4.3 Development of Self Help Groups³

Self Help Groups go through four stages of development:

First Stage: Group Formation

It is a self managed people's association at the grassroots level. In our society peoples are associated by dissimilar common bonds like caste, sub-caste, community, blood relation, place of origin and activity. The facilitators must recognize these natural bonds which are generally called 'Affinity Groups'. Identification of such Affinity Group is critical for the development and success of the Self Help Group. This would need staying with the people for some period to facilitate appropriate understanding and establish rapport with them. Therefore while forming groups, facilitators must identify the natural bonds and affiliations existing within the society.

Second Stage: Group Stabilization

The group supply domestic loan to the members from the group corpus. The groups should accumulate regularly and begin to lend to members. This opportunities help to obtain the skills, uncommon property, to assess the power of each member etc. The group institutionalizes the need to set up sanctions for deviant activities which could include delay of repayments, arriving late or absenting from meetings etc.

Third Stage: Micro Credit

The group corpus is enlarged with revolving fund allowed as cash credit limit by the banks or the group can access to credit under the Self Help Group- Bank Linkage Programme of NABARD.

Fourth Stage: Micro Enterprise Development

Group takes up economic activities for income generation. This stage incorporate entrepreneurship growth as well as skill development training of the members of the group to allow them successfully implement the selected activity. The groups, particularly formed with members who are skill less, asset less, poor and living under miserable poverty may not reach to the stage of microenterprise stage within the time frame indicate in the guidelines. Such groups may carry on to remain in the micro-finance stage for a longer period of time and may require intensive training and capacity building inputs to make enable them to achieve higher levels of income generation.

Group approach

Group approach has been widely adopted in promoting income generating enterprises among the rural poor and weaker section under the leadership of commercial bank NABARD at first and SGSY latter on. NGOs have been associated with banks and SHGs as supportive agents of SHGs. This group approach is supposed to be an initiative for capital formation among the rural poor to encounter their poverty. It may be rooted in the global economy when their individual capital is not enough to compete with global economy due to globalization. From 1999, the Government of India restructured the six rural development programmes into SGSY which focuses on group approach.

The Woman Self Help Group approach based on group activities by the poor people for income generating activities as well as marketing of the production. SHGs are a peer group where women arrange themselves with an objective that they are capable to fight against all evils those are harmful to them. It is group next to family to the women can exchange their views to each other of outdoor world.

Formation of Self Help Groups

Self Help Group is group of rural poor willingly organize themselves into a group to wipe out poverty. The major objectives of SHGs are to eradicate poverty. They regularly save to build up a common fund known as group corpus. The members of SHGs use this common fund when they need. The group formation is based on the following large guidelines.

- i. Under the SGSY, usually a Self Help Group may consist of 10 to 20 persons. But in difficult areas like deserts, hills and areas with scattered and sparse population and disabled persons, this number may from 5 to 20.
- ii. Usually, all members of the group belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line.
- iii. The group is to draw up an agenda for each meeting and take up discussions as per the agenda.
- iv. The members have to build their corpus through regular savings. The group collects the fixed voluntary savings amount from all the members regularly in the group meetings.

- v. The corpus fund is used to provide loans to the members. The group builds up financial management norms covering the loan sanction procedure, repayment schedule and interest rates.
- vi. The SHGs group meetings take all the loaning decisions through a participatory decision making process.
- vii. The group prioritizes the loan applications, repayment schedules, appropriate rate of interest and loan instalment.
- viii. The group opens a bank account preferably in the service area bank branch, so as to deposit the balance amounts left with the group after disbursing loans to its members.
- ix. The group maintains the simple vital records such as minutes book, attendance register, loan ledger, general ledger, cash book, bank pass book and individual pass books.

By and large, the SHG is an informal group. The group register themselves under the Societies Registration Act, the State Co-operative Act or as a partnership firm. The SHGs can be further strengthened and stabilized by federating them at Sangsad or village or cluster of villages or block or District level depending upon the number of Self Help Groups. DRDAs generally assist in planning of network of SHGs by federating them at proper level.

A large number of DWCRA groups have been formed and assisted by DRDAs in the past. In the same way there are number of Self Help Groups formed by NABARD, other Banks, Rastriya Mahila Kosh (RMK), Non Government Organizations (NGOs), Women and Child Development Departments under the Swa-Shakti and Swayamsidha etc programmes. The DRDAs act as nodal agency for developing the data base, which comprise Self Help Groups formed under all the schemes. This ensures convergence of various schemes as well as better planning for training and other necessities of SHGs.

4.4 Aims and Objectives of Self Help Groups

The basic aim of the SHGs is to bring the poor people above the poverty line with socio-economic development. The main objectives of SHGs are as:

- i. To eradicate poverty of the rural people.
- ii. To make a habit of savings for future needs.
- iii. To meet credit needs of the poor villagers.
- iv. To provide banking service to all the families living below poverty line.
- v. To promote savings and credit to the needy people for the production and consumption purposes.
- vi. To give special attention to the vulnerable sections who can not avail the formal credit.
- vii. To make the rural people self-sufficient in the socio-economic sphere.
- viii. To promote co-operation and self help attitude among the poor people.
- ix. To bring awareness regarding health, society and culture.
- x. To empower the rural people politically
- xi. To protest against social crimes through SHGs.
- xii. To meet emergency credit needs.
- xiii. To bring social security for their life and work.

4.5 Categories of Self Help Groups

In India, SHGs are classified into three categories on the basis of Self Help Groups promotional institutions.

1. SHGs are formed by SGSY started by the Ministry of Rural Development Government of India on April 1 of 1999 by combining various programmes like IRDP, TRYSEM, DWCRA, SITARA and GKY.
2. SHGs are formed by NABARD in 1992.
3. SHGs are formed by NGOs.

4.6 Rules and Regulations of Self Help Groups

Some rules and regulations are followed by the members of the SHGs. These rules and regulations are related to SHGs formation, admission, membership fee, savings, credit, group meeting and entrepreneurial duties and responsibilities. These rules and regulations may be written or not. Actually peer pressure controls the behavior of the members.

Functioning of the SHGs

- i. The group meetings usually hold weekly or monthly or any convenient day when it is necessary.
- ii. The members' participation is must.
- iii. If any member is absent from any meeting is liable to pay fine for his absence as decided by the group. The members who will be unable to participate in the meeting should be informed in advance.

- iv. The meetings are organized in nearby Government Place like school, ICDS centres etc during working hours.
- v. The members obey group rules strictly. The members who violate the group norms are suspended or cancellation of their membership is done without notice.
- vi. The members may discuss any personal or social problems they face and can take necessary actions collectively.
- vii. The Coram is must for taking any vital decision.
- viii. All the members have to sign in the minutes book after taking the decisions in the meetings.

Members Duties and Responsibilities

- i. All the members should save the fixed monthly membership fees decided by the group.
- ii. Every member has to promote co-operation for others.
- iii. The every SHG members must fully internalize the concept of self help.
- iv. The members must create equal opportunity for all the members in the group.
- v. All the members have to involve in the planning, monitoring and in the development programmes of the village.
- vi. The members protect the unity and integrity of the group and the village.
- vii. The members should involve not only in the economic activities but also for social development.
- viii. All the members may raise their voice against anti social activities that are harmful to society, particularly women society.

4.7 SHGs Loan Policy

- i. The loan may be given to the needy members of the group for the purpose of consumption, production or income generation, asset creation, education, daughter's marriage, building house, clearing the burden loans and any other appropriate purposes. The loan sanction is always for group members but not for the outside members.
- ii. The loan is sanctioned on the basis unanimous decision of the group. The quantum of loan, rate of interest and the repayment are scheduled by the group.
- iii. The loan amount is granted on the basis of priority of the application of loan of the members.
- iv. The irregular members who have not sufficient savings are not eligible for loan.
- v. All the members have equal opportunity for loan, not for eligibility basis.
- vi. The group may avail loan cum grant from other banks, NGOs, Governments and other organizations.

Linkage with Banks

During the period of group formation, the SHGs open a savings bank account preferably in their service area branch. Then the SHGs begin to understand the opportunities and also the mode of dealing with the banks. Establishment of these linkages at the early stages ensures the formation of strong SHGs. The group avail credit from the bank as per their requirement under the Self Help Group Bank Linkage programme of NABARD. The Block Development Officer (BDO) visits the SHGs as often as they can and explain to the members the opportunities for self employment. They explain to them about the process of graduation into taking up full-fledged self employment activity. Training and capacity building programmes for the SHGs in different phase of growth may be organized from time to time on a continuous basis at different

levels (i.e. at the village, cluster of village, Block and district). The DRDAs involve the bank functionaries also in the training programme of SHGs.

Norms of lending

The loan amount for projects depends on the nature of the undertaken projects. The loan amounts are equal to the total project cost including the amount of subsidy admissible to the swarozgaris. Interest rates for SGSY loans are notified by Reserve Bank of India (RBI) or NABARD from time to time.

4.8 Different Types of Loan

Seven types of loan are provided to the members by Self Help Groups which are as follows:

- I. **The Production Loan**
The production loans are given for petty business and for small scale industry or cottage industry.
- II. **Consumption Loan**
The consumption loan means to build up house, purchase T. V. and for educational purpose.
- III. **Seasonal Loan**
This type of loan is given for agricultural production at a particular season.
- IV. **Emergency Loan**
This type of loan is given during emergency periods for one or two weeks.
- V. **Wealth Loan**
Wealth loan is sanctioned for productive resources.

VI. Property Recovery Loan

This type of loan is given to any member of the group for second time when their property is damaged due to mishap.

VII. Disastrous Loan

This type of loan is given to the SHGs members when there is a natural calamity.

Sanction of Loan by Banks

It is said that the BPL families are the best suited for taking up loan particular key activities. Banks generally sanction the loan more or less within fifteen days after receiving the applications for loan from the SHG members. The bank then communicates the loan-list to the Gram Panchayat (GP), the BDO as well as enlisted groups for lending for a given activity.

A list of selected groups is made and communicated to the concerned departments. Then an investigation is done about whether the swarozgaris borrow the necessary skill for the activity. If the investigation gives satisfactory result, then the loan and subsidy amount is disbursed to the swarozgaris instantly.

Subsidy under the SGSY is uniform at 30% of the project cost, subject to a maximum of Rs. 7500. However, these are 50% and Rs. 10000 respectively for SC/STs. For groups of swarozgaris (SHGs), the subsidy is at 50% of the project cost subject to per capita subsidy of Rs. 10000 or Rs. 1.5 lakhs.

Loan-cum-subsidy to Members of the Group

Though a few members are identified as beneficiaries under loan cum subsidy, it is essentially the group that is standing guarantee for the rapid repayment of the loan to the bank. The group also undertakes liability to closely monitor the asset management and income generation. The swarozgaris is expected to repay all the loan installments to banks through the group.

Loan-cum-subsidy for the Group Activity

Group activities stand a better possibility of success because it is easier to afford back up support and marketing linkages for group activities. The SGSY mainly follow the group approach. The group is entitled to subsidy of 50% of the project cost subject to per capita subsidy of Rs. 10000. DRDAs conduct training programmes to the members and the representatives of the groups so that the groups become fully self-managed and develop into strong self-managed groups. The expenditure of the group formation and development is met from the funds provided under the SGSY. The maximum ceiling is Rs. 10000 per group as mentioned above for formation and development of Self Help Group. However the actual amount is decided by the district level SGSY committee based on the local current situations.

Financial Support of Bank: Credit and Subsidy

Financial support of bank to swarozgaris under SGSY comprises two types that are loan and subsidy. SGSY is credit linked scheme and credit is the key component. Subsidy is only a small and enabling component. The following section deals with the different aspects of the flow of credit and subsidy to the swarozgaris.

Asset Creation by Swarozgaris

The swarozgaris are given the total amount of loan and subsidy to procure the asset. The swarozgaris procure the asset within one month from the date of release of the money by the bank. He or she has to inform the BDO and the bank about the procurement of the asset. Both DRDA and banks monitor the total procedure so that the quality assets are produced by the swarozgaris.

Repayment of Loan

All SGSY loans are treated as medium term loans with minimum repayment period of five years. Loan installments are fixed as per the unit cost. Repayment installments are 50% or less than 50% of the incremental net income expected from the project. Number of installments is fixed in accordance with the principal amount, the interest liability and the repayment period.

Swarozgaris are not permitted for any benefit of subsidy if the loan is totally repaid before certain fixed period known as the lock in period. If the loan is completely repaid before the currency period, the swarozgaris are entitled only to pro-rata subsidy.

Measures for Effective Recovery

Prompt recovery of loans is an important aspect of SGSY, not only to ensure a discipline but also the success of the self-employment programme. To ensure hundred percent loan recovery the following measures are undertaken.

Every month the block SGSY committee supervises the different swarozgaris whether they are repaying the loan. The bank furnishes every month the list of defaulters, and the block

SGSY committee goes into the reason. The line departments and the BDO contact the swarozgaris and take necessary remedial actions. Besides, regular flow of information about every swarozgaris is essential to ensure full recovery.

The Purpose of Observation of Non-banking Day

It is essential for banks to observe one day in week as non-banking day to enable the bank officials to go to the field and listen to the problems of swarozgaris.

4.9 Role of NGOs

The experience across the nation has shown that group formation and development is not a spontaneous process. A facilitator working closely with communities at grassroots level can play a vital role in the group formation and development. The quality of the group can be influenced by the ability of the facilitator. The facilitator may or may not be an official. In some cases, NGOs can not only work as the facilitator but also help in training and capacity building of facilitators being used by DRDAs. The district SGSY Committee selects appropriate organizations or individuals as facilitators for SHGs formation in rural areas. They stay for a period of 2-3 years with the group to ensure stability as well as to enable the groups to mature in to a self managed organization.

4.10 Grading of the Self Help Groups

The formation stage may last for about six months or more depending upon the literacy, awareness levels, also socio-economic milieu of the people being organized, as well as the capability of the facilitator involved in the process of social mobilization and group formation. At the end of the formation stage, which may be about six months or more, it is necessary to

subject each Self Help Group to a test to assess whether it has evolved into good group and is ready to go into the next stage of development. This is done through grading exercise. Grading exercise helps to focus attention on weak groups so that DRDAs can support them to overcome weakness and graduate into a good group.

The DRDAs play an important role in grading exercise. Grading of the Self Help Groups is done by the DRDAs personnel or independent agency who is involved in the promotion and development of SHGs. The grading criteria consist with the characteristics that are decided to be necessary for good group.

4.11 SHGs Assessment Criterion

There is some SHGs assessment criterion by which a group is considered to be a good group and promoted for the next stage.

- i. Number of SHGs members (less than 10, 10-15, 16-20)
- ii. Types of SHGs members (APL/BPL)
- iii. Age of SHGs (less than 1 year, 1-2 years, more than 2 years)
- iv. Number of SHGs meetings held in per month
- v. Percentage (%) of attendance of the members in the meetings (more than 90%, 70%-90%, less than 70%)
- vi. Members' opinion during meeting
- vii. Savings (weekly/ monthly)
- viii. Education of the members (member can only sign, read and write)
- ix. Circulation of leadership (yearly, every two year)
- x. Maintain of account book (details of transaction, pass book maintain of the members etc.)

Grading exercise is not a questionnaire-oriented exercise where the members become inactive participants. It offers a chance for the members to evaluate their own performance to a participatory approach and the investigator performs the function of the facilitator to the process. DRDAs make sure active involvement of the bankers in the grading exercise.

It is essential that the Self Help Groups is nurtured cautiously at first. The grading exercise therefore is carried out at diverse stages preferably after six month of the formation of the group. Grading exercise is undertaken every quarter till such time all the groups achieve good grade.

4.12 Skill Formation and Skill Development Training

It is well known that for success of self employment activities and also for their sustainability, the required skill to fruitfully run the project is a prerequisite. SGSY proposes a numeral of actions for upgrading the capability of swarozgaris both in individual as well as group oriented activities.

4.13 Capacity Building of the Self Help Groups

SHGs that are continuing for about six months and show the potential of a workable group enters the third stage, wherein it receives the revolving fund of Rs. 25000 from bank as cash credit facility and also embark on further capacity building of its whole team. DRDAs organize to supply the revolving fund to such groups, meeting their allocation from out of the SGSY fund.

The group maintains the following principles in view concerning the management of the revolving fund.

- i. The revolving fund is offered to the groups to enlarge the group corpus so as to enable more number of members to access loans and also to increase in the per capita loan.
- ii. As the revolving fund become part and parcel of the group corpus, the groups pursue same norms of utilization as in the case of their own saving fund.
- iii. The group discusses the credit requirement of the members and fixes repayment programme and interest rates.
- iv. The revolving funds communicate credit regulation and financial management skills to the members, so that they become creditworthy and bankable in the eyes of the bank.
- v. The revolving fund is used by the group for purchase of raw materials, marketing or infrastructure development for income generating activities. It may alternatively be used for lending to individual members of their personal purposes.

After six months from the date of receipt of the revolving fund, the SHG are subjected to next grading assessment if it functions effectively and is able of taking up money-making activity through higher levels of investment. In case the Self Help Group are in existence prior to the SGSY under the programmes and complete one year from its date of formation and it is being brought under the SGSY, the group may be subjected to second grading directly to evaluate its eligibility for economic activity without subjecting it to first grading. It is vital that the Bank should be satisfied about the grading of the SHGs at this stage.

At the end of the second stage, the SHG is largely expected to reveal the following attributes:

- i. The per capita loan quantity availed by its members increases gradually over the years.

- ii. The consumption loans shift to production loans.
- iii. The group is able to identify its training requirements to the members and give value to the training input receive by its members.
- iv. The members can investigate into their poverty situation and are able to articulate clearly the opportunities for overcoming their poor condition.
- v. The group may introduce some community action programme and is able of continuing to do so independently.
- vi. All the members are aware about their responsibility and their common activity.

4.14 Taking up of Economic Activities

If the SHG show that it is successfully passed through to the third stage, it is qualified to accept the assistance for economic activities in the form of loan and subsidy.

There are two ways in which a SHG can accept this assistance.

- Loan-cum-subsidy of SGSY to the individual swarozgaris who are capable of and willing to take up income generation activities.
- Loan-cum-subsidy to the group where all the members in the group desire to take a group activity. But if there is a necessity, the group may also take up multiple activities under the group loaning. In either case, loans are sanctioned in the name of the group and the group stands as guarantee to the bank for rapid repayment of loan.

4.15 Structure and Functions of SGSY to Promote Self Help Groups Programme

For the effective administration of the SHGs programme, both the State and Central Government have set up separate departments to implement this programme in rural and urban area.

Block Level

There is a Block Level SGSY Committee in every block. Their composite structures are as follows:

| | |
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| Project director- DRDA | Chairman |
| A Project Officer (self- employment) | Member |
| Branch Managers of all Implementing Bank | Member |
| Branches in Block | |
| Block Level or sub-Division Level Officers of the Concerned Line Departments | Member |
| NGO Representative (one) | Member |
| Block Development Officer | Convenor |

The meetings of this committee are convened by the SDO. The Lead Bank Officer and the Lead District Officer attend the meeting as special invitees.

Main functions of Block Level SGSY Committee are:

- i. Selection of key activities at the commencement of the programme.

- ii. Selection of the villages and numbers of swarozgaris to be covered every year.
- iii. Allocation of the work among the bank branches.
- iv. Monitoring of the performance by various agencies.
- v. Evaluation of incomes being earned by swarozgaris.
- vi. Evaluation of the recovery performance; fixing dates for recovery camps etc.
- vii. Verification of assets.
- viii. Drawing up of the monthly report.
- ix. Review of progress of swarozgaris in crossing the poverty line.

District Level

At the District Level, there is a District SGSY Committee under the chairmanship of the District Collector or Chief Executive Officer. This committee meets every month to evaluate the progress report of SGSY and suggest corrective measures wherever necessary. The composition of District Level SGSY Committee is as under.

| | |
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| District Collector or Chief Executive Officer | Chairman |
| DDM of NABARD | Member |
| LDO of NABARD | Member |
| District Level Coordinators | Member |
| Concerned Heads of District Level Line Departments | Member |
| General Manager, DIC | Member |
| District KVIB Officer | Member |

| | |
|----------------------------|--------|
| Project Director, DRDA | Member |
| 2 to 3 NGO representatives | Member |
| Lead Bank Officer | Member |

The Functions of the District SGSY Committee

- i. Evaluate of SGSY plan
- ii. Monitoring and evaluate of the overall development in physical and financial terms
- iii. Sorting out inter-agency differences and to arrange items for consideration of State Level Committee
- iv. Assessing training requirements of swarozgaris and also to evaluate the arrangements for training including identification of suitable institutions
- v. Monitor the recovery the position bank-wise and block-wise so as to initiate corrective measures where essential.

State Level

The departments of rural development are allocated the responsibility for planning, implementation, monitoring and assessment of the programme at the state level. A state level SGSY Committee supervises the function and performance of rural development under SGSY.

Its composite structure is as follows:

| | |
|---|----------|
| Chief Secretary | Chairman |
| Secretary, D/O Institutional Finance | Member |
| Secretary, D/O Planning | Member |
| Secretary of Women's Development | Member |
| Concerned Heads of the Line Departments | Member |

| | |
|---|--------|
| Secretary In-charge of Welfare of SC/STs | Member |
| Representative of NABARD | Member |
| Representative of RBI | Member |
| Representative of State Headquarters | Member |
| A representative of the Government of India | Member |
| Director, SIRD | Member |
| Convener, SLBC | Member |
| Secretary of Rural Development | Member |

Functions of State Level SGSY Committee

- i. To afford leadership and guidance in the planning, implementation and monitoring of the programme.
- ii. To evaluate the district-wise progress under SGSY and suggest remedial actions.
- iii. To observe and assess the implementation of the programme with reference to the objectives of the programme.
- iv. To evaluate the involvement of reputed NGOs in the SGSY and give directions if needed.
- v. To discuss any other issue relating to SGSY.

Central Level

The Ministry of Rural Development, Government of India has the overall liability of policy information, monitoring and assessment of the programme and for release central share of funds. A Central Level Coordination Committee (CLCC) is constituted as under to support the Department.

| | |
|---|----------|
| Secretary, Ministry of Rural Development | Chairman |
| Deputy Governor, Reserve Bank of India | Member |
| Secretary, Dept. of Agriculture and Cooperation | Member |
| Secretary, Department of Expenditure | Member |
| Special Secretary, Banking Division, Ministry of Finance | Member |
| Secretary, Department of Women and Child Development | Member |
| Secretary, Department of Small Scale | Member |
| Secretary, Department of Science and Technology | Member |
| Secretary, Ministry of Welfare | Member |
| Managing Director, NABARD | Member |
| Adviser (Rural Development) Planning Commission | Member |
| Additional Secretary and Ministry of Rural | Member |

Development

State Secretaries of Rural Development Member

Chairman-cum Managing Director of all Commercial Banks Member

Commercial Banks

Chairman, Indian Banks Association Member

Joint Secretary, Department of Rural Development Member

Development

The Functions of Central Level Coordination Committee

- i. To evaluate and ensure effective implementation of the programmes.
- ii. To evaluate linkages for support services for SGSY.
- iii. To evaluate development of these programmes in physical, financial and qualitative terms including credit support.
- iv. To consider concurrent assessment reports.
- v. To evaluate the credit arrangements and recommend changes and development as and when necessary.

Setting up of SGSY Cells in Banks

For the rationale and effective monitoring of the implementation of SGSY, the Banks set up SGSY cells in their office. These cells make monthly review of the flow of credit to SGSY Swarozgaris to ensure the implementation of the guiding principles issued by Reserve Bank of India.

4.16 Criterion for Allocation of Funds

Swarnjayanti Gram Swarozgar Yojana (SGSY) is centrally sponsored scheme and the financing of the programme are shared between Centre and the States in the Ratio of 75: 25.

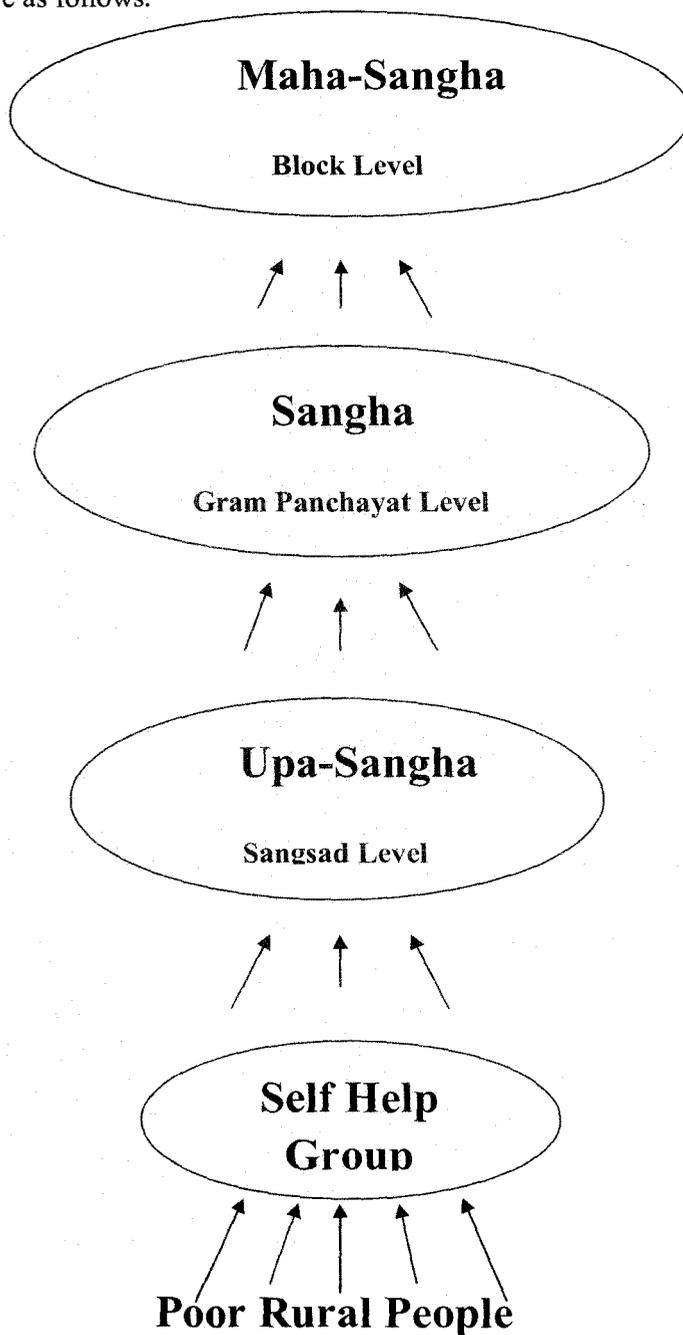
4.17 Marketing Support

For every commodities and services that are produced needs a suitable market. Goods and services are traded every day in the entire parts of the country. What is needed is to see what is selling in the both rural and urban markets. Market oriented activity is an important objectives of SHGs. The choice of SHGs activity is governed by the possibilities that exist on account of the resources of a region, the available skills and the market. The marketing of the goods produced by SHGs sometimes needs intermediary agency to export outside markets. Sometimes the SHGs organize fair to give publicity of the products produced by them. The State Government establishes District Supply and Marketing Societies (DSMS) to offer non-credit inputs like procurement or purchase of raw material and also for sale of products. The DRDAs organize periodic meets of the swarozgaris and make sure that they are given the necessary guidance in quality control. There have expert personnel in the relevant fields visiting the work field and guiding the swarozgaris.

4.18 Structure of SHGs, Upa-Sangha, Sangha & Maha-Sangha

In order to proper management and guidance of the SHGs' activities, all the scattered SHGs at Sangsad Level make an alliance named Upa-Sangha at Sangsad level and all the Upa-Sangha further makes an alliance among them named Sangha at Gram Panchayat Level. So, every Gram Panchayat has a Sangha to look after and nurture all the SHGs' activities at Gram Panchayat Level. The Maha-Sangha is organized at the Block Level by the representatives of

Sangha in order to fulfill large scale aims and activities. The structure of SHGs, Upa-Sangha (Sangsad Level), Sangha (Gram Panchayat Level) and Maha-Sangha (Block Level) at different tiers of the district are as follows.



Structure of SHGs: Sabhanetri (Secretary), Sampadika (President), Cashier and other members.

Structure of Upa-Sangha (Sangsad Level): Every member from each SHG constitutes the general assembly of Upa-Sangha.

Structure of Sangha (Gram Panchayat Level): Two elected representatives from each Upa-Sangha that is Sabhanetri (Secretary), Sampadika (President).

Structure of Maha-Sangha (Block Level): Elected Sabhanetri (Secretary), Sampadika (President) Cashier, Vice-president and Vice-Secretary.

4.19 SHGs' 10th Promises⁴

SHGs' promises are recited as prayer before the commencement of the group meeting. The promises include socio-economic and political commitment of the member as challenge. These promises are memorized as *Mantra*¹ and practiced by the SHGs members when they are performing activities. The ten ethics (oath of the group's meeting) of SHGs carry a list of goals for borrowers and their families to aspire to and work towards.

- I. *Shrinkhala, Ekata, Sahas O Parishram---Ai Charneeti Amara Mene Chalbo.* (We will abide by the four principles of ORDER, UNITY, COURAGE and LABOUR)
- II. *Pratyeke Niyamita Sanchay Kare O Bank Theke Rin Niye Daler Tahabil Barabo.* (We will raise and enhance the fund of the group through regular individual savings and through bank loans)
- III. *Dal Theke Rin Neba O Tar Sathik Byabahar Kare Aay Barabo.* (We will enhance the income of the group through proper utilization of the loans taken from the group fund)

¹ Mantra is hymn or verse or spiritual instruction which is followed in life is taken from preceptor.

- IV. *Chhele-Meyeder Shiksha O Swasthyer Prati Lakshys Rakhbo.* (We will look after education and health of our children)
- V. *Paribar Parikalpana Grahan Kare Amader Paribar Chhota Rakhabo.* (We will keep our family small through adoption of family planning measures)
- VI. *Mayeder Chhota Dal Gathan Karbo O Sarker Sweekrita Amader Swanirbhar Mahila Sanggathan Gare Tulbo.* (We will make efforts to establish government recognized Self Help Groups by organizing small groups of womenfolk/mothers)
- VII. *Gram Sangsade Gramer Unnayaner Swarthe Sakriya Angsha Grahan Karbo.* (We will actively participate in the Gram Sansad in the interest of the development of the village)
- VIII. *Panchayet, Bank O Anyanya Sarkari Sangsthar Sathe Nibir Samparka Sthapan Kare Sarbik Bikaser Kaj Karbo.* (We will work for the overall development through maintaining proper and regular liaison with the Panchayati Raj Institutions, Bank and other Government establishments)
- IX. *Bipade Apade Eke Anyake Sahayya Karbo O Sakal Samajik kaj Ek Sange Karbo.* (We will help each other in times of need and trouble and perform all social activities together)
- X. *Amra Samaj O Sangsarer Unnati Anboi Anbo.* (We will commit ourselves for the development of our society and family)

Women's actions are directed by societal ethics, values and beliefs which have vital influence in their activities. Institutional ethics form the basis of social values and provide general guidelines for socio-economic development. Here women SHGs' promises make a classical effort to set up a connection between the changes in the patriarchal attitude, values, beliefs and practices of the people on the one hand and their spirit of development and practice of women empowerment on the other. SHGs' principle is not simply a way of making money, but a way of life which has duties and obligations thus accumulates wealth. Protestantism of Weber⁵ is a strict way of living and it has a vital influence in the creation of money and

development of capitalism and in this way the capitalism grew and developed in the Western societies to very large extent. He has concluded that Protestantism with its convenient principles encouraged capitalism to grow in the West and therefore industrial and economic progression took place there. The SHGs' members are encouraged to work hard, frugal, save and abstain from disintegration by the group principles. The SHGs' 10 (Ten) promises give them purpose, direction, pride, self-confidence, inspiration, courage, unity and discipline which has a vital influence to the spirit of women empowerment. SHG is not simply a way of making money, but a way of life which has ethics, duties, obligations and aims and objectives.

4.20 Credo of SHGs and Women's Empowerment

There is a paradoxically functional relationship between SHGs promises and women empowerment. Here SHGs ten promises which refers to a set of values and belief system that emancipate women and inspire to work considers the sociological interpretation of women empowerment.

Work ethics: The SHGs worship hard work for prosperity. The members are organized for income generating activities. The needy people get an opportunity of loan facility and self employment. Through the income generating activities the SHGs members feel courage collectively to fight against their poverty.

Attitudes towards loan: SHGs make easiest loan provisions for poor women entrepreneurs and encourage development.

Attitudes towards reproductive health: Frequent births of children deteriorate the women's physic condition and thus results poor performance in capital production and ultimately lower down their socio-economic status. The SHGs set a value for small families against child

marriage and polygamy. This philosophy brings a glimpse for future prosperous of women life. The strict moral code of the SHGs encourages family planning to build up a healthy family.

Attitudes towards health hygiene: Regular meeting of the women SHGs helps to build up new knowledge about fertility and reproductive life and helps to keep them disease free from different types of diseases. It promises for small family.

Attitudes towards education: SHGs encourages education and makes the people literate. The members put signature instead of thumb impression if she wants to avail groups' facility. This necessary condition promotes literacy and education.

Political attitude: SHGs believes in unity and courage that makes solidarity at the grass root level. Women's solidarity influences the local politics.

The present study intends to examine why and how SHGs makes a correlation between institutional ethics and change the socio-economic status of women. The socio-economic condition of women is changed not simply by inner economic necessity and reform for women, but by promises or ethics or principles of SHGs.

References:

¹ Karmakar, K. G (1999): *Rural Credit and Self-help Groups*. Sage Publications, New Delhi, page 247-257.

² Yunus Muhammed (2001): *Grameen Bank O Amar Jeeban*. Ananda Publishers, Kolkata, page 81-85.

³ Amended Guidelines of Swarnjayanti Gram Swarozgar Yojana (SGSY), (Vide No. 28012/16/2001-SGSY III), Govt. of India, Ministry of Rural Development, Krishi Bhavan, New Delhi, May 28, 2002, page 17.

⁴ Swanirvar Dal Parichalanar Sampurna Sahajpath, Panchayat O Gramonnayan Daptar, Govt. of West Bengal. May, 2004, page 74.

⁵ Weber Max (2005): *Protestant Ethic and Spirit of Capitalism*, Taylor and Francis e-Library, page 56-80.