

# **Chapter - I**

## **Introduction**

### **1.1 Background**

A country cannot be developed without the direct participation of all section of the society specially women. Pre-independence India has emphasized on increase in GDP. But the ideas of balanced growth and development for all, has been emphasized by our former Prime Minister Pandit Jawaharlal Nehru. In India, poverty and unemployment are two sides of a coin and a serious problem too. Both the Central Government and State Government have been undertaking various employment generation schemes from time to times in different manners and different names to eradicate poverty, but ultimate goal has still not been achieved. Moreover, the disparities in respect of wealth and income still exist in our society.

### **1.2 Various Employment Generation Programmes in India**

There are various employment generation programmes adopted in India since independence. Mainly most of the employment generation programmes are welfare programmes. These programmes are intended to promote self-employment as well as wage employment. Under self-employment programmes financial support is extended to the unemployed persons in the form of subsidies and credits. While, under wage employment programmes the rural poor especially are made to work for wages in the process create community assets. The main objective of these programmes is to fulfill the economic needs of the society. Therefore, a strong commitment from various stakeholders involved in making policies to create jobs can significantly reduce personal and household poverty and thereby generate national economic growth. In this way, encouragement of employment generation can combat unemployment resulting long run development.

In India both Central and State Governments have taken various employment generation programmes for employment opportunity to reduce poverty. There are various agencies carrying on for employment generation such as Food for Work Programme, Employment Guarantee Scheme, Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labours Development Agencies (MFAL), Drought Prone Area Programme (DPAP), Desert Development Programme (DDP), Common Area Development Programme (CADP) etc. But during the Sixth Plan (1980-85), these multiplicities of agencies were proposed to be ended and one single integrated programme, named as Integrated Rural Development Programme (IRDP) was made for operation throughout the country.

### **1.3 Basic Elements of Rural Development**

There are several essential necessities which are required for the people to survive. These include food, cloth, house, education, healthcare, environment, employment, safety and security of life. Physical environment and economic environment are very much essential to live in the society in a better manner. If anything as mentioned above is not available properly or there is a scarcity of necessities in the society, we may conclude that we are still in under development. This is the primary responsibilities of every State to improve the quality of life of its citizen by adopting various welfare and development programmes.

As most of the people live in rural areas, rural development is necessary to improve the quality of life of rural people. The term rural development does not refer to infrastructure development like communications, supply of electricity, telecommunications, water supply, hospitals etc. only, but also other important development like, safety and security of life, property and job, economic, political and social empowerment etc. For sustainable rural development, all these are to be taken into consideration and people from every section of the society are to be involved directly in these above mentioned development activities. So long as economic disparities, gender discrimination, poverty, illiteracy, superstitions etc. exist in our society, it is considered that we are still in under development.

#### **1.4 Determinants of Rural Development**

Rural development is a continuous development programme of work undertaken by both the State Government and the Central Government to eradicate poverty in rural areas. Rural people especially men are involved in agriculture and its allied activities, and women are mainly involved in household and domestic activities and sometimes involved in agricultural works. Due to uncertain weather and agricultural work being seasonal activities rural people do not get job all over the year and moreover, the income is too low to live life with dignity.

#### **1.5 Status of Women in India**

In the world, women have been the subordinate gender in most of the history and they are still the second sex in all countries without any exceptions. They have been subordinated in different ways like employment, control over assets, decision making power in the family and in the society as well. All phenomena which are closely associated with global interactions like trade and commerce, nationalism, state building etc. have contradictory influences on women's lives throughout history. In England during industrial revolution, men have earned more money and freedom from feudal system, while women have lost many of their previous jobs like spinning. Similarly in India industrialization has been badly damaged small and cottage industries which are the main sources of employment generation of women. Thus, women have been displaced from productive activities by the expansion of development and now engaged themselves in informal sectors.

Almost in every country of the world, women are engaged in domestic and household activities, but in primitive societies they have contributed a lot to the economy as well as community life. In the modern age of science and technology, with some exception of a small number of urban educated women, the general masses of women have been marginalized in economic and community activities. Now technical skills are very much required for meaningful contribution to the economic activities. Due to lack of technical skills and specialized knowledge, women are far behind of their male counterpart. Earlier, contribution of women towards family activities has been valued just like that of

men, but now unpaid labour is not recognized. The gap between men and women in respect of economic activities still exists in our country.

## **1.6 Conceptual Framework**

Women development is an important issue all over the world. Inequality, gender discrimination still exists in almost every country in the world. Women empowerment through SHGs can reduce inequalities and gender discrimination. Although, a lot of initiatives have been taken at National and International Level to overcome the situation.

Some of the conceptual frameworks are given below:

### **1.6.1 Gender Concern at International Level since 1975**

Gender concern at International Level has been strongly supported by the United Nations since 1975 to abolish discrimination and restore peace, equality, development and employment. The UN General Assembly had declared the International Year of Women . It had organized four World Conferences at Mexico (1975); at Copenhagen (1980); at Nairobi (1985); and at Beijing (1990). A number of programmes have been introduced for women development as a consequence of these conferences. The US Convention on the Elimination of All types of Discrimination (CEADW) in 1979 has been reckoned as the “Bill of Rights of Women”.

The world summit for Children (1990) aimed for nutrition, health and education for women. The International Conference on Human Rights (1993) confirmed women’s rights to confront violence against women. The world summit at Beijing (1995) highlighted on structural changes which are necessary for proper utilization of natural and human capital.

The Human Development Reports are being published every year by the United Nations Development Programme (UNDP) since 1990. The Report covers all aspects of community life. The main objectives of the reports are to focus on production, employment and economic equality of men and women. Besides, evaluation on the

progress and performances of men and women and how far they have been improved, how they utilize the given opportunities and how far they have been able to change their economic status.

In spite of women's direct productive contributions, they are subjected to discrimination in every walk of life. In many countries, still now women's participation in work has been considered as a „passive“ participation rather than an „active“ participation. Women comprise two third of the World's illiterate adults (Liz Ford 2015). The ILO (1996) report states that women make up nearly 70 percent of the world's poor and 65 percent of the world's illiterate. Various socio-religious traditions have restricted them to become economically self reliant.

### **1.6.2 Gender Concern in India**

Our Constitution guarantees certain privileges and rights to women through Fundamental Rights and Directive Principles. Article 14 confers on equal rights and opportunities irrespective of men and women in economic, social and political. To protect their constitutional rights, both the Central Government and the State Government have enacted women related and women specific legislation like the Immoral Traffic (Prevention) Act (1956) the Dowry Prohibition Act (1961), the Maternity Benefit Act (1961), the Hindu Marriage Act as amended (1966), the Indian Divorce Act. (1969), the Medical Termination of Pregnancy Act (1971), the Equal Remuneration Act (1976), the Family Courts Act (1984), the Indecent Representation of Women (Prohibition) Act (1986), the Sati Prevention Act (1987), the National Commission for Women Act (1990), the Protection of women from Domestic Violence Act (2005),the Prohibition of Child Marriage Act (2006), the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act (2013) etc. have been passed for the development and empowerment of women in India.

Besides, some important policy guiding documents like the National Plan of Action for Women (1976), National Perspective Plan for Women (1986-2000) drafted by a group of experts aimed for a holistic approach for the development of women. All these legislations and policy documents would help women for their development in all fields.

### **1.6.3 Definition of SHGs**

NABARD defines Self-Help Groups as „a homogeneous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute and emergent credit needs“.

SHGs are the association of informal poor women workers of up to 20 members (average size is 14) who are engaged in informal sector like agricultural activities, small and cottage industry, petty trade etc. and who meet regularly or once in a month and save small amounts (Rs 10 to Rs 50) a month. They are mainly involved in crop production, vegetable farming, mushroom cultivation, raising of seedlings, dairy, livestock production (sheep, pigs, poultry farming etc), fish products, sericulture (production of silk), handloom industries (khadi, clothes, carpet etc), coir industries (painting & designing of coconut husk) consumer food industries (bread, biscuits, confectionery, chocolates, soft drinks, semi-processed food like papad, bori and ready to eat foods etc), primary food processing (rice milling, flour milling and pulse milling), floriculture (jasmine, marigold, crossandra, rose, chrysanthemum, aster etc) etc.

Its function is based on the basis of cooperative principles and provides a forum among members to extent support to each other. Thus, it builds a financial discipline and credit history which encourages banks to finance them in certain multiples of their total savings and without any security deposit.

The characteristics of SHGs (2007) Gupta and Rahman are as follows:

(a) Homogeneity: Homogeneity refers to similarities like gender, caste, and religion etc. In most of the cases it is homogeneity in gender.

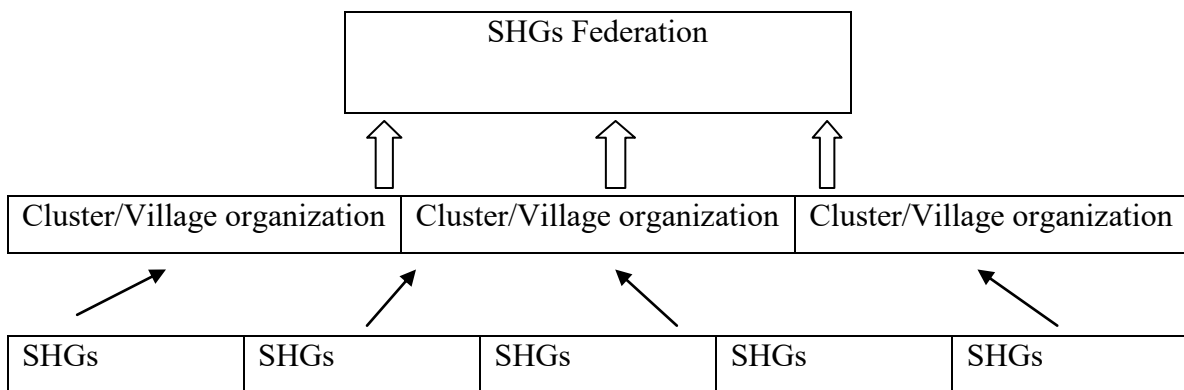
(b) Regular Savings: Regular savings by the members of SHGs is an important one. Policies, guidelines, rules and regulations of the savings amount are clearly mentioned at the time of formation of SHGs.

(c) Bank Linkages: SHGs“ common savings fund is insufficient to meet the essential credit needs of the members. SHGs take loans from the banks and the same is divided among the members and SHGs take an important role to collect and deposit the

repayment amount into the bank regularly. Although there are different linkage models adopted in different times to reach microcredit to every poor people.

(d) Regular Meeting: Members of SHGs meet once in a week or once per fortnight to collect the savings and repayment of loan amount from the members and decide to whom such loan has to be given and who will attend training programme and other promotional programmes. Chairman, Cashier and office bearer can be elected or changed through the meeting.

#### SHGs Federation



Now SHGs have also been federated into a larger organization. About 15-50 SHGs form a cluster/VOs with one or two members from each SHGs. Depending upon the area and activities, several cluster/VOs form an apex body or SHGs Federation. The main objectives to form cluster and federation are inter-groups borrowings, exchange of knowledge, training and discussion of common interests. Sometimes, cluster and federation can help SHGs for supply of raw materials and marketing of their products. Cluster and federation are the new platform of SHGs.

#### 1.6.4 Definition of NGOs

A non-governmental organization (NGO) is a non-profitmaking voluntary group of people which is formed on a local, national or international level. NGOs perform a variety of services like humanitarian functions, people's awareness programme, brings citizen concerns to Governments etc. Some NGOs are formed around specific issues like human

rights, protection of environment, education and health care. They provide valuable analysis and share experience, serve as early warning mechanisms and help to implement new governmental policy and international agreement.

Om Raj Singh (2003) conducted an analytical study on “Role of NGO’s in Fostering Self Help Groups: A case study of Mysore Resettlement Development agency (MYRADA). The study reveals that most of the SHGs have come up for prop[er leadership of certain individuals within a group or through the vital role played by NGOs in developing such groups.

Dash and Joseph Mendonsa (2011) their study reveals that local institutions play a significant role in formation of SHGs and NGOs play a vital role in mobilization of SHGs and facilitation of formation of groups. NGOs play as an intermediary between SHGs and banks and provide valuable information for better access to credit. Further it has been observed that wherever NGOs are involved , the SHGs have performed better in terms of credit utilization, savings and repayment of loans.

Loyala (2004) described the expectations from NGOs to support SHGs in the following way:

- (i) To help the poor people to form groups, training them, maintenance of accounts and management of funds etc;
- (ii) To motivate them to be involved in a gainful activities;
- (iii) To act as a liaison between SHGs and Banks;
- (iv) To motivate the members for need for savings;
- (v) To aware the members about the various employment generation schemes;
- (vi) To help the members by providing valuable information regarding raw materials and other resources;
- (vii) To help the members in exploring markets for their products;
- (viii) To act as a leader and guide to the SHGs.

### **1.6.5 Women Empowerment**

The term empowerment is a broad concept. It includes both a process and a result. Women are empowered when they become aware of their various rights like economic, educational, political and social etc. and able to take the challenge to overcome inequality and social justice. Empowerment enables women to build self-confidence and self-reliance.

The concept of women empowerment was introduced at the International Women Conference at Nairobi in 1985. Education is the main weapon for women empowerment as it enables them to take or face the various challenges in economic, social and political life. India records the largest number of illiterate in the world. Although literacy rate has been increased from 18.3 percent on 1951 to 74.04 percent in 2011. Enrolment of women in education has also been increased from 7 percent to 65.46 percent. From the fifth five year plan (1974-78) and onwards our Government has emphasized various schemes for the development and empowerment of women. The National Commission for Women set up in 1990; the 73<sup>rd</sup> and 74<sup>th</sup> Amendments (1993) for reservation of seats in local bodies and Municipalities for women are some of the important steps for women empowerment.

Economist Bina Agarwal (1998) defines “Empowerment as a process that enhances the ability of disadvantaged and powerless individuals or groups to challenge and change in their favour, existing power relationship that places them in subordinate economic, social and political position”.

According to Khobung (2012) empowerment is defined as a process of enhancing the capacity of women to make purposive choices and to effectively transfer those choices into desired actions and outcomes. In his opinion empowerment process passes through two stages; firstly access to or control over various material and non-material resources and secondly the power or capacity to convert them into desired actions and outcomes in three aspects like economic, social and political empowerment. Economic empowerment means women’s power to control over financial assets. Social empowerment means

women's acceptability in the society as a decision maker. Political empowerment means women's participation in political institutions at local, State or national level.

According to Rajendra William and Raja (2013) women empowerment is possible when people are motivated, mobilized and organized to be independent towards achieving their fundamental rights. It helps women to attain equal status in the society. SHGs help women to become empowered through various financial activities like savings, credit, rotating funds etc.

### **1.6.6 Characteristics of Women Empowerment**

Women empowerment is a process of development in various fields like education, economic, cultural, political, social and decision making policy in the family and society. Some of the characteristics of women empowerment are as follows:-

1. Women empowerment enables women to organize themselves to increase their self-confidence and self-reliance.
2. Women empowerment enables women to control over financial assets.
3. Women empowerment helps women for their better life than before.
4. Women empowerment helps women for greater economic freedom.
5. Women empowerment enables women to abolish gender discrimination in all fields.
6. Women empowerment enables women for greater decision making policy in the family and society.
7. Women empowerment enables women to aware about their economic, political and social rights.
8. Women empowerment is a dynamic process which helps to change the conventional social structures ideologies.
9. Women empowerment makes women more powerful to face the challenge in all fields.
10. Women empowerment helps women to realize their identity and talent.

11. Women empowerment enables women for more active participation in all fields.
12. In short women empowerment is equal status of women.

### **1.6.7 Dimensions of Empowerment**

**Economic Empowerment:** Economic empowerment refers to access to income, assets, decision making power in the economic sphere.

**Social Empowerment:** Social empower refers to certain bases of individual production such as information, knowledge, skills and participation in social organization.

**Political Empowerment:** Political empower refers to the access of individual household members to the process by which decisions like education, marriage etc. that affect their own future are made.

**Psychological Empowerment:** Psychological power means the individual's sense of potency which is demonstrated in self-confident behavior and self-esteem.

## **1.7 National Policies and Programmes for Women Empowerment**

The Constitution of India gives us equality for all irrespective of religion, caste, sex, and place and is considered as the vehicle for social transformation to realize the goals of our independence. Our Constitution guarantees several rights to women. Some of the policies for women development are as follows:-

### **1.7.1 Anganwadi Groups (1975)**

It has been formed by the Department of Women and Welfare for implementing health, nutrition and literacy programme for women. Credit is also extended to the members to involve them into income generating activities.

### **1.7.2 The National Plan of Action (1976)**

It was adopted in the year 1976. It became a guiding documents based on United Nations „World Plan of Action for women“ for the development of women in education, health,

employment, nutrition, legislation, social welfare and family planning. It was functioning till 1988.

### **1.7.3 The National Perspective Plan for women (NPP) (1988-2000)**

It was a long term policy document advocating a holistic approach for the development of women. It was drafted by a core group of experts associated with the development of women.

### **1.7.4 Swa-Shakti Project (1988)**

The scheme was started in the year 1988 with financial assistance from International Fund for Agricultural Development and International Development Association (IDA). It covers seven States namely- Bihar, Gujrat, Haryana, Jharkhand, Karnataka, Madhya Pradesh and Uttar Pradesh for a period of five years with an estimated outlay of Rs. 191.21 crores. The main objectives of the project are the establishment of self-reliant women's SHGs which will develop linkages between lending institutions for credit facilities for income generation activities.

### **1.7.5 Joint Forest Management Groups (1990)**

It is a partnership in management among State forest departments and local communities. Village communities in notified forest areas are formed into Vana Sanrakshan Samities (VSS) to protect and conserve forest and forest wealth. Under this programme social mobilization is being achieved. Village communities have been able to involve in alternative income generating activities.

### **1.7.6 The National Plan of Action for Girl Child (NPAGC) (1991-2000)**

It is an integrated multidimensional plan of action to ensure survival, protection and development of girl child and adolescent girls. For building up a strong nation, it is an important goal to achieve that all children have sufficient opportunities to grow up in an environment which is free from abuse, violence, poverty, exploitation, negligence etc. It is a policy which is made under the Constitution of India, committed for development and welfare of children, especially girl children.

### **1.7.7 The National Commission for Women (1992)**

It was set up in 1992 as a statutory body under the National Commission for Women Act, 1990 to look after and monitor all matters relating to the constitutional and legal safeguards provided for women. It also reviews the existing legislation and suggests amendments where necessary to protect the rights of women.

### **1.7.8 Mahila Samridhi Yojana (MSY) (1993)**

It was launched in the year 1993. It aims to promote the savings habit among rural poor women to enable them financially strong. Here the Government offers an incentive of twenty five percent on a deposit of rupees three hundred kept for a lock –in period of one year.

### **1.7.9 Rashtriya Mahila Kosh (RMK) (1993)**

It was established in 1993. It aims to provide micro-credit to poor women in a quasi formal manner for generation of income, production, involvement in economic activities etc. Its financial supports are channelized through various agencies like Non-Government Organization, Co-operative Societies, States Women development Corporations, States Government Agencies, Urban Women Co-operative Banks etc. to Self Help Groups.

### **1.7.10 Kudambashree Project (1998)**

This project has been launched by the Government of Kerala with the active support of the Government of India and NABARD to eradicate poverty from the State within ten years. It aims to combine the SHGs approach with demand led convergence of available services and resources to tackle the multiple dimension and manifestation of poverty. It is implemented through community based organization.

### **1.7.11 Swarnajayanti Gram Swarozgar Yojana (SGSY) (1999)**

It was launched in 1999 after restructuring and merging erstwhile Integrated Rural Development Programme (IRDPA) and its allied programme Training of Rural Youth for Self Employment, Development of Women and Children in Rural Areas (DWCA). It

was an integrated scheme for providing opportunities of self employment to the rural poor.

#### **1.7.12 Pradhan Mantri Jan Dhan Yojana (PMJDY) (2014)**

It was launched in 2014. It is one of the biggest financial inclusion initiatives in the world. It is an integrated approach to bring comprehensive financial inclusion and provide banking services to all households in India. It provides a platform for universal access to banking facilities with at least one banking account for every family, financial literacy and access to credit insurance and pension facilities. Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet at zero balance. It covers both urban and rural areas.

#### **1.7.13 National Rural Livelihood Mission (NRLM) (2011)**

NRLM was launched by restructuring SGSY in 2011. The main objectives to reach out to all rural poor families and link them to sustainable livelihood opportunities. NRLM will nurture them till they come out from poverty. For this NRLM will provide sensitive support structures at various levels. These structures will work to organize the poor, building their capacities, enabling them to access finance and other livelihood resources.

From March 2016 NRLM was renamed as DAY-NRLM (Deendayal Antyodaya Yojana NRLM). During the year 2021 DAY-NRLM has its footprints in 6769 blocks of 706 districts in 30 States and 6 UTs. It has mobilized a total of 8.01 crore women from poor and vulnerable communities into 73.19 lakhs SHGs.

### **1.8 Five Year Plans and Women Empowerment**

After independence the Government of India undertook Five Year Plans for rapid infrastructure, social and economic development by using natural and human resources for balanced and rapid growth. It aims to eradicate poverty, reduce regional disparities and proper utilization of natural and human resources.

**The First Five Year Plan (1951-56)** emphasized the philosophy to promote welfare of women. So women can play their vital and legitimate role in the family and in the society too. The Central Social Welfare Board (CSWB) was set up in 1953 to undertake a number of welfare measures through the voluntary sector.

**The Second Five Year Plan (1956-61)** focused to organize women into Mahila Mandal. So the organized women at grass root levels can take part in development activities to meet their financial needs and overcome poverty.

**The Third, Fourth Five Year Plans and other Interim Plans (1961-74)** emphasized on women education and health care of women and their child. A number of measures introduced to improve the physical and mental health of the mother and health care of their child including supplementary feeding for children.

**The Fifth Five Year Plan (1974-80)** was a shifting approach for women development from welfare to development to tackle the women's problems in the family and to aware the role of women in the society. It was an integration of welfare with development services.

**The Sixth Five Year Plan (1980-85)** was a historical landmark in the history of Women's development. It emphasized on three basic core areas namely women health, women education and women empowerment. All these development processes are still continuing.

**The Seventh Five Year Plan(1985-90)** was an attempt to bring women into the main stream of national development to increase their economic and social status. Another significant step was to identify the beneficiaries in different development sectors which extended direct benefits to women.

**The Eighth Five Year Plan (1992-97)** was also a shifting in approach from development to empowerment in approach to development schemes. It promised to ensure equal employment opportunities in different sectors, equal rights to work, equal remuneration

and equal facilities. As a result disparities can be reduced and women can participate more in the country's development process.

**The Ninth Five Year Plan (1997-2002)** was a progressive extension of the Eighth Five Year Plan. Some major steps like gender equality and empowerment of women were being taken. Swarnajayanti Gram Swarozgar yojana (SGSY) was launched in 1999 where women are encouraged to form a common group named Self Help Groups (SHGs) to meet their essential credit needs. The Government will assist financial and other training supports to that group.

**The Tenth Five Year Plan (2002-07)** was aimed at women empowerment through translating through translating the adopted National Policy for Women (2001) into action. The emphasized to ensure survival, protection and development of children through various rights as already adopted. The Tenth Plan mainly focused on three pronged strategies of economic empowerment, social empowerment and gender equality.

**The Eleventh Five Year Plan (2007-12)** focused to reduce disparities across the religions and communities by providing basic physical infrastructure, health care services and educational services to all. The plan also emphasized on better nutrition and health care of every women and children.

**The Twelfth Five Year Plan (2012-17)** noticed some drawbacks of Mahatma Gandhi National Rural Employment Guarantee Act. (MGNREGA) that whenever a development programme is universalized without sufficient preparatory work, support system and proper supervision; the universal development plan cannot attain its goals. Similar problems were faced with the SGSY scheme. To get rid off from the problems of SGSY, NRLM was launched in 2011 by restructuring SGSY. Here direct cash benefit not given

to SHGs, but provide interest subsidies to each group along with other SHGs promotional facilities. Again to promote SHGs functioning in better, NRLM renamed as Deendayal Antyodaya Yojana under National Rural Livelihood Mission ( DAY-NRLM) in 2016. It aims to promote SHGs at grass-root levels by providing training and other promotional facilities. It aims to try to solve the production and marketing problems of the SHGs' production. Different workshops, exhibitions, fairs etc. organized by the Government agencies where members of SHGs can easily participate and sell their products to increase their income.

**NITI (National Institution for Transforming India) Aayog** has been established on 1<sup>st</sup> January, 2015, by the government of India as an alternative to the previous Planning Commission in order to fulfill the needs of the people of India. Basically, it helps by providing valuable advices to the Central government and State governments in terms of economic sector, social sector for the eradication of poverty and rapid development of the country. It also examines and evaluates in time to time the level of improvement in the implementation of policies and programmes as initiated by the Government of India. NITI Aayog focuses on skill development and employment opportunities for the rural and urban poor. In the scheme of Deendayal Antyodaya Yojana under National Rural Livelihood Mission ( DAY-NRLM), the financial support of the Central Government is 75 percent, for North-Eastern States including Sikkim it is 90 percent and for Union Territories it is 100 percent.

### **1.9 Different Microfinance Models**

There are three different approaches identified in the evolution of microfinance in the world:

- (a) the Latin American model, i.e. co-operative model,
- (b) the Grameen Bank model, and
- (c) the SHG-based model.

Latin American model is a commercial model. It emphasizes on social and community development of poor women is totally missing. It may be of two types like village bank

model and credit union. The village bank model involves an implementing agency that establishes individual village banks with about 30 to 50 members and provides external capital for onward financing to individual members. Individual loans are repaid at weekly intervals over four months, at which time the village banks returns the principal with interest/profits to the implementing agency. A bank repaying in full is eligible for subsequent loans, with loan sizes linked to the performance of village bank members in accumulating savings and it is very much popular in Syria. On the other hand the credit union model is based on the concept of mutuality. It is in the nature of non-profit financial co-operative owned and controlled by its members. Credit union mobilizes savings, provides loans for productive and provident purposes and memberships are generally based on some common bond. The size of the credit union is 100 to 400 members and meeting held once in a month. It is very much popular in the Asian countries particularly in Sri Lanka.

The Grameen Bank model is basically centered on women and poverty and provides finance by careful targeting of the poor entrepreneurial women who are already doing small jobs. This model is a field intensive work by staff to motivate and supervise the borrower groups. Groups normally consist of five members who guarantee each other's loans and meets weekly. The key feature of the model is group based and graduated financing that substitute collateral as tools to mitigate default and delinquency risk.

On the other hand, the SHG-based model is the Indian variant of microfinance popularized and institutionalized by NABARD, through commercial and rural banking system. This model is indigenous in nature and it promotes development through SHGs. SHGs are the association of informal poor women workers of up to 20 members (average size is 14) who are engaged in informal sector. An SHG essentially pools together its members' savings and uses it for lending. It also seeks external funding as and when necessary. The terms and conditions and rate of interests of loans differ among SHGs, depending upon the democratic decisions of members. SHGs are promoted and supported by NGOs. Some NGOs act as financial intermediaries for SHGs, while others act solely as social intermediaries and help to facilitate linkages of SHGs with either licensed financial institutions or other funding agencies. NGO gets some financial support in

terms of grant from Apex Financial Institutions (AFIs) like NABARD and Rashtriya Mahila Kosh (RMK). Some NGOs who are following SHG promotion approach are MYRADA in Karnataka, Rural Development Organization (RDO) in Manipur, Professional Assistance for Development Action (PRADAN) in Rajasthan and Adithi in Bihar.

There are six different SHGs-Bank Linkage Models popularly functioning in West Bengal (Manab Sen, 2005):

SHGs-Bank Linkage Model-I where the NGOs act as a facilitator in linking SHGs with the banks and banks provide loans to the SHGs in proportion to their savings;

SHGs- Co-operative Linkage Model-II where the Primary Agricultural Society (PACS) promotes the SHGs as nominal members and finances them through DCCD;

SHGs-Bank Linkage Model-III where the NGOs act as a financial intermediary in the sense that it promotes the SHGs and provides them loan after availing the same from the bank in proportion to savings;

SHGs-Bank Linkage Model-IV where banks themselves promote SHGs and provide loans to them in proportion to their savings of the groups (help of Farmers' club);

SHGs-Bank Model-V where SHGs are organized under Government sponsored programmes like SGSY, IMY (Indira Mahila Yojana), Micro-watershed and Eco-development programmes;

SHGs-Bank Model-VI where SHGs are organized by NGOs and linked with apex institutions like NMDFC (National Minorities development and Finance Corporation), SIDBI (Small Industries development Bank of India), or an MFI (Microfinance Institution).

In India there are eight popular linkage models and are given below:

Linkage Model-I where no beneficiaries are directly communicated with the banks. Savings of the beneficiaries collected by SHGs and deposited into banks. Banks provide

loans to SHGs at its prescribed rate and SHGs provide loans to its members and interest rates decided by the members of the SHGs.

Modified Linkage Model-II where savings of the beneficiaries collected by SHGs and deposited into banks. Banks provide loans to the members of SHGs at its prescribed rate. SHGs have no role on interest rate of such loan.

NGO Model-III where NGOs are playing a support and linkages services to the SHGs and banks. Members' savings deposited to SHGs and credit taken by members from SHGs. SHGs deposit the savings amount into the bank and obtain loan from bank for credit to the members. NGO plays a liaison role between SHGs and banks.

Modified NGO Model-IV where NGO helps the members to obtain credit and grants from banks directly members also take loan from SHGs. NGO directly communicate members, SHGs and banks. NGO provide valuable information about Government grants to the members of SHGs.

Indirect NGO Model-V where savings of the members deposited into the banks by SHGs. Members can't take credit from banks. Credit obtained by NGO after consultation with the SHGs and raw materials and job works provided by the NGO to the members. This model is very much productive approach rather than credit approach.

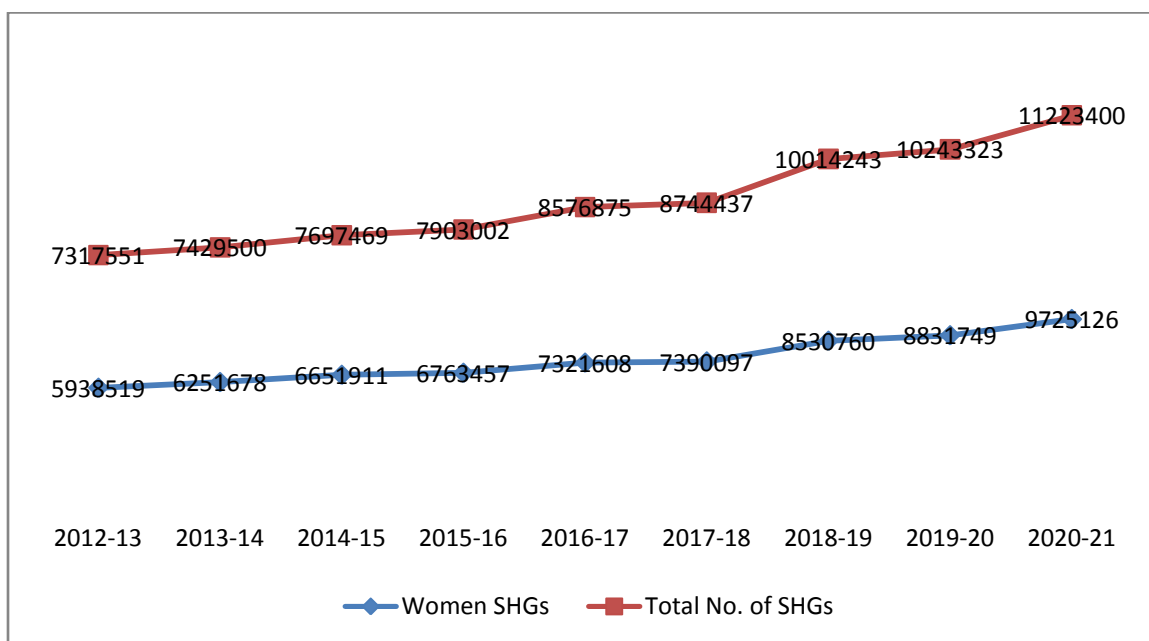
IFAD (International Fund for Agriculture Development) Model-VI here there are two supportive bodies like line departments and NGO who are directly involve regarding support and linkage services. SHGs members can obtain credit from banks with the help of line departments and NGO. Line departments are Government different departments like education, health, agricultural etc.

SGSY Model-VII where SHGs obtain credit from banks and provide the same to its members. DRDA (District Rural Development Authority) is a key man. DRDA directly communicated with all the stakeholders like SHGs, members, banks, line departments and NGO. Credit activities are made by banks and SHGs with the direct support and linkage services by line departments, NGO and DRDA.

SHPI (Self Help Groups Promoting Institutions) Model-VIII is almost the same of NGO model. Here NGO is replaced by VVV (Vikash Volunteer Vahini) Clubs/Facilitators. VVV Clubs/Facilitators mainly act to solve common rural problems like agricultural infrastructure, linkage support etc. Activities of VVV Clubs are sponsored by NABARD. E .g. RRB"s under NABARD scheme.

### 1.10. Status of Women in SHGs Movement in India

In India microfinance development extremely developed since 1999 after the launch of SGSY programme. The progress of microfinance movement is given below:

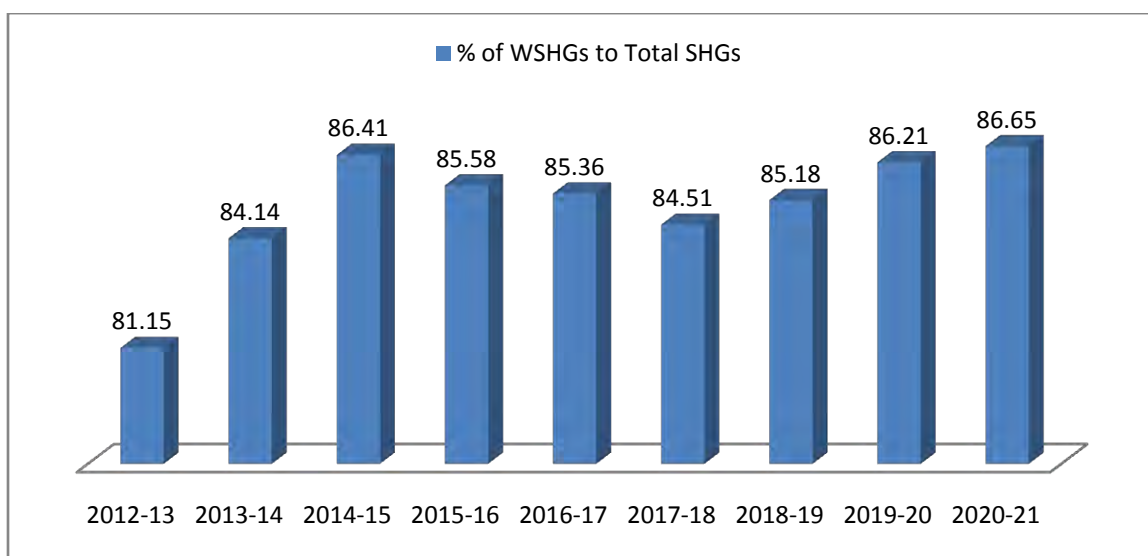


**Fig. 1.1 Progress of SHGs Savings linked with Bank**

Source: NABARD, Annual Report 2012-13 to 2020-21

Figure 1.1 depicts that there has been a continuous growth of number of SHGs savings with Bank. In 2012-12 the number of SHGs were 7317551, in 2016-17 it was increased to 8576875 and in 2020-21 it has been further increased to 11223400. The annual average growth rate (AAGR) is 5.1 percent. In the case of exclusive women SHGs there has been also a continuous growth of number of SHGs savings with Bank. In 2012-12 the number

of exclusive women SHGs was 5938519, in 2016-17 it was increased to 7321608 and in 2020-21 it has been further increased to 9725126. The annual average growth rate (AAGR) in case of exclusive women SHGs is 5.9 percent.



**Fig. 1.2 Percentage of Exclusive Women SHGs to Total SHGs in India 2012-13 to 2020-21** Source: NABARD, Annual Report 2012-13 to 2020-21

Figure 1.2 reflects the percentage of women SHGs to total SHGs. In 2012-13 it was 81.15 percent, in 2016-17 it was 85.36 percent and in 2020-21 it has been increased to 86.65 percent. It can be easily said that SHGs in India are fully dominated by women.

### 1.11 Statement of the Problem

Women have been oppressed educationally, socially, economically etc. for a long period of time in spite of their capability and potentiality. They are still exploited in the family as well as in the society. Various religious, social and cultural problems are responsible for their backwardness. We can see that they are to take various responsibilities in the family and in the society, but they are restricted to give adequate participatory or decision making power in the family as well as in the society. Although our government has

adopted various steps, schemes and enacted different legislations from time to time for the development and empowerment of women for equalities and reduce gender disparities.

After 2001 which was declared as the “Women Empowerment Year” in India the progress of SHGs has been improved in terms of group formation, Bank-Linkage Programme, loans disbursed and savings etc. It has been also noticed that income generation activities have been increased resulting economic empowerment and decision making power in the family as well as in the society. Their rate of participation in all fields has been considered as an important land mark for the development and empowerment of women.

The SHGs-BLP (1992) did not get importance, but after the launch of the SGSY scheme in 1999 there has been a remarkable growth of SHGs activities. NRLM/NULM (National Rural Livelihood Mission / National Urban Livelihood Mission ) set up in the year 2011 restructuring SGSY and again NRLM/NUML renamed as DAY NRLM/DAY NUML (Deen Dayal Antyodaya Yojana NRLM/ Deen Dayal Antyodaya Yojana NUML) in 2016 with some modifications, promotional schemes, incentives etc. Now both the Central and State Government, department of Rural Development, NABARD, different commercial banks, regional rural banks, co-operative banks, different government agencies, various NGOs are working in an integrated way for financial inclusion and promotion of SHGs at grass-root level.

With this background, the present study shall focus on the financial activities of the members of the SHGs. Further the present study views the women development programmes as an essential tools and techniques for development at grass-root level. Therefore, the present study will help for policy making process or knowledge relating to financial inclusion for development and empowerment of poor women in India.

### **1.12 Research Methodology**

Methodology is an important part in every research work. Methodology is a process by which a researcher can proceed step by step to fulfill the objectives, research design, research hypotheses of the research work. It is the road map by which a researcher can complete the entire journey of research work. Valuable outcomes, suggestions and conclusion can be drawn through proper methodology.

### **1.13 Objectives of the Study**

The main objective of the study is to examine the role, overall performance, efficiency and management of some selected SHGs in Jalpaiguri district. This study would investigate into the economic as well as social impacts of the SGHs on women development and empowerment and also investigate the impact of interrelationship between different MFIs and SHGs. This type of study in the district of Jalpaiguri has not been done earlier. Hence, suggestions emerging out of the present study may help, organize, aware, and guide them to proceed in a new path. The specific areas to be dealt with in the study would be as follows:

- (a) To identify various factors affecting the promotion of SHGs.
- (b) To observe the status and position of SHGs in village economy and in the society as well.
- (c) To identify the benefits enjoyed by the beneficiaries from the SHGs.
- (d) To observe the financial health of the beneficiaries of the SHGs.
- (e) To examine the credit policies of the financing institutions.
- (f) To find out the relationship between SHGs and MFIs (Microfinance Institutions).

- (g) To examine the repayment behavior of the beneficiaries of the SHGs.
- (h) To assess the impact of SHGs on decision making process in the family after joining SHGs.
- (i) To observe the status and position of the beneficiaries in the society after joining SHGs.
- (j) To examine the management and control policy of SHGs.
- (k) To identify various barriers and problems which hinder the activities, management, policy implementation and progress of SHGs.

#### **1.14 Hypotheses**

The following hypotheses have been tested in this research study:

- I. There is no significant change in the mode of occupation of the beneficiaries before and after joining SHGs.
- II. There is a significant change in the economic empowerment of the beneficiaries before and after joining SHGs.
- III. Beneficiaries of Dhupguri block are performing better than Jalpaiguri and Nagrakata in terms of SHGs' activities.
- IV. There is a significant change in the social empowerment of the beneficiaries after joining SHGs.

#### **1.15 Structure of Methodology**

The structure of the methodology for the present study can be divided into three parts:

- (i) Pre-field work, (ii) Field work and (iii) Post-field work.

The pre-field work is the base of field work. In this part literature review and background of the present study help the researcher to proceed towards field work. Sometimes, a researcher may visit to the probable respondents to assess the ground reality of the study area. This is called pilot survey. It helps to frame appropriate questionnaire that are to be asked during field work for valuable outcomes of the research work.

Field work is an important hard work in every research work. On the basis of the pilot survey and literature review a structured questionnaire has been prepared and administered to the respondents. Both the individual respondent and group respondents have some positive and negative aspects. It is better to ask individual respondent than group respondent. In case of group respondents any individual may hesitate or be influenced by others.

Besides, primary data collected during 2015 & 2016 the study requires secondary data. Secondary data have been collected from DRDC Jalpaiguri, District Census hand book, West Bengal Human Development Report, NABARD Annual Report; Status of Microfinance in India, Books, Journals, RBI Bulletin , website, etc.

After collection of the primary and secondary data these have been checked and edited and tabulated in SPSS form for statistical analysis.

This analysis is based on both descriptive statistics (like cross table, percentage, average (mean), standard deviation, correlation coefficient and regression analysis and inferential statistics (like testing of hypothesis or test for significance).

Descriptive statistics involves the following:

- (a) Cross table (Two way and Three way frequency table) along with percentage,
- (b) Mean and standard deviation,
- (c) Correlation coefficient,
- (d) Regression analysis,
- (e) Time series (trend) analysis, slope of the linear trend is the average annual rate of growth (AAGR) and
- (f) Mean $\pm$ S.D. chart etc

Inferential statistics involving testing of hypothesis or test for significance utilizing the following statistical tests:

- (a) Chi-square ( $\chi^2$ ) test for (i) test of homogeneity and (ii) test for independence,
- (b) t test for testing (i) significance of correlation coefficient (ii) significance of regression coefficient and slope of trend equations,
- (c) Paired t test for testing of equality of means of paired variables,
- (d) F test (Analysis of Variance (ANOVA) test) with Post Hoc (Tukey) for testing equality of means of several independent populations and
- (e) z (standard normal) test for testing the hypothesis that two categories are equal.

IBM SPSS version 21 and Microsoft Excel have been used for data analysis.

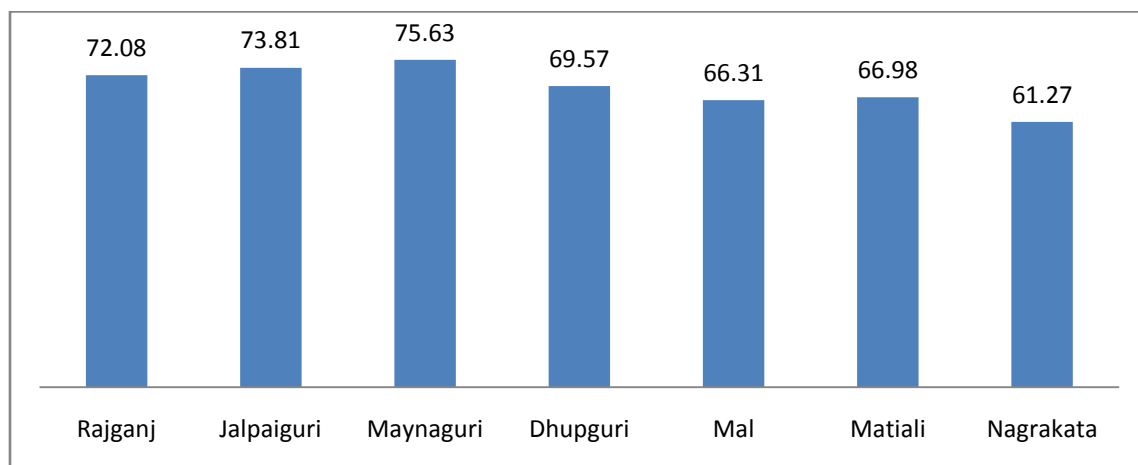
Upper limit of P-value has been considered as 0.05 (5 percent).

In calculation of Chi-square ( $\chi^2$ ), expected cell frequency should not be less than 5, in those cases, rows and/or columns have been merged so that the merged cross table contains all the expected frequencies greater than or equal to 5 and corresponding P-value have been provided.

Square of correlation coefficient ( $R^2$ ) is called the coefficient of determination which is one the measure of goodness of fit for regression equation.

In case of test of hypothesis or test for significance, significance means prominent.

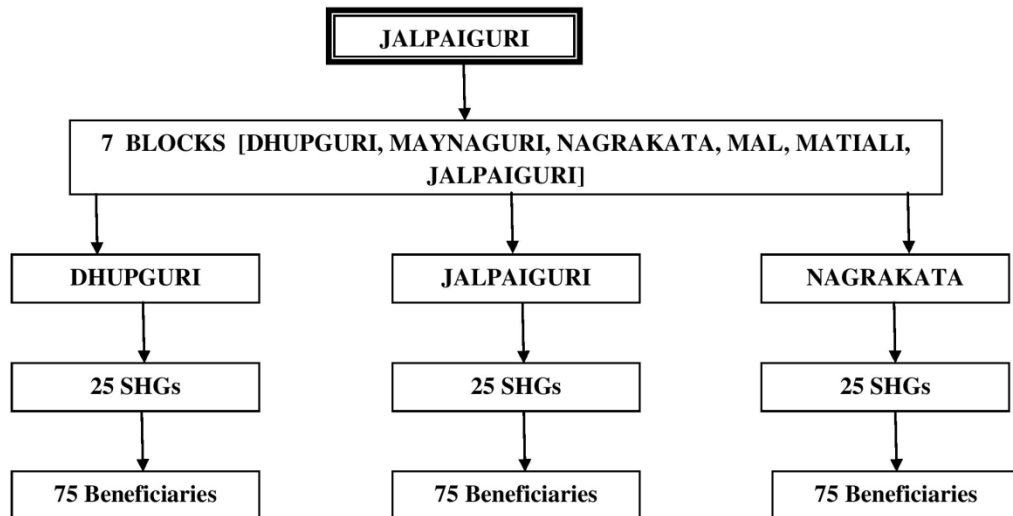
### 1.16 Selection of Blocks:



**Fig. 1.3 Literacy Rate of Rural Population of CD Blocks 2011.**

Source-Census of India, 2011

Three CD Blocks have been chosen on the basis of literacy rate. One block has been chosen out of the two highest literacy rate blocks and in the same way one block has been chosen from the lowest literacy rate two blocks and the remaining one block has been chosen from the remaining three moderately literacy rate blocks. Jalpaiguri (73.81) chosen from the highest two Nagrakata (61.27), chosen from the lowest two and Dhupguri block (69.57) has been chosen from the remaining three moderately literacy rate blocks.



After selecting the three blocks, twenty five SHGs have been randomly selected from twenty five villages of each three blocks and then three beneficiaries have been randomly chosen from each SHG. Therefore, total sample size is  $75 \times 3 = 225$

### 1.17 Chapterisation

The present study entitled Microfinance Institutes Self Help Groups Linkages- A study on the role of some selected SHGs of Jalpaiguri District in West Bengal.

The first chapter contains introduction. It includes elements of rural development, national policies on women empowerment, gender concern at International level and in India, SHGs-Bank linkage programme in India, different microfinance models etc. and methodology, research design and chapterisation etc.

The second chapter represents the current review of literature on women empowerment through SHGs and Microfinance.

The third chapter deals with the profile of Jalpaiguri district including sample CD Blocks.

The fourth chapter represents the Present Status of Microfinance in India.

The fifth chapter represents Microfinance Institutions (MFIs), Self Help Groups (SHGs) - Bank Linkage Programme (BLP) and Women Empowerment in India.

The sixth chapter represents Socio-Economic Characteristics of Sampled Beneficiaries.

The seventh chapter deals with Women Empowerment after joining Self Help Groups (SHGs).

The eighth chapter deals with Summary of Findings, Suggestions and Conclusions.