

GENDER AND DEVELOPMENT: SHG'S, WOMEN WORKERS, AND ENTREPRENEURS

Biswajit Chatterjee* & Sangeeta Kundu (Paul)**

Self-Help Groups are the voluntary organizations which disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. In India, the Self-Help Groups are promoted by N.G.O.s, banks and co-operatives. The National Bank for Agriculture and Rural Development (NABARD) launched a pilot project for linking SHGs in February, 1992. The Reserve Bank of India advises the commercial banks to participate actively in the linkage programme. Normally, after six months of existence of SHGs and after collecting a sufficient thrift fund, the Group approaches the link banks (either commercial or co-operative) with its credit plan. The NABARD gives 100 per cent refinance to the Banks on their lending through the SHGs.

Keyword: Micro Finance, SHGs

INTRODUCTION

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labor in the main stream of economic development. Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers social, political, economic and social aspects. Of all these facets of women's development, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society. India has experienced the role of SHGs in uplifting the socio-economic conditions of rural poor, particularly women.

In recent years, the group model has become one of the most widely adopted means for alleviating rural poverty in India and many other developing countries. Groups are used as a channel for both individual and community development through people's self-effort and self-reliance. Micro-credit groups and self-help groups are some examples of the group-based models for community and women's development. Groups have been found particularly relevant for poor women in the rural areas where they are formed and nurtured to empower them both economically and socially. The formation, functioning and sustainability of groups, however, depend on cooperation. Group is an essential ingredient of cooperation.

This article is an evaluation of women's Self Help Groups (SHGs) in selected districts in West Bengal. Groups were evaluated, not in terms of their success as microcredit schemes, from a financial perspective, but in relation to their contribution to gender development. Evidence emerged that women perceived changes in their identity towards working collectively to influence for change at the village and *panchayat* levels.

Community Development, Self-Help Groups

Group work achieves more than bringing people together; it embodies cooperation and involves encouraging people to work with each other, developing structures that make people more dependent on each other to get things done, and developing ways in which every person can contribute and be valued

*Professor of Economics Jadavpur University Calcutta, Email : chatterjeeb@vsnl.net

**Planning and Development Unit, Department of Economics Jadavpur University ; Email : skundupl@yahoo.co.in

by others. Group processes that emphasise inclusiveness, building trust and developing a common sense of purpose are all critically important in community development (Ife, 2001, p. 139; Putnam, 1993). The success of these efforts depends on the members' ability to establish cooperative relationships based on mutual trust in each other and in outsiders, such as community workers and other agencies.

Through the self-help group (SHG) model in India, women are organised as collectives for achieving the goals of sustainable community development (Purushothaman, 1998, p. 80). SHGs formed by women are a form of micro-finance group that relies on the members' cooperative action to build a community of women for economic development and to challenge their structurally defined gender roles. Self-help embodies teamwork and collective action. The ability to engage in collective action becomes particularly challenging for communities marked by diversity, internal differences and consequent mistrust of each other. Anthony (2005) examined how group identity, sanctions and reciprocity facilitate cooperation in micro-credit groups and found that only reciprocity limits loan delinquency and is associated with group longevity.

Studies have looked at the economic empowering potential of microfinance groups (Fernando, 2006; Mahmud, 2003; Mayoux, 2001) and the psychological empowering potential of other forms of SHGs, such as citizen's groups for civic affairs and mental health patients and their families (Cheung, Mok and Cheung, 2005; Zimmerman and Rappaport, 1988). The ability of the group members in establishing links or networks (Mayoux, 2001) or in acquiring financial skills and social control (Fernando, 2006; Mahmud, 2003; Mayoux, 2001) have been explored in micro-credit groups. Other authors have emphasised the needs for training and capacity-building (Chakrabarti, 2004) and building of community solidarity (Berner and Phillips, 2005). Ito (2003) examines social capital in horizontal and vertical relationships. Shylendra (1999, pp. 13–32) discusses the role of motivation and other locational factors in SHG formation and their financial viability, but the role of trust as a social product and as a variable is not examined. Fukuyama (2001) maintains that all groups embodying social capital have a certain radius of trust, that is, trust exists in the circle of people among whom cooperative norms operate. Motivation, development of solidarity and cooperation leading to community development are heavily dependent on trust— often generated by and built upon the existing levels of trust. This aspect in group-oriented development remains unexplored and it will be examined later with reference to women's participation in SHGs in India.

Meaning of Empowerment

Empowerment is not essentially political alone; it is a process having personal, economic, social and political dimensions with personal empowerment being the core of the empowerment process. In fact political empowerment will not succeed in the absence of economic empowerment. The Scheme of Micro-financing through SHGs create empowerment promoting conditions for women to move from positions of marginalisation within household decision making process and exclusion within community, to one of greater centrality, inclusion of voice.

The Social processes of Micro financing programmes strengthens women's self esteem and self worth, instill a greater sense of awareness of social and political issues leading to increased mobility and reduced traditional seclusion of women. Most importantly micro-finance programmes enable women to contribute to the household economy, increasing their intra-household bargaining power. Thus, micro financing through Self-help groups has transferred the real economic power in the hands of women and has considerably reduced their dependence on men. But the lack of education often comes in the way and many a times they had to seek help from their husbands or any other educated man/ woman for day-to-day work. The political as well as economic empowerment will not succeed in the absence of women education in skills and vocations they require the most.

The Governments in developing countries therefore must take effective steps to enroll the members of SHGs in the Schemes of open schooling or any other distance mode to impart education. Although it is also true that economic empowerment alone does not always lead to reversal in gender relationship.

SELF-HELP GROUPS AS AN INSTRUMENT OF ECONOMIC EMPOWERMENT

Self Help Groups (SHG) is group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. Generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas have to be identified by the State Level SGSY Committee and the above relaxation in membership will be permitted only in such areas.

Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. This is expected to help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members are not eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.

Features of SHGs

A variety of group-based approaches that rely on social collateral and its many enabling and cost-reducing effects are a feature of modern microfinance (MF). It is possible to distinguish between: (a) groups that are primarily geared to deliver financial services provided by microfinance institutions (MFIs) to individual borrowers (such as the joint liability groups of Grameen and the NGO-banks of Bangladesh); and (b) groups that manage and lend their accumulated savings and externally leveraged funds to their members.

While the term 'self-help group' or SHG can be used to describe a wide range of financial and non-financial associations, in India it has come to refer to a form of Accumulating Saving and Credit Association (ASCA) (after Bouman, 1995) promoted by government agencies, NGOs or banks. Thus, SHGs fall within the latter category of groups described above.

A distinction can be made between different types of SHGs according to their origin and sources of funds. Several SHGs have been carved out of larger groups, formed under pre-existing NGO programmes for thrift and credit or more broad-based activities. Some have been promoted by NGOs within the parameters of the bank linkage scheme but as part of an integrated development programme. Others have been promoted by banks and the district rural development agencies (DRDAs). Still others have been formed as a component of various physical and social infrastructure projects. Some of the characteristic features of SHGs who are engaged in microfinance activities are given below:

- An SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.

- Most SHGs are women's groups with membership ranging between 10 and 20.
- SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline.
- SHGs are self-managed institutions characterized by participatory and collective decision making.

NGO-promoted SHGs were often nested in *sanghas* or village development groups undertaking integrated development activities. As they have developed, SHGs or *sanghas* have been grouped into larger clusters and multi-village federations for financial and nonfinancial activities.

At national level, there is no single authority, which compiles basic data for the different kinds of SHGs in the country. There are variety of SHG schemes in India of which the following schemes are important: (a) SGSY (Swarnjayanti Gram Swarozgar Yojna);(b) NABARD (National Bank for Agriculture and Rural Development),(c)AHVY (Ambedkar Hastshilp Viaks Yojna), (d)Swayamsiddha ,(e)Swa-Shakti, (f) RMK (Rashtriya Mahila Kosh), (g)MFIs (Microfinance Institutions) .The main programmes of SHGs in India are :

To provide access to credit to their members;

To help to promote savings and yielded moderate economic benefits;

To reduced the dependence on moneylenders; and

To result in empowerment benefits to women.

SHGs are member-based microfinance intermediaries inspired by external technical support that lie between informal financial market actors like moneylenders, collectors, and ROSCAs on the one hand, and formal actors like microfinance institutions and banks on the other. Other organizations in this transitional zone in financial market development include CVECAs and ASCAs.

A Self-Help Group (SHG) is a registered or unregistered group of micro entrepreneurs having homogenous social and economic backgrounds, voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by microfinance institutions. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

Goals

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

Bank-SHG linkage models

Since the introduction of financial sector reforms in 1991 the banks are using these distinct linkage models to finance SHGs.

1. Model I: - Banks provide micro finance to non-governmental organization (NGOs) for lending to SHGs and ultimately to the micro entrepreneur (It covers about 27% of SHGs)

2. Model II: - Banks provide direct financing directly to SHGs for on landing to micro entrepreneur (It covers 17%)

3. Model III: - Banks finance directly to SHGs for on lending to micro entrepreneur with the intervention of NGO as social mobilizers and facilitators (It covers 56% of SHGs).

4. Model IV: - The fourth model envisages bank loans directly to individual members of SHGs upon recommendations of the SHGs and NGO. In this case, the NGO assists the Bank in monitoring supervising and recovery of loans.

NABARD's 'SHG Bank Linkage Programme

Many self-help groups, especially in India, under NABARD's SHG-bank-linkage program, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments.

This model has attracted attention as a possible way of delivery microfinance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest."¹

NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members, that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. These states accounted for 57 % of the SHG credits linked during the financial year 2005-2006."

NABARD is also known for its 'SHG Bank Linkage Programme' which encourages India's banks to lend to self-help groups (SHGs). Because SHGs are composed mainly of poor women, this has evolved into an important Indian tool for microfinance. As of March 2006 2.2 million SHGs representing 33 million members had to been linked to credit through this programme.

Advantages of Financing Through SHGs

An economically poor individual gains strength as part of a group. Besides, financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel (to & from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.

CREDIT LINKAGE

Purpose of Credit

Loan may be granted to SHGs for various purposes as may be decided by the group for interlending. The loan component may include consumption expenditures also to enable smoothing of consumptions as needed relative to time profile of income flows. However the branch should counsel the group leaders to utilize the loan for productive purposes.

Drawing power of Credit

The account should be reviewed at the interval of every 6 months. The drawing power should be fixed and higher corpus-credit ratios (as depicted in the table above) may be allowed at the time of such review depending upon the corpus of SHG and considering credit absorption capacity and risk taking ability, repayment capacity and ability of the individual members etc. While allowing credit limit to individual SHG, the deposit kept in the SB A/c is not be withheld as security. The SHGS are at liberty to withdraw fund from their SB A/c as and when required. Loan should be sanctioned in the name of the group and not in the name of individual members.

Group corpus will include the balance in SB Account, outstanding balance in the members loan ledgers (loan extended out of balance in the SB account of the group only and not out of Bank loan), cash held by authorized person(s) and any other contribution received by SHG as grant, donation and fund received in the form of subsidy.

Credit facility will be in the form of cash credit/overdraft depending upon the productive activity undertaken. Under no circumstances credit limit should be fixed with reference to the period more than 36 months under one stroke. The applicable rate of interest will be fixed in terms of the extant guidelines on the Bank issued from time to time.

Discussing Problems

In every meeting, the SHG should be encouraged to discuss and try to find solutions to the problems faced by the members of the group. Individually, the poor people are weak and lack resources to solve their problems. When the group tries to help its members, it become easier for them to face the difficulties and come up with solutions.

Empowerment Activities of Self Help Groups

SHG is group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. The group formation will keep in view the following broad guidelines :

- Generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas have to be identified by the State Level SGSY Committee and the above relaxation in membership will be permitted only in such areas.
- Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases , where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.

- The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process.
- The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.
- The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund.
- The group corpus fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.
- The members in the group meetings should take all the loaning decisions through a participatory decision making process.
- The group should be able to prioritise the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanee.
- The group should operate a group account preferably in their service area bank branch, so as to deposit the balance amounts left with the groups after disbursing loans to its members.
- The group should maintain simple basic records such as Minutes book, Attendance register, Loan ledger, General ledger, Cash book, Bank passbook and individual passbooks.

CASE STUDIES OF WEST BENGAL

We present below the empirical findings of the fieldwork done in three districts of West Bengal.: North 24 Parganas, Bankura and Malda. Data were collected through semi-structured interviews, informal group discussions, document analysis and observation of SHG members and NGO officials. Participants were selected from the members of the SHGs formed under the guidelines of a development project (RWDEP: Rural Women's Development and Empowerment Project) in India. The objective of the development project was to assist women's development through SHGs by providing access to credit and raising consciousness and awareness. All the participants for the study belonged to groups that were at least three to four years old. The experiences of the women in the groups provided several interesting insights.

I. North 24 Parganas

The sample design was pilot tested in six blocks in the district of **North 24 Parganas**. The main field work was carried out between July 2009 and October 2009. The study team was sensitive to the fact that long interviews, particularly with SHG members, would impose an unwarranted burden on their time. Indeed, in several cases, feedback suggested that SHG members would have to forego work opportunities to meet with the study team. As far as possible, we adapted the field schedule to times convenient to group members. In most SHGs, women were happy to meet with the team, it seemed all members wanted to be part of the discussion - without any expectation of financial contributions or other inducement. Among these 158 SHGs, we have randomly selected 649 household members for our survey

In our sample survey we have taken into consideration 6 blocks - (1) Haroa, (2) Bongaon, (3) Habra I, (4) Barasat I, (5) Sandeshkhali II and (6) Hingalgaunge.

The selection of SHGs in the sample was guided by the criteria that SHGs should: (i) Be rural; (ii) All women groups; (iii) Usually have had bank savings accounts for at least 6 months, with some external

borrowing (from local banks or MFI intermediary);(iv) Have been promoted by different SHPAs - NGOs, banks and government agencies (v) Include tribal SHGs;(vi) Exclude SGSY groups. In the present study we have selected *158 SHGs in 39 villages of the 6 blocks in the district North 24 Parganas.*

The findings of field survey of women members of SHGs in the district of North 24 Paraganas , West Bengal provides insights on the conditions of living of the poor rural women in the district, which have shown signs of improvements in income , assets and empowerment after their membership with SHGs under different schemes, but the improvements in the last two to three years have not been very rapid and impressive. The direction of movements is, however, positive, and the government should take supportive steps to remove infrastructural constraints so as to enable these SHG members to improve their livelihoods and alleviate poverty and diminish vulnerability through the micro-financed induced income generation activities .One such constraint is the lack of marketing facilities for the local products that these self-engaged women households produce , which act as hindrance to the realisation of their income from such activities.Further, the training imparted through the schemes in both the district covered thinly the members of SHGs and the government should strengthen measures to expand the coverage of training programmes in these districts.

Recommendations

The micro-finance schemes through the SHGs in the district of North 24 Paraganas in West Bengal have ushered in the process of economic rejuvenation of poor female households , who could reduce the incidence of abject poverty through participation in income generating activities. There is also the evidence of slow but steady improvements in the living standards of these poor households , as their dependence on exploitative village money lenders have sharply diminished , although not totally eliminated. The success stories of these female households through membership of the SHGs needs to be spread across other villages and certain policy interventions are necessary to strengthen the process of income generation of these poor female members of the population.

- First and foremost challenge before the SHGs is the marketing channels through which the products of their loan finance activities needs to be sold so as to sustain the flow of income. Many household enterprises including dairy and poultry products , could not find markets in their locality which constrains their economic activities. Government must made arrangements for adequate marketing of their products so that they could fetch remunerative prices.
- The skills formation of these artisan activities engaged in by the SHG members is an important part of enhancing their capabilities to face off the shocks of distress like crop failure. From other schemes , the government must arrange for adequate training of these members of SHGs so as to improve their skills and enable them to produce at low costs so as to survive in the market.
- Since most the female members of the BPL households come from agricultural occupations , as also the male members of their households are primarily engaged as agricultural labourers , the conditions of poor vulnerable BPL households can be improved only if the wage rates of such occupations could be enhanced through improvement in the productivity of agriculture . The micro-finance programme operated through the SHGs cannot address this problem—the government through other income and employment generating programmes of rural development and expansion of infrastructural facilities in agriculture could usher in the process of improving the productivity in agriculture and ensure upward revision of wage rates of agricultural labourers in the region.

- The replicability of micro-credit programmes through SHGs in other districts of the state would require organizational change so as to expand the formation of SHGs by female households and expansion of activities for which the SHGs could effectively take part through its group lending programmes, and ensure marketing facilities so that these activities could be sustained over a longer period of time.
- Regarding the experience of banks on credit outreach, transaction costs, recovery performance etc, we have found that Self Help Groups nowadays become very popular among the poor villagers in the sample district. They now understand the benefits of becoming a member of SHGs. So many people want to become the member of SHGs. But the shortage of employee in the banks slows down the process of bank-SHG linkage in different areas. The minimum loan amount is given by 1:1 ratio with group corpus. And maximum amount is 1:4. The bank transfers the loan amount in the cash credit account from where the members can withdraw their necessary amount. The members repay their loans regularly. But the bank cannot tell the repayment amount of loan because of transaction in cash credit account. But bank always monitor on the repayment pattern of the group members.
- In Bongaon block of our survey area, all of the surveyed SHGs have passed 1st grading and two of the surveyed groups have passed 2nd grading. The recovery rate of loan is 100%. But according to the bank, some of the groups which we did not survey have a tendency to recover only the rate of interest which is not a very good sign in the long run. In Haroa block all of the surveyed SHGs have passed 1st grading and three of the surveyed groups have passed 2nd grading. The recovery rate is satisfactory in this block. In Barasat block, all of the surveyed SHGs have passed 1st grading and the recovery rate are satisfactory in this block. The main constraint in this locality is the limitation of staffs in bank and the vastness of the area covered by the bank. In Hingalganj block, all of the surveyed SHGs have passed 1st grading except one group and two of the surveyed groups are appearing for the 2nd grading. The recovery rate is satisfactory in this block. There are some local constraints like shortage of staff in the bank, vastness of the area covered by the bank, absence of electricity, poor condition of transports and distance of this locality from the main land.
- Regarding experience of group members on their handling of savings and credit products and validation of the norms under the programme, we have found that the typical microfinance clients are low-income persons that do not have access to formal financial institutions. Microfinance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade.
- Access to conventional formal financial institutions, for many reasons, is directly related to income: the poorer you are the less likely that you have access to formal credit. On the other hand, the chances are that, the poorer you are, the more expensive or onerous informal financial arrangements that you encounter. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude the poor members anyway. Individuals in this excluded and under-served market segment are the clients of microfinance. Experience shows that microfinance can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. The programme has enhanced the empowerment process of poor women in the locality by expanding their decision making power and enabling them to participate in income earning process.

- Poverty is multi-dimensional in nature . By providing access to financial services, microfinance plays an important role in the fight against the many facets of poverty. For instance, income generation from a business helps not only the business activity expand but also contributes to household income and its attendant benefits on food security, children's education, etc. Moreover, for women, who, in many contexts, are secluded from public space, transacting with formal institutions can also build confidence and empowerment.
- Our research has revealed the extent to which individuals around the poverty line are vulnerable to shocks such as illness of a wage earner, weather, theft, or other such events. These shocks produce a huge claim on the limited financial resources of the family unit, and, absent effective financial services, can drive a family so much deeper into poverty that it can take years to recover.
- Banks have been given freedom to formulate their own lending norms keeping in view ground realities. They have been asked to devise appropriate loan and savings products and the related terms and conditions including size of the loan, unit cost, unit size, maturity period, grace period, margins, etc. Such credit covers not only consumption and production loans for various farm and non-farm activities of the poor but also include their other credit needs such as housing and shelter improvements.
- After the creation of bank account the internal loaning and repayment have been started within the group. Usually after 6 months of creation of the bank account, the members of the SHGs are called for a gradation by bank. In the time of gradation the following things are examined by bank:-
 - (1) Composition of the group measured by the homogeneity among members, (2) Age of the group, (3) Frequency of group meetings, (4) Attendance if members, (5) Maintenance of minute book, (6) Participation in group discussion, (7) Frequency of savings, (8) Savings and loan recovery (mode of collection), (9) Style of functioning and group decisions, (10) Sanction and disbursement of loans, (11) Interest on SHG loans, (12) Utilization of saving for loaning, (13) Recovery of loans, (14) Books of accounts and (15) Knowledge of by laws group rules.
- Each of the above fifteen categories carries maximum 10 marks. SHGs scoring more than 120 marks out of maximum of 150 marks are chosen for credit linkage and SHGs scoring less than 120 marks are chosen for further development before linkage usually after 3 months. The norms for validation of activities by the SHGs are found to be maintained in the sample SHGs of our study.

II. BANKURA DISTRICT

In order to investigate the role of Self Help Groups to reduce poverty and vulnerability of the rural women we have chosen Bankura district of West Bengal. The scenario in Bankura district reveals that there are basic problems of high poverty, low per capita income, low growth and low agricultural productivity as a whole. Major areas of the district get no assured source of irrigation and cultivation depends solely on rainfall. In the district as a whole a substantial portion of working force are landless labourers who live below poverty line. The literacy is low and there is high level of ignorance among people on important aspects like health, nutrition and education. If we look at operational holdings then, average size holdings in the district is 1.02 acre. Actually in the Bankura district, marginal and small land holding class together constitutes nearly 90% of the total land holdings. Considering the poor irrigation facilities, low fertility and low productivity, we cannot call such holdings as economic holdings. Actually the economy of Bankura district is predominantly agrarian. Moreover the crop pattern is tilted heavily towards paddy cultivation using the traditional agricultural policies.

SHGs in Bankura

The SIPRD Survey (2003) focused on the present performance and future scope of self-help groups (SHGs) in seven blocks of Bankura District. The District Programme Officer (DPO), ICDS, Bankura conducted a survey of Sayamsiddha groups across Bankura district in 2005. These two survey reports provide information about the role of SHGs in Bankura District for the period 1997-2005..A total of 7421 SHGs (including SGSY groups) have been formed in the twenty-two blocks of Bankura district upto the end of the financial year 2004-2005. Among these groups, seventy were formed between 1997-2000 and the rest were established between 2001-2005. All these SHGs, after being formed, open a bank account on behalf of the group, where each group member deposits equally and regularly the sum decided by the group.

The SHGs in Bankura perform the activities like (1) granting credit to members (against the bank deposits the groups may avail of bank loans for different purposes), (2) initiation of income generating activities in agricultural, manufacturing and trading sector and (3) upgrading the quality of the existing roads, schools, ponds, grounds, buildings etc. (4) provide any other loan to tide over any family crisis. For example, the group with highest savings in the districts, Banagram Sayambhar Mahila Group, G.P.-Andharhole, Block-Bankura-I with savings of Rs. 2,41,641 has reportedly taken up income generating activities like goat rearing, cattle rearing, duckery, cattle trading, 'bhachati' (making rice by parboiling paddy in exchange of some payment either in kind or in cash) cooking Mid-day-meal, grocery and vegetable cultivation. In addition to rendering financial autonomy to members through these activities, the group has also contributed to improve the condition of village infrastructure-the members are involved in various programmes to improve the health conditions of women and children. The group has made a 'grain gola' and a tube well with its own initiative. As a part of social involvement, the groups often help AWWs to look after and care the children, settling family disputes, organizing activities for improvement of women's and children's health care, formation of 'grain gola', etc. The Bhatari Malpara mahila group has been reported to take successful action against alcohol producing centre ('Mad Bhata'). The groups also work for health caring of women and children improvement of water supply condition, protection of housewives from domestic violence and prohibition of use and production of alcohol. Self-help groups in Indpur, operate on activities like cattle rearing, piggery, goat rearing, spices grinding, duckery, poultry, 'bhachati business', tailoring etc. The Puara IMK group of Bheduasole GP has been running a telephone both under group initiation.

Sample SHGs : The present study is on the SHG groups in Bankura District of West Bengal. In this study, we analyze the living conditions of the poor women households and their vulnerability to poverty and deprivation related shocks and try to assess whether the micro-credit programme of the SHGs in Bankura district of West Bengal has helped the beneficiaries to reduce their vulnerability on the basis of information collected through field surveys and secondary data. Our sample was 181 SHG member-households, scattered over thirteen blocks of the district on the basis of purposive selective sampling. In our sample for Bankura, we have classified grade-I passed, , grade I not passed categories, including ordinary members and group leaders. We have excluded Grade-II passed categories of SHGs from our samples, as their incidence in the entire district is very small. From the sample data, we have found the incidence of poor and vulnerable groups, although we could not make any inter-temporal comparison regarding the incidence of vulnerability or otherwise in the absence of baseline information.

We have chosen 181 Self Help Groups as samples. All the above SHGs are lenders. Swarnajayanti, Gram Swarozgar Scheme (SGSY), a credit-based scheme sponsored by the Government of India for poverty alleviation. The scheme is to promote self-employment among the poor. The target group is

mainly rural women who are encouraged to form self-help groups. The scheme is essentially for creating work for the poor and to help them financially so that they can earn something and help her family to cross the poverty line. But recently same non-BPL family members have also been allowed to avail the benefit a SGSY. So in Bankura district we see a certain number of self-help groups, which comes from the combination of both APL and BPL family. It is a major improvement on earlier credit based poverty alleviation scheme. Similarly they can be given occasional training so that they can utilize the knowledge in any income generating activity after taking credit from the group. The entire sample SHGs is women SHGs and all the SHGs are formed with the help of different NGOs. Among the 181 Self Help Groups 100 have already passed Grade-1 and 81 have not yet passed Grade-1. The samples are drawn from 13 blocks of Bankura district.

III. MALDA DISTRICT

Women's Empowerment and SHGs

A large number of SHGs have now come into existence, many of which involve rural women. The SHGs by providing micro-credit to otherwise weak and poor women members of the rural households has helped them to be empowered in the sense of enhancing their capabilities, and reducing the vulnerability of the poor households. Our study of the role of SHGs in the reduction of vulnerability would evaluate the strength and efficiency of such self-help groups of poor women in the Malda District, through the micro-credit programmes. It may be noted that the process, which is relatively new, has the potentials of breaking the shackles of abject poverty and deprivations to which these women were subject for a long period of time.

The strategy to empower poor rural women in Malda has been through formation of the Self-Help Group (SHG) programme, which was initiated by the Panchayats & Rural Development Department under Swarna Jayanti Swarojgar Yojana (SGSY) in 1999. However, the programme, coordinated by the District Rural Development Cell (DRDC) of the Zilla Parishad (erstwhile DRDA), picked up only recently. More than eleven thousand SGSY groups with membership strength of more than one lakh have so far been formed in different blocks of the district. Most of the groups, Nearly nine thousand women groups are formed with an average membership of 10 per group. In terms of group consolidation, the groups are in different stages of formation. Nearly eighty percent of the groups have crossed the first grading whereas when it comes to the second grading, performance dips down to less than twelve percent. In credit linkage no major headway could be made as yet. In terms of number of groups formed, Gajol is way ahead with 1878 groups, followed by Kaliachak 3, Harishchandrapur 2, Englishbazar and Old Malda blocks. Loan off-take by women through SHG system, however shows a greater degree of variability across the blocks. In most of the blocks of the district, with the exception of Gajol, the average loan amounts are relatively meager, showing that most SHGs there are still at the formative stage. Since entrepreneurial activities do not enter the normal work-sphere of women in rural areas, the SHG programme requires further nurture in the district, if it is to yield tangible results in future that improve the empowerment status of women in Malda.

FINDINGS OF THE STUDY

In the study on the SHG groups in Malda District of West Bengal, we have analyzed the living conditions of the poor women households and their vulnerability to poverty and deprivation –related shocks and try to assess whether the micro-credit programme of the SHGs in Malda district of West Bengal has helped the beneficiaries to reduce their vulnerability on the basis of information collected through field surveys and secondary data. Our sample was 592 SHG member- households, scattered over the entire district on the basis of purposive selective sampling. In our sample we have classified grade-I passed, grade-II passed,

grades not passed categories, including ordinary members and group leaders. From the sample data, we have found the incidence of poor and vulnerable groups, although we could not make any inter-temporal comparison regarding the incidence of vulnerability or otherwise in the absence of baseline information.

The entire samples SHGs are lenders. Our survey took place between the months of December 2006 to February 2007, covering all the parts of Malda district. Under the Swarnajayanti Gram Swarozgar Scheme (SGSY), a credit-based scheme sponsored by the Government of India for poverty alleviation, which aims to promote self-employment among the poor, the target group is mainly rural women who are encouraged to form self-help groups. The scheme is essentially for creating working facilities for the poor women and to help them financially so that they can earn something and help her family to cross the poverty line. But recently some non-BPL family members have also been allowed to avail the benefit of SGSY. In the Malda district we find certain number of self-help groups, which come from the combination of both APL and BPL families. These groups are given occasional training so that they can utilize the knowledge in any income generating activity after taking credit from the SHG. Women do not solely comprise our entire sample SHGs in Malda. All the SHGs are formed with the help of different NGOs. Among the 592 Self Help Group members, 74 group leaders and 75 ordinary members have already passed Grade-II, 163 group leaders and 163 ordinary members have passed grade-I, and 57 group leaders with 60 ordinary members have not yet passed Grade-I. The samples are drawn from 15 blocks of Malda district. The following table shows the block wise distribution of the Self Help Groups chosen as sample.

Both types of SHG have been chosen to investigate whether the SHGs play a vital role to reduce poverty and vulnerability of rural women of Malda district. From each group we have generally chosen *two* members. At the time of choosing members our preference was from each SHG, one respondent should be the group leader and the other respondent should be an ordinary member. The basic objective of choosing the Group Leader as sample is to investigate whether the Group Leader, using his or her power, can improve his or her economic conditions more quickly than her other fellow ordinary members. We have tried to draw two members as sample from each group. As group leaders were not always available at the time of survey, in our sample observations we have 163 group leaders who belong to Grade-1 passed groups, 74 group leaders who belong to Grade-II passed and 57 group leaders who belong to Grade-1 not passed group. If group leader of a particular group is not available then secretary or treasurer of that particular group substituted her. But in this report, they were treated as ordinary members. Besides, we have 163 ordinary members of the SHG, which have already passed Grade-1, 75 ordinary members who belong to Grade-II passed and 60 ordinary members who belong to Grade-1 not passed SHG. Further, we have also taken 254 non Self Help Group members as samples. Non-members are generally under BPL category. The basic objective to take non-members as sample is to investigate the causes of their non-membership.

Our field survey of women members of SHGs in the two backward districts of the state of West Bengal provides insights on the conditions of living of the poor rural women in Bankura and Malda, which have shown signs of improvements in income, assets and empowerment after their membership with SHGs under different schemes, but the improvements in the last two to three years have not been very rapid and impressive. The direction of movements is, however, positive, and the government should take supportive steps to remove infrastructural constraints so as to enable these SHG members to improve their livelihoods and alleviate poverty and diminish vulnerability through the micro-financed induced income generation activities.

Recommendations

The micro-finance schemes through the SHGs in the districts of Bankura and Malda in West Bengal have ushered in the process of economic rejuvenation of poor female households, who could reduce the

incidence of abject poverty through participation in income generating activities. There is also the evidence of slow but steady improvements in the living standards of these poor households, as their dependence on exploitative village money lenders have sharply diminished, although not totally eliminated.

First and foremost challenge before the SHGs is the marketing channels through which the products of their loan finance activities needs to be sold so as to sustain the flow of income. Many household enterprises including dairy and poultry products, could not find markets in their locality which constrains their economic activities. Government must made arrangements for adequate marketing of their products so that they could fetch remunerative prices.

The skills formation of these artisan activities engaged in by the SHG members is an important part of enhancing their capabilities to face off the shocks of distress like crop failure. From other schemes, the government must arrange for adequate training of these members of SHGs so as to improve their skills and enable them to produce at low costs so as to survive in the market.

Since most the female members of the BPL households come from agricultural occupations, as also the male members of their households are primarily engaged as agricultural labourers, the conditions of poor vulnerable BPL households can be improved only if the wage rates of such occupations could be enhanced through improvement in the productivity of agriculture. The micro-finance programme operated through the SHGs cannot address this problem—the government through other income and employment generating programmes of rural development and expansion of infrastructural facilities in agriculture could usher in the process of improving the productivity in agriculture and ensure upward revision of wage rates of agricultural labourers in the region.

CONCLUSION

Our analysis of gender and empowerment of women based on sample districts of 24 Paraganas (North), Bankura and Malda in West Bengal shows that SHG–bank linkages in these districts have helped improve the living conditions of poor women households, initiated entrepreneurship programmes among them, and enhance their empowerment by reducing the incidence of vulnerability among them. Although modest beginnings have been made in these sample districts, it is expected that such programmes over time will help alleviating their poverty, and usher in the process of empowerment of women in the rural economy of West Bengal.

References

- Pitt. Mark and Shahideer. R. Khandekar (1998): “The Impact of Group based Credit Programmes on Poor Households in Bangladesh: Does the gender of the Participant Matter?” *Journal of Political Economy*, J06: 958-96
- Pitt. Mark, Shahideer. R. Khandekar and Cartwright Jennifer, (2005): “Empowering Women with Micro Finance: evidence from Bangladesh” *Economic Development and Cultural Change*, Page-795-835
- Cohen Manique, Ronald T. Chua, Paul Manley: ‘Micro Finance, Risk Management and Poverty’: - Project report submitted to Office of Micro Enterprise Development, UNSAID. Washington D.C.
- Morduch J (1999): “The Role of Subsidies in Micro Finance: Evidence from Grameen Bank” *Journal of Development Economics*, Vol-60, No-1
- (2000); “micro Finance Schism” *World Development* 28,4.
- Ghatak Maitresh, Timothy W. Guinnane (1999): “The Economics of Lending with Joint Liability: Theory and Practice” *Journal of Development Economics*, Vol-60, and Page: 195-228
- Mayoux L. (2002): “Women Empowerment as Feminization of Debt? Towards a new Agenda in African Micro Finance”, Discussion Paper for “A One World Action” Conference, March
- Kabeer N. (2001): “Conflicts over Credit – Reevaluating the Empowerment Potential of Loans to Women in Rural Bangladesh”, *World Development* 29.1.