

# SHGs Year Wise Increase Rate in India: A Comparative Study

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**Abstract:** *Empowerment can serve as a powerful instrument for women to achieve upward social and economic mobility and achieve power and status in society. It is a source of mobility, equality and emancipation, both at the individual and at the societal level. The conceptual framework of self-help is a tool for empowerment. The Self-Help Group (SHG) is not a static institution; it grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private spheres. It is a very effective means of empowering the poor women. Self-help groups are a potential source to empower and encourage marginalized women to save and utilize savings to build self-reliance and confidence and provide greater access to and control over resources. These small groups also help women, especially rural areas women to establish a common participatory platform to voice and solve their problems. SHGs enhance the quality of status of rural women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life.*

**Keywords:** empowerment, self-help group, institution

## 1. Introduction

Self Help Groups or SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programs, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social issues such as abuse of women, alcohol, the dowry system, schools, water supply etc. The Government of India and state authorities alike have increasingly realized the importance of devoting attention to the economic betterment and development of rural women in India. Women undertake the more onerous tasks involved in the day-to-day running of households, including the collection of fuel wood for cooking and the fetching of drinking water, and their nutritional status and literacy rates are lower than those of men. They also command lower wages as labour, as rural non-agricultural labourers.

### What is empowerment?

The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. It is the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights. Empowerment as action refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence, and to recognize and use their resources. The term empowerment originates from American community psychology and is associated with the social

scientist Julian Rappaport (1981). However, the roots of empowerment theory extend further into history and are linked to Marxist sociological theory. These sociological ideas have continued to be developed and refined through Neo-Marxist Theory (also known as Critical Theory)

## 2. Review of Literature

Many believe that financial sector development can directly contribute to poverty reduction by providing or broadening the poor's access to financial services (Juzhong Zhuang et al., 2009). Micro finance has proven to be an effective and powerful tool for poverty alleviation. A new world of micro finance has, thus, emerged not only as a profitable niche for innovative banking services to the poor but also as a new development initiative for inclusive growth. It has emerged as a feasible financial alternative for poor people with no access to credit from formal financial institutions, where its objectives include eradication of poverty by fostering small scale entrepreneurship through simple access to credit. It distinguishes itself from formal credit by disbursing small loans to the poor, using various innovative non-traditional loan configurations such as loans without collateral, group lending, progressive loan structure, immediate repayment arrangements, regular repayment schedules and collateral substitutes (Shakil Quayes, 2012). Microenterprises have been recognized for their significant role in poverty reduction by creating self-employment opportunities, supplementing agricultural income, linking agricultural households to local markets through the sale and exchange of products and providing a source of employment for household members where wage employment is scarce (Nagayya, 2000). These enterprises help in solving poverty and inequality, staggering unemployment, regional disparities and other socioeconomic problems encountered by the society. There is, however, little evidence to show that SHGs have graduated to undertake microenterprises and only the clients with existing microenterprises or employment (often defined as "the economically active") are the only ones benefited from micro finance (Murlidhar

Lokhande, 2009) (Robinson, Marguerite, 2001) (Zaman, 2000). In promotion of microenterprises, SHG members were found faced with a lot of problems in marketing of their produce besides low level of appropriate skills. There is a need to involve SHGs in promotion of microenterprises to create livelihood and employment opportunities for their members. This also requires capacity building by imparting relevant financial skills and developing their risk-taking abilities. In this direction, NABARD has initiated a three-year "pilot project" in nine districts across nine states through professional marketing agencies and the project has shown encouraging results. There is a need to rapidly upscale such efforts (Karmakar, 2009). The review of most of the research works done in this area mainly focused on the conceptual and operational framework of micro finance and SHGs with particular attention to group formation, micro savings, micro credit and gender participation. Micro finance and SHG formation are only the means to an end. The end is socio-economic empowerment of the poor and women through saving and investment in income generating microenterprises. Unfortunately, no major study has been conducted on transition of these clients beyond micro finance and related issues. Hence, an attempt is made in this study in this regard.

### Objectives

This study is aimed at exploring various determinants of empowerment of SHGs.

- 1) To find out the year wise increasing rate of SHGs in India
- 2) To find out the problems of SHGs in undertaking microenterprise
- 3) To realize the various determinants of empowerment of SHGs

### 3. Methodology

The study is an empirical one using mainly secondary data. Secondary data were collected from websites and subject books. Simple frequency tables and charts were constructed for the purposes of analysis of data. We conducted an integrated mixed-methods review that examines data generated through both quantitative and qualitative research methods. We believe this study design will enhance the review's utility and impact for practitioners and policymakers. This study is aimed at exploring various determinants of empowerment of SHGs. It also tries to analyse the increase rate of SHGs in India. The paper tries to examine the problems in undertaking microenterprise venture by the SHGs surveyed.

#### Definition of SHG:

A Self Help Group (SHG) is a voluntary group 10-20 members of women belonging in a homogeneous economic class valuing personal interaction and Mutual aid as means of altering or ameliorating problems perceived as alterable self-selected on the basis existing affinities and mutual trust; members meet regularly at a fixed time and place and pool their savings into a common fund from which they take need based loans. Over the last few years, the self-help approach has been utilized in a growing number of projects and programmes.

#### Scheme of SHG:

In India, Self Help Groups Scheme was initiated by NABARD mainly rural development Body emphasizing self-employment generation for the women living in rural and semi – rural areas. Self-help groups (SHGs) movement has triggered off revolution in the rural credit delivery system in India by proving an effective medium for delivering credit to rural poor for their socio-economic empowerment. A self-help group (SHG) is a village-based financial Intermediary committee usually composed of 10-20 local women or men. Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. In India two broad approaches prevail in case of micro financing viz. self-help group–bank linkage and micro finance institutions. NABARD has been supporting the SHG-Bank linkage programme since 1992. These groups are seen as instruments for achieving variety of goals including women empowerment, developing leadership abilities among poor people, increasing school enrolments, and improving nutrition and the use of birth control. The SHG system uses existing marketing channels, the banks, to bring formal financial services to a new market segment, the poor and particularly women.

#### NABARD's 'SHG Bank Linkage' programmes:

NABARD's *SHG Bank Linkage* programme, self-help groups borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments. Self Help Group (SHGs)-Bank Linkage Programme is emerging as a cost effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self-help capacities of the poor, leading to their empowerment (Sundaram, 2012). This model has attracted attention as a possible way of delivering microfinance services to poor populations that have been difficult to reach directly through banks or other institutions. SHG women have been trained on enterprise development, improving quality parameters (products, services and processes), MSME registration, e-mobile app and e-market portal. Market Research was carried out for manufacturing, services, Trade, agriculture, handicraft products and retailing to finalise marketing strategies. Further, Transaction support systems, A call centre to address the queries, follow up the orders and support the entrepreneurs is in place. Logistics infrastructure tieups have been created with professional service providers and Payment Gateways for settlement of transactions had either been created or brought on board. 15 companies and business entities have been enrolled to provide enlarged business opportunities and volumes. Over the three year period the project trained 55000 SHG women members in enterprise management and more than 17000 in use of the mobile app for e-commerce transactions, for marketing of their products. The cumulative volume of transactions exceeded R.s. 125 cores by June 2018. By end of the project in 2019, the cumulative sales turnover was projected at R.s. 250 cores. The project had aimed at increasing average incomes by 50%. During the first year of the project studies showed that the average income of SHG women had increased by 43.34%, providing hope that by end of the project in 2019, the incomes would have increased considerably beyond the target.

The banks have reported addition of 12.70 lakh savings linked SHGs at all India level registering a growth of 14.5 per cent during the year 2018-19. Among the different regions, Western Region registered the highest growth of 26.55 percent followed by Eastern Region (24.6 percent), Central Region (17.8 percent), Northern Region (14.6 percent) and North Eastern Region (7.8 percent). The lowest growth of 5.1 percent was registered in Southern Region. Among the states, Rajasthan, Assam, Bihar, Orissa, West Bengal, Chattisgarh, UP, Maharashtra, Kerala, Karnataka and Telangana registered a good growth of SHGs while states like Andhra Pradesh, Puducherry, Tripura, Arunachal Pradesh, Nagaland, Sikkim registered a negative growth of SHGs leading to decline in absolute number of SHGs in such states over the year 2017- 18. The decline in savings

accounts of SHGs is mainly due to data sanitization, closure of dormant accounts, under reporting for certain states, and change in the SHG Bank Linkage model for example like SHGs have shifted to linkage through Banking Correspondents. As regards, the regional share of SHGs during the year 2018-19, Southern Region accounted for major share of 38.3 per cent, followed by Eastern Region (26.5 per cent), Western Region (13.9 per cent), Central Region (10.6 per cent) and Northern Region (5.5 per cent). The North Eastern Region had the lowest share of 5.2 % of total SHGs in the country. The share of Southern Region in terms of number of SHGs declined to 38.3% in 2018-19 from almost half (48.3%) in 2014-15. The state-wise details of number of SHGs are given in Statement IIA

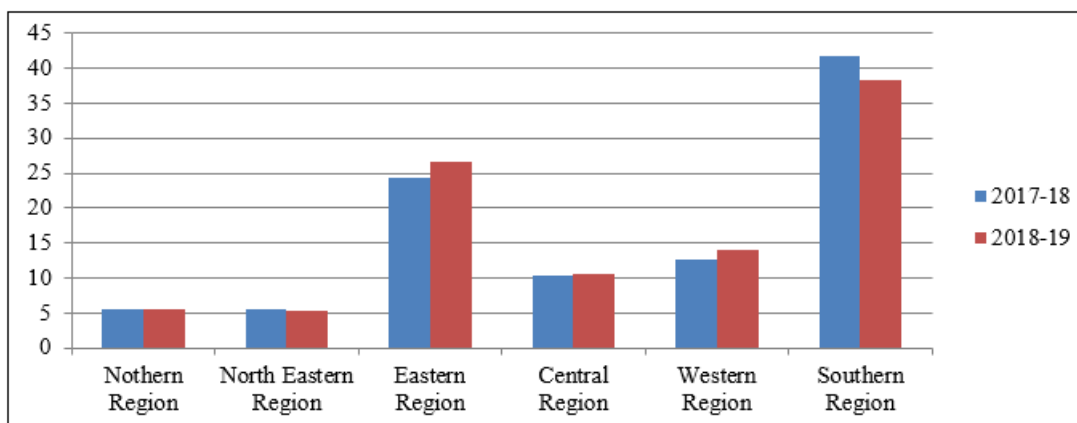


Figure 1: Regional Distribution of SHGs with Savings Linkages (% Share of SHGs)  
Source: Status of Microfinance India (2018-2019), NABARD

**Savings of SHGs:**

A robust savings outstanding of an SHG is its strength as it can meet exigencies of its members through internal lending as well as can source a bank loan for a suitable investment plan. The savings outstanding of SHGs as on 31 March 2019 has reached all-time high of R23,324 crore, registering a growth of 19.1 percent over the year 2017-18. However, the average savings per SHG has marginally increased by 3.9 percent per cent during 2018-19 to R23,291 crore from R22,405 crore in the year 2017-18. The average savings was highest (R33,623) in Southern Region and while it was low (R7,719) in North Eastern and Central Region (R12,536) Southern states have a sizeable number of matured SHGs

that contribute higher amount of monthly savings leading to higher average savings rate, whereas in North Eastern States and other priority states, the average savings are low. States that have added more number of new SHGs during the year have recorded decline in average savings during the year. The highest increase in saving was observed in Western Region (30.1 percent) followed by Central Region (18.6 percent), North Eastern Region (16.4 percent), Northern Region (10.6 percent) and Eastern Region (9.2 percent). The lowest growth (0.9 percent) in average saving per SHG was observed in Southern Region. The state-wise savings outstanding position given in Statement IIA.

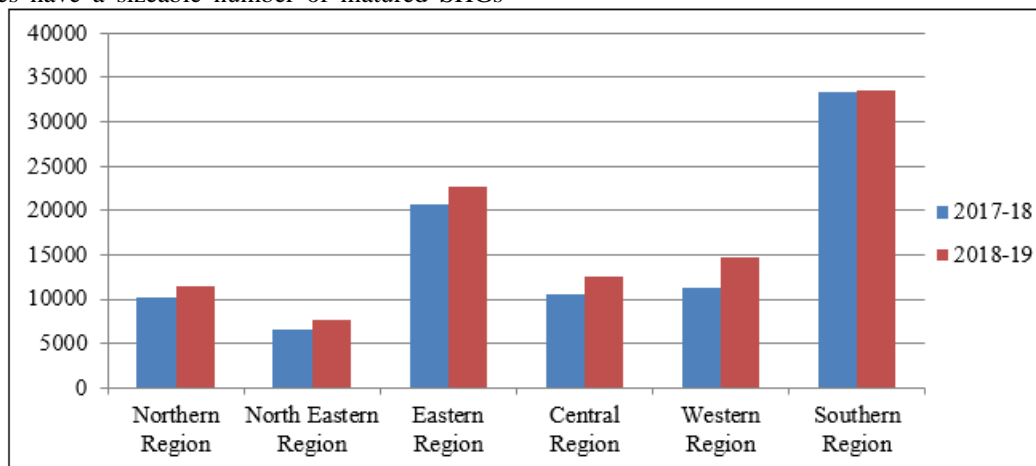
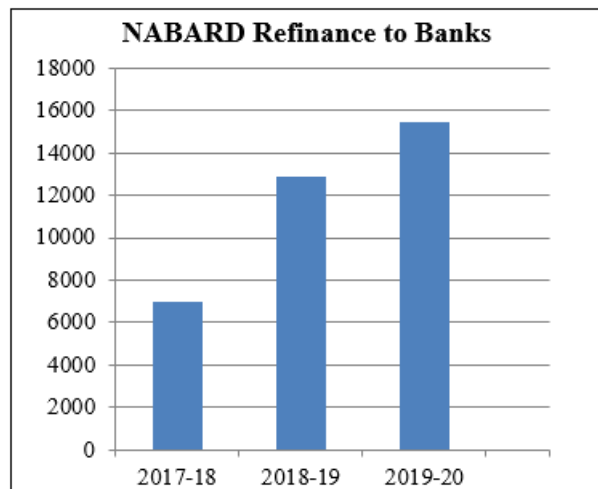


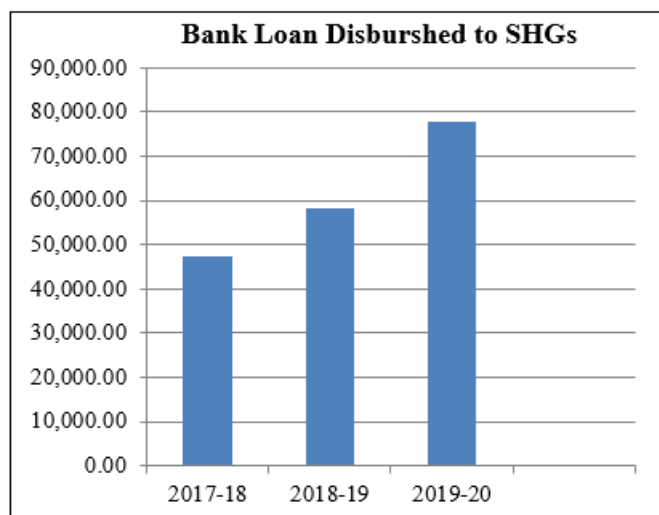
Figure 2: Region Wise Average Saving of SHGs  
Source: Status of Microfinance India (2018-2019), NABARD

**Refinance to Banks:**

NABARD has been extending 100% refinance to banks towards their lending to SHGs and MFIs to supplement their resources. A total loan issued by banks to SHGs and the refinance extended by NABARD for such loans is shown in Figure 2 and 3 respectively. During 2019-20, NABARD extended refinance to the extent of R15,434 crore against their SHG lending forming 28% of the total refinance provided to banks for investment credit, as against R12,885.68 core disbursed during the previous year. Cumulative disbursement of refinance by NABARD for SHG lending now stands at Rs.78, 594.65 cores

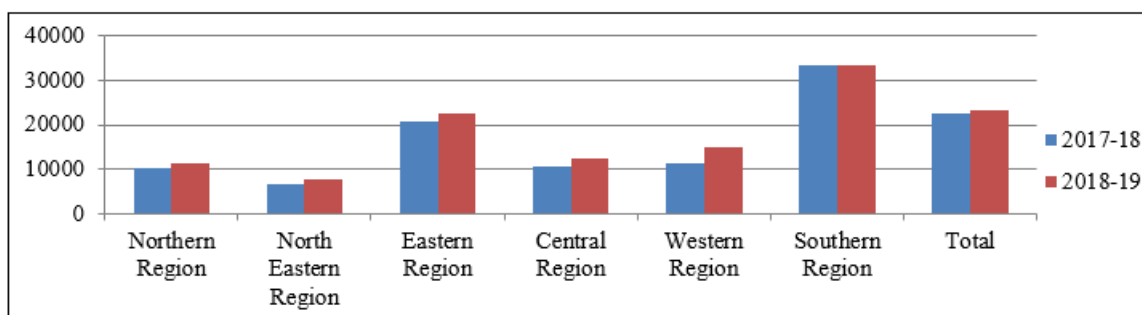


**Figure 4:** NABARD Refinance to Banks  
Source: Status of Microfinance India (2018-2019), NABARD



**Figure 3:** Bank Loan Disbursed to SHGs  
Source: Status of Microfinance India (2018-2019), NABARD

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**Figure 5:** Region Wise Average Saving Per SHG (Rs.)  
Source: Status of Microfinance India (2018-2019), NABARD

**4. Conclusion**

The progress of a Nations depends on both of female and male workforces, because women are also a part of our society. In early period of before and after independence in

India female are deprived by the male members as well as society. After 1992 there has been tremendous progress in the social and cultural environment in India. With the concept of Self Help Groups (SHGs) the women now participating in all productive activities and are at par with

men. The monthly income of the women is in the rising trend properly matching with their monthly expenditure and region wise SHGs bank linkages and region wise average saving has been increase in 2018-2019 instead of 2017-2018 and their average saving also increases in this year. Women, through these SHGs have asserted a dignified position in the family as well as in the society. Their decision making power has immensely enhanced not only in their family but also in their society. No doubt, the SHG movement in India has been moving in the right direction, but still a long way to go. It is necessary to empower the women more and more in social, cultural, economic, political and legal matters, for the interest of the family in particular and the nation in general.

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