

**ROLE OF SELF HELP GROUP IN WOMEN ECONOMIC EMPOWERMENT IN  
AHMEDNAGAR DISTRICTS**

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**Rural Problems**

With a one billion population, India represents 16.7% of the world's population. The country has witnessed a three fold increase in population over the last half a century but the economy has not been able to cope up with this rate of growth. Being heavily dependent on agriculture, livelihood in rural areas could not provide employment for everyone. In the absence of significant industrial growth, there has been severe unemployment and underemployment, resulting in poverty. For most of the poor, fight for survival has been a life long mission and natural resources have been the main source of livelihood.

Most of the rural women have been suffering from various ailments due to malnutrition, unsafe water, lack of sanitation, exertion and neglect. They are deprived of basic education and confined to their houses. In spite of their significant role in supporting the family, women in many regions have no status in the society. They are treated as idle, despite their work schedule stretching throughout the day. The important role of women in the welfare of the family is being realised gradually. As the socio-economic progress of the community has a direct link with the empowerment of women, the development programmes for women are receiving greater attention. The task now is to ensure effective participation of women in sustainable development of the community.

**Formation of SHGs**

While the formation of SHGs in Ahmednagar was to support the horticulture based development, a new project was initiated in 1988-89 in 12 villages around Ahmednagar district to establish SHGs for empowerment of women.. These villages being closer to the city, many men were employed in the industries. Agricultural development had limitations, due to severe water shortage and basic infrastructure such as schools and primary health centres were established although they were not fully functional. The idea of saving a small sum every month was well accepted by the women, but such savings did not impress the men. Therefore the women had to be motivated regularly to sustain their interest. Management of the funds collected by them called for greater responsibility and integrity In new areas where people are not acquainted with the voluntary organisations, interaction with the community through suitable entry point activities will be helpful. Some of the effective entry point activities are :

- \* Development of drinking water facilities
- \* Improving school buildings and community halls
- \* Construction of community toilets and washing platforms

- \* Organising health awareness and health camps
- \* Organising cattle health camps.

The entry point activity should address their pressing needs and benefit most of the people in the village and the impact should be evident within a short period. Under the Energy Conservation Project implemented in fuelwood scarcity areas of Eastern Uttar Pradesh, supply of improved wood stoves and pressure cookers at a subsidised price was helpful in sustaining the interest of women SHGs. Promotion of kitchen garden, vermiculture and composting were very effective in Karnataka and Rajasthan. In Eastern UP, where many women were suffering from leucorrhoea, their treatment was given priority even before initiating agricultural development programme.

The SHGs in these villages initially attracted single women and women heading the family, who had undergone social and economic problems. Moreover, they did not have to seek permission from anybody. The members demanded loan for procurement of agricultural inputs, leasing of land for shared cropping, small business and medical treatment. Gradually, the villagers were convinced about the opportunities for employment generation through micro-credit without depending on local moneylenders. In Uttar Pradesh, families of many SHG members were in the clutches of the moneylenders. It was almost impossible for these women to develop their micro enterprises without settling the old loans.

In the watershed development programme in Akole taluk of Ahmednagar district in Maharashtra, deliberate attempts were made to ensure the participation of women. Although they were prepared to participate in many activities, it was necessary to understand their workload and find ways of reducing their drudgery, before assigning new responsibilities. Water scarcity being the major problem, roof-top water harvesting, deepening of wells and conservation of natural springs were undertaken to provide safe drinking water at closer locations. This saved their time and drudgery, while reducing the incidence of water borne diseases. In many villages where women used traditional stone grinders to prepare wheat and sorghum flour, ball bearing was installed to conserve energy. In other villages, where electricity was fairly dependable, SHGs were motivated to install floor mills. Thus with good health and surplus time at their disposal, the women were able to attend the meetings of Gram Sabha and SHGs, and initiate activities such as managing grain banks, consumer stores, nurseries of fruit and forestry plants, vegetable gardens, flour mills, community biogas plants, etc. depending on the local needs and opportunities. While promoting these activities, the Social Scientists played a significant role in identifying active and literate local women, orient them for 3-4 weeks to promote SHG activities, assess their service and credit needs and facilitate them wherever necessary.

The success of SHGs, depended on several factors but mutual trust and cordial relation among the members were the key to success and sustainability. Therefore it is necessary to understand the background and tradition of the local communities, before mobilising the rural women to form SHGs. In semi-urban areas, women of equal economic status can communicate and interact positively, ignoring their caste and religious backgrounds. However, castes do matter in remote rural areas, particularly during the initial stage. In the absence of a community centre, when the groups meet in temple or some houses, castes and religions affect the participation. Therefore, when the number of women in a hamlet is more, they prefer to form a group of their own caste. They also

prefer to select the members from the same locality who meet formally and informally on a daily basis and communicate cordially. Generally, there is no difficulty in identifying such cordial groups in villages. It is better to allow the women to select their own members, considering the pros and cons, without any influence from the coordinating agencies.

The SHGs collected fortnightly or monthly installments, which varied from Rs.5 to Rs.20, depending on the socio-economic conditions of the members. This amount was kept in a joint account of 2-3 office bearers, who had a good reputation for being honest and efficient. This fund was disbursed to needy members at an interest of 12% to 24% as mutually agreed by the members. Most of the SHGs did not feel the need for lowering the interest rate as the moneylenders charged over 60-120%. NABARD has sponsored several such training courses. Many SHG members and office bearers have also been effective as resource persons in training the officers of rural banks and voluntary organisations in promoting micro-credit activities and their effective linkage with banks.

### **Development of Micro-Enterprises**

Initially in 1992-93, when the SHGs started disbursing micro-credit, under our Tribal Development Programme in Ahmednagar Taluk of Valsad district in Gujarat and around Ahmednagar, over 60% loan was utilised for consumption purposes, such as food, clothing, house repairs, education and medical services. However, with greater awareness and success of other members who utilised the loan for production purposes, the trend changed (Hegde and Ghorpade, 1998). These groups are saving money and providing loan to their members for different purposes. Efforts have also been made to establish formal link of SHGs with local banks to avail additional loans. While the SHGs are keen to open their bank account to deposit their money, they are reluctant to take additional loan from the bank during the initial 1-2 years, due to lack of confidence to repay the loan. With the initiation of income generation activities, they come forward to take bank loans.

Around Ahmednagar, individual members of SHGs have taken loan for a wide range of income generation activities such as selling of cloth and bangle, embroidery unit, stationery production and sale, purchase of agricultural land, improved seeds, bullocks and other inputs for crop production. In U.P., SHGs have initiated tailoring, rope making, vermicomposting, nursery raising and food processing as group activities. In Gujarat, SHGs are involved in pickle and papad production and sale, leaf cup production, vermicomposting, mushroom production, nursery management and sale of sarees. The tribal women groups at Ahmednagar have taken up *Warli* painting and *Bandhani* garment production.

While most of the SHGs who have initiated food processing are selling their produce locally, a few groups having larger scale of production have started establishing linkages with city consumer groups for marketing. A tribal food processing cooperative at Ahmednagar has established a marketing linkage with the Apna Bazar in Mumbai. This was helpful in improving the quality of the products and in expanding the business through local retailer's network. However, further strengthening is needed to regularise the linkage between the SHGs and the urban based consumers.

Among many micro-enterprises undertaken by the women groups, soap powder production was most profitable in providing an income of Rs.195/day per member, after deducting the expenses. The other remunerative activities were mushroom production (Rs.113/day), *warli* painting, production of greeting cards and bandhani dress material (Rs.45). The profitability was based on the demand and price realised for the products in the local market. Producing superior products and

developing better market are the biggest challenges to sustain the development of SHGs. This calls for continuous support of research and development and linkage of SHGs with consumer organisations for efficient marketing of their produce.

### **Benefits of SHGs**

The significant achievements of SHGs programmes have been in efficient implementation of development activities such as water resources development, improved agricultural production, horti-forestry development and tribal rehabilitation. Considering the advantages

The SHGs have excellent opportunities to initiate small business and to extend various essential services. These groups have the following advantages:

- \* Ability to identify the needs of the community and facilitate efficiently;
- \* Exposure to external business environment, government programmes and policies;
- \* Enhanced capacity to demand better services from the local government;
- \* Better networking to improve the productivity and profitability of farming and off-farm activities;
- \* Awareness on community health and environmental pollution and social issues leading to improved life style;
- \* Empowerment resulting in occupying important positions in local governments, Cooperatives and social organisations.

### **Institutional Linkages**

SHG can be an important local organisation, which can mobilise the members of the Gram Sabha and closely interact with the Gram Panchayat for implementing various development programmes in the future. After the 73rd amendment to the constitution of India, the Gram Panchayat is the key organisation responsible for carrying out all the development and welfare activities on behalf of the Government. However, in the absence of proper awareness and adequate motivation, the Gram Sabhas may not play the expected role effectively. It has been reported that in many states the attendance of the villagers in Gram Sabha meetings is extremely poor and more often it is only those with vested interests and those who wish to take undue advantage of the power and funds of the Gram Panchayat, who attend the Gram Sabha meetings and endorse their own proposals and actions.

To avoid such problems, people's organisations at the village level need to organise themselves and participate in the development programmes initiated by the Gram Panchayat, through the Gram Sabha. Figure 1 lists various non-government organisations in the cooperative and voluntary sections, operating in most of the villages. These include consumer and credit societies, schools, youth groups, Mahila Mandal, Farmer's Associations and SHGs. Most of these organisations are functioning independently often in isolation, although some of the members are associated with more than one institution. These institutions should identify a few of their members as nominees on the Gram Sabha and ensure that the Gram Sabha meetings are attended by all representatives of all the local organisations. This ensures proper governance and an effective linkage with the development programme (Hegde, 1999).

Linkage of SHGs with various other organisations outside the village is also essential to support the micro-enterprises. Figure 2 indicates the role of various organisations in strengthening

SHGs through technology transfer, input procurement, processing, marketing and information back up. Banking, training, extension and motivation are the necessary support services. There is also a need for networking among the SHGs to share their experiences and develop a common strategy to face the threats. The following support services will be useful in strengthening SHG development in the future.

**New Opportunities :**

So far, it was easy to promote various activities, using micro-credit, as many basic needs of the community were unattended. However, such opportunities to sell the goods and services in local markets will soon saturate. Hence there is an immediate need to identify new opportunities which should be based on the demand both within and outside the village. To provide such services, a Tehsil or district level. Information Cell or a Development Service Cell can be promoted by the government or by a reputed NGO.

**Capacity Building :**

The members of SHGs need regular training on managerial and technical aspects of the business. Linkage with technical institutions to improve the quality of the products and banking institutions for easy flow funds are essential for further development of micro-enterprises managed by SHGs.

**Monitoring :**

As the market is unstable and prone to competition and saturation, regular monitoring and evaluation of micro-enterprises is essential. The entrepreneurs should adopt simple systems to control finance, inventory and costs. As most of the micro-enterprises are operating with a thin profit margin, inadequate cost control may upset the business.

They should also look for alternate opportunities to modify the process or the business to sustain the development. Constant vigilance on large scale manufacturers, who pose a threat to SHGs should also be kept. The SHG network should plan to face competition and unfair trade practices. This role can be played effectively by reputed voluntary agencies, having experience in this field.

**Sustainability**

Observations over the last 8-10 years have indicated that the SHGs can provide a solid foundation to an idealistic and prosperous society. Such grassroot level people's organisations can ensure, progress, better quality of life and a clean environment for the future. The SHGs can assume the responsibility of implementing various development projects for their community and sustain the growth. The task is to build the team spirit and explore other opportunities.

To sustain interest in ongoing development activities and to initiate new development activities through SHG, the members should meet regularly and maintain cordial relations while keeping in mind, the long term goal of promoting community development and better quality of life. Saving and micro-credit activities are helpful in enforcing regular participation of the members in the group meetings. Similarly, micro-credit activity in isolation may not be able to generate substantial employment and income for poor families. Therefore the SHGs formed either for initiating various income generation activities or for promoting micro-credit should converge into an organisation to address the needs of the community.

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