

# Theoretical Issues and Practical Problems of Self-Help Groups

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**Abstract - Women in the rural areas facing numerous problems in the process of empowerment. For accessing credit, they are facing issues like collateral security, cultural barriers, inflexible and higher transaction costs and quantum of credit, issues with repayments, difficult procedure and exploitation by the intermediaries were made dissatisfaction, to empower women few NGOs in India have started experimenting on innovative schemes of Self Help Group.**

## INTRODUCTION

Women's empowerment, as defined by the World Health Organization, is "increased political, social, and economic status, which enables equal access to resources and guarantees women the right to make strategic decisions over their own lives" (WHO 2008). Many empowerment programs have focused on economic empowerment through income generation, the use of loans, or creation of cooperatives. (Rajamma 1993) Income generation, however, does not automatically confer empowerment to women (Samarasinghe 1993; Ackerly 1995; Albee 1996). Control over resources, such as participation in decisions regarding household purchases, is as important to empowerment as the ability to generate income (Samarasinghe 1993). In addition, women are often more concerned with improving the health of a community as increasing their own income (Rajamma 1993) and providing income support without directly addressing empowerment can create communities reliant on external agents, still lacking personal empowerment (Barimah and Nelson 1993).

In India, its constitutional right to have gender equality and adopts a positive environment to empower women. Within the framework of a democratic polity, our laws, development policies, Plans and programs have aimed at women's advancement in different

spheres. From the Fifth Five Year Plan (1974-78) onwards has been a marked shift in the approach to women's issues from welfare to development. In recent years, the empowerment of women has been recognized as the central issue in determining the status of women.

India has also ratified various international conventions and human rights instruments committing to secure equal rights of women such as Convention on Elimination of All Forms of Discrimination against Women (CEDAW) in 1993, Mexico Plan of Action (1975), the Nairobi Forward Looking Strategies (1985), the Beijing Declaration as well as the Platform for Action (1995) and the Outcome Document adopted by the UNGA Session on Gender Equality and Development & Peace for the 21st century. The women's movement with NGOs like self-help groups have strong grass roots presence and deep insights to inspire the women empowerment.

However, there still exists a wide gap between the goals enunciated in the Constitution, legislation, policies, plans, programs, and related mechanisms on the one hand and the situational reality of the status of women in India, on the other. Gender disparity and inequality are related to social and economic structure, which is based on informal and formal norms and practices.

Consequently, the access of women particularly those belonging to weaker sections including Scheduled Castes/Scheduled Tribes/ Other backward Classes and minorities, majority of whom are in the rural areas and in the informal, unorganized sector – to education, health and productive resources, among others, is inadequate. Therefore, they remain largely marginalized, poor and socially excluded.

These initiatives should make an impact of Judicial Legal systems, decision making to guarantee women equal access to and full participation in decision making bodies at every level, including the legislative, executive, judicial, corporate, statutory bodies, as also the advisory Commissions, Committees, Boards, Trusts etc. Affirmative action such as reservations/quotas, including in higher legislative bodies, will be considered whenever necessary on a time bound basis. Women-friendly personnel policies will also be drawn up to encourage women to participate effectively in the developmental process. And also mainstream women into the development process by allowing them to have economic empowerment. To do so, poverty should be eradicated, they need proper access to micro-credit. In order to enhance women's access to credit for consumption and production, the establishment of new, and strengthening of existing micro-credit mechanisms and micro-finance institution will be undertaken so that the outreach of credit is enhanced. Other supportive measures would be taken to ensure adequate flow of credit through extant financial institutions and banks, so that all women below poverty line have easy access to credit.

Women will be socially empowered through education, Health, Nutrition, providing drinking water and sanitation, housing and shelter. Environment, women will be involved and their perspectives reflected in the policies and programs for environment, conservation and restoration. Considering the impact of environmental factors on their livelihoods, women's participation will be ensured in the conservation of the environment and control of environmental degradation. Science and Technology, programs will be strengthened to bring about a greater involvement of women in science and technology. These will include measures to motivate girls to take up science and technology for higher education and also ensure that development projects with scientific and technical inputs involve women fully. Efforts to develop a scientific temper and awareness will also be stepped up. Special measures would be taken for their training in areas where they have special skills like communication and information technology. Efforts to develop appropriate technologies suited to women's needs as well as to reduce their drudgery will be given a special focus too. These initiatives will help Women in

Difficult Circumstances and reduce violence against women.

In India, various programmes were initiated to uplift the rural areas through the Central and State governments. Rural poverty, unemployment are consistently persists a major challenge to tackle with. According to planning commission estimates in 2011-12, 25.7% of rural population is under poverty line. To address their poverty and unemployment by uplifting their socio-economic status, many agencies have been involved and initiate various schemes such as SHG (Self-Help Group) is a primary focused initiative.

The SHG method is used by the Government of India, NGOs and others worldwide. SHG movement has emerged and identified a useful instrument for growth as an inclusive and socio-economic movement. Through SHGs, many of the poor and the marginalized population in India have built their lives, families in the society. From 1992, bank credit was introduced to the SHG members as part of financial inclusion and as a part of formal credit facility to the women and marginally disadvantaged, which contribution leads to change in SHG members socio-economic status in general and specially in women's economic empowerment. SHGs are playing a vital role in changing rural and urban poor by adding value to their socio-economic status and connected to a significant part of the economic growth and development.

Aim of SHGs:

SHGs are homogeneous in nature, which contains group of volunteer people, formed with a common interest of organize and operate for their development. Its function, on the basis of co-operative principles and provide a forum for members to extend support to each other, for their economic empowerment. These groups are exercising among very poor people those who do not have access to financial system, which might lack of transparency and accountability due to illiteracy and socially deprivation. This scheme mobilizes among poor rural people especially women for mutual benefits, by playing a vital role in improving the savings and credit and also in reducing the poverty.

SHGs by enabling members to learn co-operate and work in a group environment, providing cost-effective delivery mechanism for small credit to its members. Which significantly contribute to the empowerment of poor to fulfill the objectives follows. To make people

understand in the targeted areas for the need of SHGs, and its relevance in their empowerment process. To create environment where group members feels that they are included in the decision making process. To enable member's confidence & capabilities, encourage habit of saving among members and facilitate the formation of their own capital resource base and motivate members taking up social responsibilities particularly related to development.

#### Good SHGs:

Microcredit has become a popular instrument of poverty alleviation and women's empowerment in developing countries such as India. Microcredit is provided through the means of self-help groups (SHGs), where the group elects two or three of its members as leaders (president, secretary and treasurer), who help the SHGs to function and, occasionally, also work collectively to deal with issues that impinge on them as women.

Large number of scholars such as Rajagopalan (2002), MYRADA (2002), Anand (2002), Gangaiah et al. (2006), Loganathan and Asokan (2006), Swain (2006), have studied the effect of microcredit on women's empowerment. Some have tried to measure empowerment in economic terms (Anand, 2002; Rajagopalan, 2002; MYRADA, 2002), and others in the form of other social indicators (Kelkar et al., 2004; Khan, 1999; Lingam, 2006), such as change in decision making or mobility, which cannot be measured quantitatively. However, it has been observed that despite there being about twenty women members in each group, most do not want to, or are unable to hold leadership positions. The review of literature reflects that despite being an important aspect, study of impact within SHGs has been neglected in existing literature. In this paper, we focus on the issues and challenges faced by the Groups in general were addressed.

To make the SHGs as an effective and efficient group the following impactful issues were highlighted, such as homogeneity in the group, non-discrimination, ideally small group within twenty members, regularity and transparency in their activities and functionalities, considering strong by-laws and having a consistency in thrift behavior of savings.

A major indicator of homogeneity in SHG is absence of conflicting interests among members. By practicing non-discrimination means, there shouldn't be any kind

of discrimination based on caste, religion, political affiliations, which also indicates that equal opportunities to all SHG members. Ideal in teams of size and attendance will enhance the environment for the effective participation and significant financial transactions among the group members. In the group, it is important that all financial and nonfinancial transactions are transparent in an SHG. This promotes trust, mutual faith and confidence among its members. Maintenance of books of accounts as also other records like the minutes book, attendance register, etc., are important.

SHGs should discuss and finalize a set of byelaws, indicating rules and regulations for the SHG's functioning and also roles and responsibilities of members. It is better to have a written set of byelaws. The habit of thrift (small savings) is fundamental to the SHG that helps in building up a strong common fund. Utilizing savings for loaning once the SHG has accumulated sizeable amount in the form of savings say for a period of about 3-6 months, the members may be allowed to avail loans against their savings for emergent consumption and supplementary income generating credit needs.

#### Major Concerns and Issues in SHGs:

Many researchers across India, on the basis of functioning of SHGs and feedback from its members have found that groups are facing issues and challenges in different areas. We have considered the important issues, which are listed below:

Exploitation by strong members – majority of the share of the profit in the group are earned by the strong members by exploiting illiterate and ignorant, non-active members. Ignorance of participants of the group – with a lot of efforts of authorised imitative to creative awareness about the scheme and its benefits, majority of the members in SHGs are unaware of the schemes of the assistance offered to the teams. Inadequate training facilities – training in areas such as production techniques, managerial ability, packing and other technical knowledge are not adequate to compare with strong units and other market initiatives.

Raw materials – SHGs procures raw material in a small quantities individually from the suppliers, which does not allow them to enjoy the benefits of large scale purchases like discounts, credit facilities etc. SHGs are having lack of a system to preserve large quantities of materials, and no understanding of the linkages with

the suppliers. Finally, SHGs ends up with accepting raw materials in any form which incur huge losses to the group. Marketing – SHGs beneficiaries can be identified as the marketability of the product or service provided or produced by the group and market access. To keep these in focus, the following issues were reported by the SHGs, such as lack of sufficient orders, lack of linkages with marketing agencies, inadequate sales promotion measures, no permanent markets, no proper brand name as such to marketwise their products, unattractive packing systems, under quality of products because of traditional technologies, which resulted in poor marketing, production is not unique, hence there is a stiff competition from the other major suppliers, no proper established distribution mechanism.

Lack of stability and unity especially among woman SHGs – in the women dominated SHGs, researchers found that there is no stability of the units because majority of them are married and were not in a position to associate with the group due to the shift of their place of residence often. Moreover, there is unity-less among the women owing to personal reasons. No Stable and consistent financial management - there is not proper return on their investments to be invested in the unit; the funds are often diverted to their personal and domestic purposes. The return of investments is not attractive due to inefficient management, high cost of production and absence of quality consciousness. Inadequate financial assistance – assistance by the agencies concerned such as subsidy are inadequate to meet SHGs requirements, majority of funds were annoyed by labor cost. Non-cooperative attitude of the financial institutions are not considering SHGs as a major contributors in the economic growth. Untrained and inadequate staff to meet the challenges – the attitude and functionality of the staff in the rural development is not so encouraged. Their inadequate trainings are not making them to take-up challenges and create SHGs as a self-reliant entity.

With the proper encouragement and training should be made as mandatory to make innovative products to use locally available raw materials. At Panchayat level, a proper survey's to be conducted in order to have a knowledge base about the availability of materials. Short and long term training programs should be conducted to make the SHG members confident and to have same caliber and expertise. Finally, the financial assistance to the SHGs should be properly use as per

its by-laws, with a non-discrimination and equal opportunity.

#### CONCLUSION

As discussed above, the SHGs are considered as an active instrument for economic and development of India by eradicating poverty and enhancing employment though their production and financial inclusion. The Government and financial institutions should help SHGs to be a self-reliant by treating them as an instrument of economic growth. It is necessary to enable SHGs to increase their income, improve their standard of living and status in the society. Especially, to treat women groups as a catalyst of socio-economic improvement.

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