

Self-Help Groups (SHGs) and Women Empowerment in Rural Bihar

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ABSTRACT

Self-Help Groups (SHGs) are expected to be platforms for women to help themselves for their social and economic empowerment. This suggests that SHGs' basic philosophy lies in the principle of their self-management and self-regulation. The social empowerment is generally seen in terms of influence on his/her own development as an individual, influence over economic resources and other decisions pertaining to general welfare of the family and participation in social, political and economic decision-making. In the socio-political context of Bihar, SHGs are desperately needed. Economic empowerment always takes a crucial part in the overall empowerment but formal financial institutions have not been able to reach the poor households particularly women in the unorganised sector. Several attempts have been made to bring a change in these conditions and to make financial services accessible to the poor especially the women. SHG has become a tool for social change and also a financing system especially for women in Bihar.

Keywords: Jeevika, participatory approach, self-management, Group Corpus

Introduction:

Self-Help Group (SHG) is a 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 common fund known as the Group Corpus¹. 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 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 the scattered and sparse population and in case of disabled persons this number may be from 5 to 20. Generally, all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20 percent and in exceptional cases where essentially required up to a maximum of 30 percent 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 group². 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 above poverty line (APL) members will not be eligible for the subsidy under the scheme.

The groups shall not consist of more than one member from the same family. A person should not be a member of more than one group. APL 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 of the group. The group should devise a code of conduct 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 and 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 instalments from the loanee. The group should operate a group account 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 Minute book, Attendance register, Loan Ledger, General Ledger, Cash book, bank passbook and individual passbooks³. 50 percent of the groups formed in each block should be exclusively for the women. In the case of disabled persons, the groups formed should ideally be disability-specific wherever possible, however, in case sufficient numbers of people for formation of disability-specific groups are not available, a group may comprise of persons with diverse disabilities or a group may comprise of both disabled and non-disabled persons below the property line.

Need for SHGs in Bihar

Generally, SHGs are expected to be platforms for women to help themselves for their social and economic empowerment. This suggests that SHG s' basic philosophy lies in the principle of their self-management and self-regulation. The initial activities that groups generally do include community education, information dissemination on health and hygiene, mutual support by way of inter/intra loaning, income generation activities, services and advocacy. The social empowerment is generally seen in terms of influence on his/her own development as an individual, influence over economic resources and other decisions

pertaining to general welfare of the family and participation in social, political and economic decision-making. Thus, especially in the socio-political context of Bihar, SHGs are desperately needed. Economic empowerment always takes a crucial part in the overall empowerment but formal financial institutions have not been able to reach the poor households particularly women in the unorganised sector. Several attempts have been made to bring a change in these conditions and to make financial services accessible to the poor. Among the alternate channels that have been put in use to aid this process, the concept of micro-finance⁴ had met with quite successful results. In Bihar, micro-finance is primarily aimed at consumption smoothing and promoting self-employment as the opportunities of wage employment is very limited. The potential of SHGs in developing as local financial intermediaries to reach the poor has gained recognition, mainly due to their community based participatory approach and sustainability.

Historical Perspective of SHG Movement in Bihar

SHG has become a tool for social change and also a financing system especially for women. Just in the last two decades there is a tremendous improvement in the number of the Government and non-Governmental agencies involving in the promotion of SHGs in the state. Government departments and Government promoted agencies like Rural Development, Women and Child Development, Small-Scale Industries, Mahila Samakhya, Women Development Corporation, Bihar Livelihood project etc, banking sector right from NABARD to the public sector and private banks, and many NGOs are into the formation and nurturing of SHGs⁵. In recent times, there is a positive environment for the structural advancement of SHG in the form of SHG federations at cluster and block levels.

The SHG movement started in 1980s in the state. It is the NGOs that took active role in the movement from the beginning. Holy Cross Sister⁶ was the first organization to initiate SHG formation in Bihar, in the year 1988. They started forming groups with the people of a tribe called Birhor (a community).

ADITHI⁷, another organization that started working on those who depend on begging for livelihood saw SHGs as the best means for socio-economic empowerment of women. However, most of the SHGs promoted by ADITHI are related to specific community like Sharecroppers, Fisherwomen, Craftswomen, etc. Apart from taking up development activities ADITHI also nurtured 26 NGOs in the State of Bihar, Jharkhand and Tamil Nadu which are now acting mostly as SHPIs and functioning independently. Some of the major organizations that took inspiration from ADITHI and are involved in the SHG movement are Nidan, NIRDESH and Sakhi⁸. It is worthy to note that ADITHI gave much importance to the advocacy role than mere development role and could influence the Government's initiations like the Swasakthi project in the State. The founder of ADITHI, Miss Viji Srinivasan received several awards and rewards for her commendable job and women empowerment activities. Gram Vikas Parishad also claims to be one of the pioneers of the SHG movement in Bihar.

The initial activities of SHGs were more related to social and gender equity issues, health, education and income generation. Basically, the SHGs were seen as fellowships of women (and men as well) to share their experience, strength and hope with each other so that they may solve their common problems and help others to recover from their particular problems in a self-supporting manner through members' contributions. If we see the geographical spread of SHGs in the State, most of the SHGs are concentrated around the major cities like Muzaffarpur, Bhagalpur, Gaya and Patna. The northern districts like Madhubani, West Champaran and Darbhanga and Nawada, the neighbouring districts of Gaya also have good number of SHGs. District like Sheikhpura, Sheohar, Lakhisarai, Arwal and Madhepura which are backward districts, have very less number of SHGs.

SHG-Bank Linkages

One of the most successful programmes has been the SHG-bank linkage programme. It was with RBI's arbitration that banks started giving loans to SHGs. RBI advised the banks to remove all operational irritants and make arrangements to

expeditiously sanction and disburse micro-credit by delegating adequate sanctioning powers to branch managers. It has advised the banks to make the loan application forms, procedures and documents simple for a prompt and hassle-free micro credit. In fact, banks are asked to make all-out efforts to cut down the cost of financial intermediation and reduce disbursement lags. However, SHGs in Bihar in both parameters of formation and credit support by financing institutions are almost at the bottom as compared to many other states. The southern States, particularly Andhra Pradesh are always in more favourable position in terms of linkages. According to the NABARD's data, Andhra Pradesh alone accounts for 39 percent of the total linkage⁹. Even if we leave the exception of the north-eastern region, where the bank-linkage account for only 5 percent of the total program, the SHG linkage condition in Bihar is still very poor compared to other north Indian States.

Role of State Government in the Promotion of SHGs

The Ministry of Rural Development, Government of Bihar is making efforts to achieve universal propagation of self-help groups. Aiming at the state's betterment, the Central Government initiated many programmes in the State. Though Government of Bihar has done little innovation, it has accommodated the programmes that came in its way. The projects and the agencies that were and still are in the promotion of SHGs are described here¹⁰.

Bihar Women Development Corporation

Bihar Women Development Corporation is a society that was established on the initiative of the Central Government in the year 199. It works closely with the Department of Welfare, Government of Bihar and acts as a nodal agency for implementing women development programmes in the state. BWDC seeks to work especially for the cause of rural women with an aim of empowering them. Towards this, it has partnered with NGOs working at grassroot level and has been implementing different projects through SHGs in the state. BWC mainly focuses on organising and nurturing SHGs, promoting literacy among women, building capacities through training programs,

promoting entrepreneurship among women, undertaking marketing and production activities, and promoting federations which can do financial intermediation and meet the capital needs of SHGs for undertaking livelihood activities.

Bihar Mahila Samakhya (BMS)

Bihar Mahila Samakhya Society, a Central Government project, is one of the earliest projects that started forming and nurturing women SHGs in the state. Starting its work with four districts initially in the year 1992, it has expanded its work for 14 districts. The main objective of Mahila Samakhya is to empower women through education. Though its main focus is on social intermediation, specifically the gender equity issues considering the need for economic empowerment, it also encourages the formation of credit groups.

Rashtriya Mahila Kosh (RMK)

Rashtriya Mahila Kosh is an independent registered society that was established by the Central Ministry of Women and Child Development in the year 1993. It was an innovative mechanism for providing credit to poor women, to fill the gap between what the banking sector offers and what the poor need. It facilitates micro-credit support to the poor women, for income generation, production, skill development and housing activities in order to make them economically independent. It mainly channelizes its support through NGOs, Women Development Corporations, Cooperative Societies, and SHGs formed under different projects like *Swayam siddha* or *Swa-sakthi* etc. It encourages formation of SHGs for promotion of thrift and credit leading to income generation activities. It designs very innovative schemes and products for the benefit of poor women. It provides support to NGOs with five years of experience in running micro-credit programs in the form of bulk lending to the extent of five crores.

Indira Mahila Yojana (IMY)

The first SHG based women's empowerment programme of Ministry of WCD, Indira Mahila Yojana watch launched in 1995-96. It aimed at organising women at grassroot level to facilitate their participation and decision-making and their empowerment. The

program thought of not only SHGs but also clusters and block federations. However, the scheme was not a success because it had no structured training programs and there was no provision for monitoring administrative expenses.

Swarnjayanti Gram Swarojgar Yojana (SGSY)

SGSY is a centrally sponsored program for the rural poor launched in April, 1999 by replacing many of the earliest self-employment and allied programs like Integrated Rural Development Programme, Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas, Ganga kalyan Yojana, etc. SGSY has taken into account all the strengths and weaknesses of these programs and designed itself as a credit-cum-subsidy program that covers all aspects of self-employment, such as organization of poor into self-help groups, training, credit technology, infrastructure and marketing. SGSY aims at providing sustainable income to the rural poor and establishing a large number of micro enterprises in the rural areas.

Bihar Rural Livelihood Projects Society (BRLPS)

The Government of Bihar with the support from World Bank initiated the Bihar Rural Livelihood Promotion Society also called Jeevika, in the year 2006. BRLPS aims to improve rural livelihood options and works towards social and economic empowerment of the rural poor and women. The objectives of the project also include the development of organizations for the rural poor and producers to enable them to access and negotiate better services, credit and assets from public and private sector agencies and financial institutions. The project also invests in building capacity of public and private service providers and plays a catalytic role in promoting the development of the micro-finance and Agri-business sectors.

Thus, several programs are directly and indirectly contributing to the growth of the SHG movement in the state. However, the efforts are not sufficient to meet the growing need of a strengthening SHGs. The potential in the state is so vast that the government needs to be very proactive in facilitating

the processes and importantly in giving direction to the movement. In Bihar, micro-finance initiatives are lagging far behind compared to the national and southern states. District variations are also high in the state. Furthermore, there is a lot of overlapping of SHG membership and each agency referred its own number based on the services it is providing. There is less/no coordination among the major players/stakeholders in the SHG movement, mainly between the government officials and the NGOs. As multiple agencies are involved in the promotion and credit delivery to SHGs, suitable mechanism should be evolved so as to avoid duplication of the effort in formation and promotion of SHGs and lending to them. Effective steps are needed to ensure that there is convergence of the efforts made or measures undertaken by these various agencies. Efforts should be made to provide and adopt a single window system to take care of the credit and promotional needs of SHG, especially in the rural areas for undertaking individual or group activities so that the SHGs are able to easily obtain credit from a single agency. At the district level also there should be coordination amongst various agencies such as Anganwadi workers, District Rural Development Agencies Zila Parishad, etc, which are disbursing subsidies, imparting training, helping in selecting key activities and marketing of SHG products.

Conclusion:

Throughout the country SHGs are seen as solution to women empowerment and poverty alleviation. Bihar is no exception to that. Especially in the socio-political context of the State, SHGs are not just seen as needed but most required. In recent days, the State Government is going ahead with a focus on strengthening the SHG movement. In the last two decades there was a tremendous increase in the number of Government and non-Governmental agencies involving in the promotion of SHGs in Bihar.

From the beginning, NGOs are doing a commendable job in SHG promotion. Irrespective of lack of proper environment, infrastructural and resource capacities, many NGOs continue showing presence in the sector. Many NGOs supported each other for growth. However, dependency on donors is affecting their philosophy and promotional activities greatly. In recent times, there is an enabling environment for the structural advancement of SHGs in the form of SHG federations at Village Organization/Cluster and Block levels. Let us hope that SHGs will continue to empower rural women of Bihar socially, economically as well as politically and they will, in turn, become self-reliant and developed.

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