

## WOMEN EMPOWERMENT IN INDIA: SHG BANK LINKAGE PROGRAMME

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**Abstract:** Women are an integral part of every economy. All round development and growth of a nation is possible only when women get equal status of men in the society. Empowerment of women is a holistic concept. It covers economic, political, social and cultural, personal and familial aspects. Among these economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society. Women empowerment can be achieved through political power, education, employment and SHG. Among these, Provision of SHG is an important means for attaining women empowerment. SHG not only provide micro credit to the needy peoples but also provides self employment training, awareness programme, promote the leadership qualities etc. The SHG-Bank Linkage Programme is considered as most successful and widely accepted model in India. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD is widely accepted model in the world. The present paper is tries to examine the SHG bank linkage programme and its impact on women empowerment.

**Key Words:** Empowerment, Women Empowerment, Self Help Group (SHG), Micro Credit, NABARD.

### 1. INTRODUCTION:

*“You can tell the condition of the nation by looking at the status of women.” –*

**Pandit Jawaharlal Nehru**

Women are the most vulnerable group in major parts of India. Traditionally women had been confined to the four walls of home and family rituals and customs. In an age of equality of women are still far from being treated as equal partners in male dominated society. The word 'empowerment' means giving power. According to the International Encyclopedia (1999), power means having the capacity and the means to direct one's life towards desired social, political and economic status. Thus, empowering women has become the key element in the development of any economy. Empowerment of women is a holistic concept. It covers economic, political, social and cultural, personal and familial aspects. Among these economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society. Women empowerment can be achieved through political power, education, employment and SHG. The empowerment of women through SHG is possible only on the basis of smooth financial services, which can be possible only through financial inclusion in the form of delivery of financial services at affordable cost to the section of disadvantaged and low income group of the society. Self Help Groups are the voluntary organisations, emerges as an important strategy for empowering women and alleviating poverty and disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. Formation of Self Help Groups of women in India has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas. In India, this scheme is implemented with the help of NABARD as a main nodal agency in rural development. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these Self Help Groups are enabled to involve in a range of areas such as health, sanitation, nutrition, agriculture, forestry, etc., besides income generation activities availing micro credit.

#### 1.1. OBJECTIVES:

The major objectives of this paper are to examine the SHG bank linkage programme and its impact on women empowerment.

## **2. METHODOLOGY:**

This is a descriptive in nature. Data for this purpose have been collected from secondary sources. The main sources are websites; annual report of NABARD, newsletters, studies available over internet based sources and various other related books and journals

## **4. WOMEN EMPOWERMENT- THE CONCEPT:**

Women empowerment is one of the top priorities of all development policies across all countries, irrespective of their economic development. Government of India introduced the national policy for empowerment of women and declared 2001 as women empowerment year, also said that 'our vision in the new century of a nation where women are equal partners with men'. Empowering women has become the important element in the development of any nation. Women empowerment is a multi- dimensional and multi-faceted concept, including: economic, socio-cultural, familial and interpersonal, legal, political, and psychological. It enables women to realize their identity and power in all spheres of life. Empowerment is not only giving power but also provides a greater access to knowledge and resources, decision making, more control over the circumstances which influence lives, and freedom from customs, beliefs and practices. The term women empowerment has different meaning. According to World Bank Report "empowerment as a process of increasing the capacity of individuals or group to make choices and to transforms those choices in to desired actions and outcomes"

## **5. SELF HELP GROUPS (SHG):**

Self Help Groups are the voluntary organizations, emerges as an important strategy for empowering women and alleviating poverty and disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. Formation of Self Help Groups of women in India has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas. In India, this scheme is implemented with the help of NABARD as a main nodal agency in rural development. SHGs are small informal group of 10-20 individuals promoting savings habit among members. However, in hilly tracts / regions and predominantly tribal dominated areas where communities are dispersed, smaller groups of less than 10 are also formed into SHGs. The internal savings mobilised by the group are then lent by it to its members for emergent needs or such purposes as decided by the group. In India many SHGs are linked to bank for the delivery of micro credit in the forms of SHG Bank linkage programme. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these Self Help Groups are enabled to involve in a range of areas such as health, sanitation, nutrition, agriculture, forestry, etc., besides income generation activities availing micro credit. After becoming a member of the SHG, every member in this group acquires the following skill from their activities. They are as follows

- Acquisition of literacy and numerically skills;
- Ensuring literacy and education of girl child
- Awareness of basic legal rights;
- Awareness of projects and state development activities;
- Critical political consciousness; electoral process, societal analysis and gender issues;
- Enhanced social status as perceived by self and other's;
- Freedom from exploitation, money lenders, landlords etc;
- Active role in organization of group and other political bodies
- Enhanced decision making powers within the household.

## **6. SHG-BANK LINKAGE PROGRAMME:**

The Self help groups (SHG)-Bank linkage programme has emerged as the largest micro credit programme in the world. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD in 1992. NABARD is considered as the main nodal agency in rural development. In 1992, NABARD policy guidelines for Bank Linkage with SHGs. The SHG-Bank Linkage Programme is considered as most successful and widely accepted model in India. The SHG-Bank Linkage Programme has the following objectives:

- To develop mutual faith and confidence between the rural poor and bankers
- To combine sensitivity, flexibility and responses of the informal credit system with the strength of administration capabilities, technical strength and the financial resources of the formal financial institutions.
- To expand credit flow/ financial services to the rural poor with less transaction costs.
- To alleviate poverty and empower the women.

## **7. FUNCTIONS OF THE SELF HELP GROUP:**

The major functions of the self help group are as follows

1. All members save a small amount regularly
2. Savings first and credit later should be the motto of every SHGs member
3. SHGs members take steps toward self depends through small savings
4. They learn financial discipline through saving and internal lending
5. SHGs should use the savings and for giving the loan to member
6. The SHG itself decide about the purpose, amount, rate of interest and schedule of payment etc
7. Keep proper account of its transactions.

## **8. MODELS OF SHG-BANK LINKAGE PROGRAMME**

The SHG-bank linkage program has proved to be the major supplementary credit delivery system with a wide acceptance by banks, NGOs and various government departments. There are three models of SHG-bank linkages that have evolved over time, especially in India.

### **1. MODEL -I. SHGs formed and financed by banks**

In this model, bank itself promote, forming and nurturing the groups, opening their bank accounts and providing them with bank loans after satisfying themselves as to their maturity to absorb credit.

### **2. MODEL- II. SHGs formed by NGOs and formal organisations**

In this model groups are formed and supported by NGO's or Government agencies The bank then provides credit directly to the SHGs after observing their operations and maturity to absorb credit. While the bank provides loans to the groups directly, the facilitating agencies continue their interactions with the SHGs.

### **3. MODEL- III. SHGs financed by banks using NGOs and other agencies as financial intermediaries**

Under this model NGOs act as both facilitator and microfinance intermediaries. Here banks take the sole responsibility for promoting, developing and financing SHGs. In fact, this programme requires considerable effort by the bank staff towards the formation of SHG.

## **9. CURRENT STATUS OF SHG-BANK LINKAGE PROGRAMME:**

NABARD introduced an effective SHG-Bank Linkage Programme in 1992 for providing credit to very small borrowers. It has turned into a solid structure with more than 73.18 lakh savings-linked Self Help Groups (SHGs) covering over 9.50 crore poor households as on 31 March 2013. The total savings of these SHGs with banks amounted to ` 8,217.25 crore. The number of credit-linked SHGs under the programme stood at 44.51 lakh. Following are the SHG- Bank Linkage Programme of NABARD during the year 2013-2014.

- NABARD spent a sum of `51.39 crore, Women Self Help Group (WSHG) Development Fund and Rural Promotion Fund (RPF) for various micro finance related activities.
- Provide support to Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP) and the Rajiv Gandhi Charitable Trust (RGCT) for promotion and credit linkage of SHGs and formation of SHG Federations in selected districts.
- NABARD implemented Priyadarshini Programme for empowering women in rural are. As part of this programme , the following activities were conducted (covering 79,813 SHG members) training programmes on group dynamics, social issues, book keeping, skill development, life skill development, legal aid, gender issues, etc.
- Provide Scheme for promotion of women SHGs in backward /Left Wing Extremism affected districts of India. Under the Scheme, around 1.49 lakh Women SHGs were savings linked and around 49,773 of these SHGs were credit linked as on 31 March 2014.
- Financing of Joint Liability Groups for promoting JLGs are to augment flow of credit to tenant farmers, credit to small farmers, marginal farmers etc
- Pilot project on managing over indebtedness and debt trap of poor households, through effective financial education, credit counselling, debt swapping, voluntary saving and other livelihood initiatives
- Conducted Micro-Enterprise Development Programme (MEDP) to SHG Members
- Mobile based accounting system for SHGs to maintain their financial transaction electronically.
- In order to monitor the day to day transactions of SHGs and updation of MIS on a real time basis by entering data in tablet PC. Tablet PC based accounting system was introduced. 'Financial Awareness and Education toolkit for SHG members' under Rural Financial Institutional Programme (RFIP). This kit introduces SHG members to general banking concepts like simple savings and credit products, insurance, etc.

## 10. IMPACT OF THE SHG-BANK LINKAGE PROGRAMME

- An economically poor individual gains strength as part of a group.
- Besides, financing through SHGs reduces transaction costs for both lenders and borrowers.
- Significant increase in ownership over productive and consumer assets among SHG members
- Obtain training to handle the various challenges faced in day-to-day functioning
- They are able to accumulate their family income by engaging in income generating activities provided through the SBLP.
- 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 and from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.
- Microfinance has reduced the incidence of poverty through increase in income, enabled the poor to build assets and thereby reduce their vulnerability.
- It has enabled household that have access to it to spend more on education than non-client households.
- Reported better school attendance and lower dropout rates.
- It has empowered women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect lives.
- In certain areas it has reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.
- It has contributed to a reduced dependency on informal money lenders and other non-institutional sources. The interest rates of moneylenders have also come down.
- Financially excluded disadvantaged sections of society have been able to access financial services from the formal banking sector
- The SHG movement has expanded avenues for women to assume leadership position

## 11. CONCLUSIONS:

Micro-finance interventions through SHGs programmes are an effective tool for poverty alleviation and improving socioeconomic status of rural poor people in India. Self Help Group concept has been implementing along the rural and semi urban women to improve their living conditions. As a part of SHG- Bank Linkage Programme, NABARD has undertaken various initiatives for Empowering Women in rural area in the society. But the programme extended only to selected state in India. For ensuring a balanced growth of the programme, the potential for promotion of SHGs RBI and NABARD should implement the programme to all the districts of the country for the upliftment of the women in rural as well as urban areas in the country.

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