

Poverty Eradication and Social Protection:

A Study of Women Self Help Group Movement In Tamil Nadu, India*

Dr.P.Maduraiveeran
Professor
Anna Centre for Public Affairs
University of Madras, India

Introduction

Alleviation of poverty has been an important issue before the developing nations of the world. It is a big challenge for South Asian countries, as about half of the world poor lives in this region. Again the intensity of poverty is high in India as one of every four persons in India is officially poor and one of every third person is either under nourished or malnourished.

According to Amartya Sen, lack of capability and opportunity are the major responsible factors for poverty and hunger in the developing countries including India. His studies on famine in India, Bangladesh, Ethiopia and other countries found that shortage of food was not always the cause of such catastrophes. He argues that it is a set of social and economic situations that deprives of purchasing power and leads them to poverty and hunger. It is in this context, this study sincerely attempts to highlight the role of SHGs (Self-help Groups) in the socio-economic development of rural poor women.

The concern over a large segment of the population living in poverty has fuelled scores of programmes all over the globe to alleviate poverty and to achieve the Millennium Development Goals of halving the world's poverty by 2015, which is yet to be realized. It is because of this concern that it has generated mounting interest and regulation, invigorated by the incredible accomplishments of institutions like the Grameen Bank in Bangladesh and BRI, BancoSol in Indonesia, and NABARD in India. Since the mid-1980s, government of different countries, NGOs, and international donors have been giving more attention and assistance to small women entrepreneurs belonging to SHGs. Providing micro finance to SHG women entrepreneurs in the informal sector is one of the basic tools to address the multiple problems of poverty, social exclusion, unemployment, and finally women's empowerment.

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Objective of the Study

The main objective of this study is to analyze how the women self-help group movement has helped to eradicate poverty among rural women, especially in Tamil Nadu, a South Indian state. Besides, the study also focuses on how the government and NGOs have collaborated to eradicate poverty through self-help groups in Tamil Nadu.

Methodology

The present study is based mainly on secondary sources of data, which focuses on impact of self-help groups on poverty eradication, especially in Tamil Nadu. The secondary data were collected from Tamil Nadu Corporation for Development of Women, Annual Reports, Human Development Report of Tamil Nadu and other published works like books, articles from journals etc. The methodology adopted for this study is descriptive and analytical.

Literature Review

Leelavathy and Aradhana (2006) found that members of SHG have a high degree of participation in decision making and women members have economically empowered after joining the SHG.

Banerjee (2009) has found that in West Bengal, poor women after joining the SHGs have shifted from low income group to high income group in due course of time.

Subramaniam (2010) has observed that SHGs have ushered a silent revolution of poverty alleviation and women empowerment in Tamil Nadu.

Anuradha (2005) has confirmed the fact that SHG have increased self-confidence among women and significantly reduced the dependency on money lenders.

Sushil Kumar Mehta, H.G.Mishra and Amrinder Singh have established the fact that in Kashmir rural people have been vastly benefitted by SHGs and micro finance. They also substantiated the fact that SHGs have been instrumental in socio-economic upliftment in the rural areas. This study dealt with Kathua district of Jammu region.

A.Sundaram (2012) argues that SHGs alleviate women from poverty and increase employment opportunities as well as economic growth. According to him, access to credit and employment opportunities as well as increased participation level in socio, economic and political activities – all have positively changed the attitudes of the SHG members.

Rahul Sarania (2015) examines the effectiveness of SHGs in economic empowerment of women in Assam. The study was based on primary data collected from Baksa district of

Assam through the interview of SHG beneficiaries. The study revealed that majority of the respondents belongs to the age group of 25 to 45 and have educational qualification of primary education and most of them are married and major portion of the respondents have 4 to 6 dependents. A number of income generating activities were undertaken by the members after joining SHGs. The result showed positive change in indicators of economic empowerment, viz., income, employment and savings after joining the SHG. It revealed that majority of the respondent's income, employment days and amount of savings have substantially increased in the post-SHGs situation as compared to pre-SHG situation. Thus the study concluded that SHGs have been playing a vital role in poverty alleviation and empowerment of rural women.

Origin of SHGs

Self-help groups were piloted by NGOs, notably MYRADA (Mysore Resettlement and Development Agency) in India in the mid-1980s, in order to provide financial services to poor people. What started as a pilot programme has now become a movement for social empowerment – particularly for rural poor women. The number of SHGs linked to banks has increased from about 500 in the early 1990s to more than 6 million in 2016 in Tamil Nadu. MYRADA has founded a microfinance institution (MFI) called Sanghamithra, which lends exclusively and directly to SHGs. In 1987 there were some 300 SHGs in MYRADA's projects. Many had emerged from the breakdown of the large cooperatives organized by MYRADA. It is a large NGO with 487 staff working directly with 1.5 million poor people. It is also involved with bilateral and multilateral organizations in Myanmar, Cambodia, Indonesia, East Timor, Vietnam and Bangladesh, largely in promoting the self-help group strategy and participatory approaches to natural resources management.

NABARD and Self Help Groups

There was a change in the concept of women upliftment after 1985 because the UN Nairobi Conference emphasized on the women development schemes rather than women welfare schemes. Since then the concept of self-help group became more meaningful with the priority accorded for the development of women only after the establishment of Tamil Nadu Corporation for Development of Women.

The Tamil Nadu Women's Empowerment Project, an IFAD (International Fund for Agricultural Development) supported project implemented through the Tamil Nadu Women's Development Corporation, was the first project in the country, in 1989, to incorporate the SHG

concept into a state sponsored programme. MYRADA was asked to play a lead role, which it agreed to do so first in Dharmapuri District. The empowerment of women was sought through SHG strengthening, with capacity-building modules, and through the provision of credit for income-generating activities.

The SHG-Bank Linkage Programme (1990) was slow to take off, but has been speeding since 1999. It has received unstinting support from Reserve Bank of India, the central and several state governments of India – notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka – and thousands of NGOs and the banking sector, as well as multilateral agencies, like IFAD and NABARD. There are thousands of promoting institutions involved – government, banks and NGOs – not just one or two institutions with ambitions to grow. For example, in 2004-05 there were 573 banks (commercial, regional rural and cooperative) lending to SHGs through 41,323 bank branches. Many of them were also promoting SHGs. Further, there were 4,323 NGOs and other agencies involved in training and mentoring of SHGs. This massive network of institutions supports the SHG movement, each entity in its own way. There has been much investment in the capacity-building of SHGs. It comes from private NGO donors, multilateral agencies such as IFAD and some bilateral agencies, like NABARD, the Small Industries Development Bank of India (SIDBI) and state governments. Capacity-building is largely done through NGOs, whose main role is to identify affinity groups and build their institutional capacity.

National Policy for Empowerment of Women

The National Policy for Empowerment of Women adopted in the year 2001, provided a boost to the empowerment of women through all spheres – political, economic, cultural and civil. It has also emphasized on career development, vocational guidance, employment opportunities, equal remuneration, occupational health and social security issues, including elimination of all forms of discrimination against women.

More significantly, the Tamil Nadu government and several banks continued to finance a similar project, Mahalir Thittam, in 32 districts after the end of the IFAD project in 1998. Under the IFAD-supported project, 10,850 groups were promoted, trained and mentored, and 2,85,000 SHGs were promoted under the follow-up project. This is a good example of how a strategy triggered by IFAD became mainstreamed in state programmes and expanded on the strength of its success. In 2001 the SHG strategy was accepted by the Government of India as a

major programme in mitigating poverty. Funds were allocated, targets were also set and groups were promoted by central and state governments all over the country, often without adequate capacity-building.

The SHG strategy is an important component of the Government's overall thrust to mitigate poverty and has been included in every annual plan since 2000. The success of a SHG movement, however, depends not only in the quantity of groups formed but also on the sustainability of these groups. The question of sustainability of the groups is therefore immensely important when viewed in the context of the desire of the microfinance providers to work with stable groups. The financial sustainability of these groups is achieved when surpluses generated from group economic activities and interest income on inter-loans is able to cover the operating costs of the groups.

The swiftness with which the SHG movement took off in India in the early nineties and the short span in which the SHG gained maturity in India is unparalleled. Most of the micro finance and SHG programmes in India work on the basis of group approach, where groups are treated as the principal micro finance beneficiary units. In India while the Self-Help Group model predominates, there are variations in forms and linkage systems depending on whether the programme is a Government one or run by development banks, NGOs, or private MFIs.

SHGs have the potential to sustain themselves financially and organizationally. In fact, experience has shown that they can sustain themselves after the initial investment to build their institutional capacity. It must be noted that they are not primarily financial institutions or financial intermediaries, as commonly understood, although they are often reduced to this function. Yet they have proved to be capable of managing savings, credit risk and social development. because of the capacity building and training given to SHGs, sustainability is inculcated.

Capacity-building modules of SHGs include:

- i. Structural analysis of society
- ii. Analysis of local credit sources
- iii. Self-help affinity groups – a concept
- iv. How a meeting of the community-based organization is conducted
- v. Communication
- vi. Affinity

- vii. Vision-building
- viii. Organizational goals
- ix. Planning resource mobilization, implementation, monitoring and evaluation (PRIME)
- x. Rules and regulations
- xi. Responsibilities of group members
- xii. Book-keeping and auditing
- xiii. Leadership
- xiv. Conflict resolution
- xv. Collective decision-making
- xvi. Common fund management
- xvii. Self-assessment
- xviii. Group graduation
- xix. Linkages with other institutions
- xx. Building credit linkages
- xxi. Federations
- xxii. Credit plus and
- xxiii. Analyzing gender relations in the family and community.

Microcredit, Self-Help Group and Empowerment of Women

The biggest challenge to any civilized society is the economic deprivation of the poor. The most potential tool against human deprivation is building of human capital among the deprived. Self-realization and self-initiatives are the two weapons to wash poverty out from the map of the world. Since independence, the government of India has experimented with a large number of subsidy-based community and wage based poverty alleviation programmes. But these programmes have not been able to successfully meet the social and economic objectives of poverty reduction.

Social mobilization through 'self help groups' is inevitable for economic empowerment and poverty alleviation. The SHG provide economic benefits in certain areas of production process by undertaking common action programmes like cost effective credit delivery system, generating a forum of collective learning with rural people, promoting democratic cultures, fostering an entrepreneurial culture, providing a firm base for dialogue and cooperation in

programmes with other institutions, possessing credibility and power to ensure participation and helping to access an individual members management capacity.

Empowerment is a process of change by which individuals or groups gain power and ability to take control over their lives. It involves increased well-being access to resources, raising self-confidence, increase participation in decision-making and control over resources and life. Women empowerment has received extensive reorganization as a strategy of growth and poverty reduction. The World Women Conference at Helsinki has rightly recognized the credit schemes for rural women as the best techniques of women empowerment. Prof. Amartya Sen in his book “Public Action to Remedy Hunger” in 1991 has also recognized the role of SHG and microfinance in women empowerment and poverty reduction.

Poverty in India has predominantly been a rural character. While there are several structural dimensions to the rural poverty, it is generally accepted that it arises due to the lack of capital or lack of surplus. The rural poor are in perpetual poverty and victims of the “vicious cycle of poverty”. Therefore, the establishment of SHGs, microcredit and infusion of credit are evitable. Hence, credit is a major policy thrust for rural poverty alleviation. The basic idea of SHG is simple: if poor people are provided access to financial services through SHGs including credit, it may very much allow them to break the vicious circle of poverty.

Women and Economic Development

As already discussed, The Millennium Development Goals (MDG) aims at eradicating poverty and promote gender equality and empowerment. There is need to improve the policies and implement them with greater impetus. But poor women in India remain in the traditional fields of employment.

Since the major drive to promote SHGs came from financial institutions, their function was largely viewed as financial provision and management. This tended to minimize the major role they have played (or have the potential to play) in empowerment of poor and marginalized sectors. Although this did not inhibit the spread of the SHG movement, it gave a bias towards financial functions that tended to distort the concept. In its supervision missions, IFAD emphasizes the SHG potential for empowerment.

SHG Movement In Tamil Nadu

Farmer's Associations, National Banks for Agriculture and Rural Development (NABARD), Small Industrial Development Bank of India (SIDBI), Rural Access to Services through Internet Activities (RASI), Foundation of Occupational Development (FOOD) are some of the development institutions helping agencies in the formation of self-help groups in Tamil Nadu.

In the initial stage, Tamil Nadu Women's Development Project (1990-1998) sponsored by the International Fund for Agricultural Development (IFAD) recruited 27 non-governmental organizations to work with self-help groups. Due to such efforts of NGOs nearly 5000 SHGs were formed in 8 districts with more than 1,08,000 women members.

Similarly, the Indira Mahila Yojana and Rastriya Mahila Kosh – two programmes initiated by Central Government have also mobilized nearly 2.5 lakhs women under the fold of self-help group and bank linkages to engage in income generation activities.

The self-help group movement in Tamil Nadu moved to the next progressive stage with the introduction of Mahalir Thittam by the Tamil Nadu Corporation for Development of Women. This scheme has widened the scope of more than 2,05,553 self-help groups. They have saved more than 72.30 million rupees and have obtained bank credit to the tune of rupees 12,160 million for promotion of entrepreneurial activities.

In the next stage, the Tamil Nadu Corporation for Development of Women has implemented massive entrepreneurship development programme since 2001-02. This programme had to cover 5lakh of women within a time span of 5 years. Almost as targeted, 5 lakhs women were trained and benefitted through vocational training such as tailoring, making of readymade garments, leather products, electronic servicing and repairing such as radio, TV, computers, catering technology, food processing, handicrafts, jewellery making etc. Subsequently, women from self-help groups were benefitted from capacity building programmes, skill training programmes and Support to Training on Employment Programme for Women (STEP). All these programmes have widened the scope of women empowerment and poverty alleviation programmes in general and particular in Tamil Nadu. It must be noted that the innovative strategies adopted for bringing socio-economic progress especially among the rural women and several empowerment and capacity building programmes have made the self-help group movement as a mass movement for holistic development of women in rural areas.

Concluding Observation

Obviously, Self-help groups have become the ladder for the poor to bring them up not only economically but also at socio, political and attitudinal levels to break the vicious circle of poverty. The rural poor are no more depending on the exploitative money lenders. The capacity building training given to SHGs have made them more aware about their economic needs, benefits of bank linkages, need for involving in income generation activities and economic empowerment.

As on 31st march 2017, there were 6.30 lakhs self-help groups and 95.02 SHG members. These groups have saved rupees 6,839.21crores. The remarkable fact is that they have availed a cumulative credit of rupees 44,452.08 crores.

Economic empowerment which provides liberation from traditional male dominated social system ensures social empowerment which also gives more leverage and freedom in taking decisions in family and matters related to finance.

It must be remembered that self-help group members, not only actively engaged in savings and credit, they also engage in other activities like income generation, natural resource management, propagation of literacy and health, child care and nutrition etc. Empowerment of poor encompasses three basic dimensions like reduction of poverty, income generation through creation of employment and attaining equality. The self-help groups are doing all these three dimensional work and evidently remain as a tool of social upliftment and poverty alleviation.

The self-help group movement which was started in a small way in Dharmapuri district of Tamil Nadu in the year 1989 has now grown into a mammoth movement covering all district of Tamil Nadu targeting poor families and marginalized section of the society. It was observed through several studies that SHG movement has brought out qualitative changes in the lives of women through its interventions over the last three decades. Politicians are keen to translate the success of the SHG movement into political capital. Political parties begin to claim ownership of these groups, instead of realizing that they are 'owned' by the members.

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