

## EXECUTIVE SUMMARY

### EXAMINING SELF HELP GROUPS: EMPOWERMENT, POVERTY ALLEVIATION AND EDUCATION

A QUALITATIVE STUDY  
*Nirantar, A Centre for Gender and Education*

What are the ground realities for women who are part of Self Help Groups (SHGs)? Are benefits equally shared or are some women more able to access them than others? What determines the success or failure of these programmes? What impact does the SHG phenomenon have on the discourse of empowerment and poverty? What are the implications for State accountability?

It was with these questions that Nirantar undertook a study of SHGs, the objectives of which were to use the lens of education to:

- 1 Understand women's perceptions about the changes that have taken place in their lives after joining an SHG, especially in terms of empowerment and poverty alleviation
- 2 Study the group as a space for engagement with issues of gender justice and equity
- 3 Assess the extent to which sponsoring agencies provide an enabling environment, particularly in terms of education/learning opportunities, for empowerment and poverty alleviation

#### **Context**

SHGs – groups of women who save and take loans as a collective - are an Indian phenomenon. Unlike the Grameen model in Bangladesh savings have been an important element of SHGs, and not merely access to credit. The issue of access to credit too was raised as part of the struggle for the rights of women working in the informal sector pioneered by women focused organizations such as SEWA and Working Women's Forum (WWF). The rights of women were therefore at the core of the idea of collectivizing women, with savings and credit being one element of a larger whole.

However, since the early 1990s SHGs have come to be seen in an increasingly instrumentalist light. As a result of the failure of the Integrated Rural Development Program (IRDP), and the high default rates of individual men - the government of India saw the value of SHGs as a medium for micro-credit activity. The rates of recovery from groups of women who could bring pressure to bear on each other, were clearly extremely high. Following the example of the government, many micro-finance institutions (MFIs) and banks, including the World Bank, also began to form and use SHG as a means to distribute and recover credit. NGOs increasingly started using SHGs as a strategy to reach out to large numbers of women at a rapid pace, encouraged by donors for whom the issue of self sustainability, enabled by SHGs, was central.

The scale of the SHG phenomenon is huge. The SGSY (Swarnjayanti Grameen Swarozgar Yojana) scheme of the government alone sponsors almost 2 million SHGs across the country. About 16 million poor households have gained access to formal banking systems through NABARD's SHG-bank linkage programme. 90% of these SHGs have only women as members.

#### **Methodology**

This study examines SHGs through the lens of education. Education refers to learning processes that include literacy, access to information, and processes of critical reflection that enable learners to make linkages between their lived realities and the larger structures and ideologies in which they are located. Education is an unusual lens, but it is effective for two reasons. First, education is intrinsically linked to poverty reduction, empowerment, equity, justice

and development – all spaces that the SHG model claims to impact. Second, the extent and nature of educational opportunities offered is a strong indicator of the ideology and priorities of promoters' of SHGs. Examining SHGs through the lens of education necessitates placing women and the process of empowerment at the centre.

The report is substantially based on an intensive, qualitative study of 6 SHG interventions. This bottom up methodology required rigorous interviews with SHG members and promoters. Two of the interventions studied, Swarn Jayanti Swarozgar Yojana (SGSY) and DWCRA, are sponsored by key departments of the Government of India. Two others, Swashakti and Velugu, are programs supported by the World Bank and implemented by the government. The last two, Peace and Anandi, are NGOs who promote SHGs. The report also draws upon the *Nirantar survey* of 2,750 SHGs in 16 states.

### **Structure of the Report**

The findings of this study are divided into three sections.

- 1 The ground level realities related to the lives of women who are members of SHGs. The spaces examined include the household, the SHG group, the market/economy, and the institutional players involved in SHG promotion.
- 2 The extent and nature of educational opportunities that SHG promoters provide to SHG members.
- 3 The patterns, referred to by the report as the 'logic' of micro credit that emerge from the study of the interventions. The underlying assumptions are laid bare and their implications for the larger discourse of empowerment, poverty and development drawn out.

Given below are integrated findings from all three sections.

### **Findings**

In the event that SHGs ensure access to credit, the credit is useful in times of crisis, and useful in order to smoothen consumption. SHGs also provide a legitimate entry for women in the public realm and considerable opportunities for mobility, especially for leaders of SHGs. With the exception of those who have a high degree of commitment to gender justice and equity and have created enabling processes, the study revealed a huge gap between the claims of women's empowerment and poverty alleviation and the ground level realities.

While SHGs claim to improve livelihoods, there was little evidence to suggest that they do so. Although they may provide women with access to money, they certainly do not ensure women's entitlement to the use of the resources or assets that the money provides. This is true, and therefore even more disturbing, in a context where the primary burden of repayment is on women. Moreover, the promoters of these SHGs focus only on micro enterprise at the expense of non-cash resources such as common property resources and public services. The micro enterprise options chosen are most often unviable and lack support from the promoters for backward and forward linkages, related in particular to marketing.

While the study found no evidence to suggest that participation in SHGs had led to a substantive increase in incomes this participation has increased women's burden of work. The SHG phenomenon has added new dimensions to the idea of a "good woman": a woman who saves, repays regularly and pressurizes other women to repay, not for her own benefit but for the welfare of the family; a woman who contributes to her household's economic well being, at the same time not jeopardizing the household's and community's social norms. By reinforcing this idea, SHG promoters invisibilize the non-monetised contributions women already make to their household. Further, they negate the potential of a woman to be a rights bearing individual, rather than just a member of a family.

Outside of the household, even the SHG does not offer the space for engagement with issues of

gender justice and equity. The agenda of the SHG is dominated by the requirements of ensuring regular savings and repayment. There is also a failure to recognize that SHGs are exclusionary. They exclude the poorest, including dalits, Muslims and tribals, because they are not able to save regularly, pay according to schedule or undertake the risks involved in microenterprise.

Educational and literacy inputs provided to SHGs are minimal. The nature and extent of inputs provided by SHG promoters are minimal both in terms of their intent and in terms of their content. They are limited to a functional agenda of ensuring financial efficiency and management so that women save and repay regularly. Even basic literacy inputs are minimal, and in most cases ad hoc and not sustained. However, women see linkages between literacy and power that are evident in their intra group dynamics. SHG promoters seem unable, or unwilling, to recognize and respond to this reality.

Although micro credit is a right that poor women should have, it is but one input in achieving the goals of empowerment and poverty alleviation. Why then do promoters of micro-credit based SHGs not provide SHG members with adequate educational inputs, without which these goals cannot be achieved?

There are several answers. First, there is a pervasive assumption that access to financial resources is equal to economic empowerment of women and that it will automatically lead to their social empowerment. Dividing empowerment into categories of economic and social is a false dichotomy. The study shows that if poor women have access to financial resources, it does not automatically mean that they will be able to negotiate their position in the world. Educational inputs that enable women to critically engage with the world are necessary for their empowerment.

This false dichotomy allows governments to justify insufficient investment not only in education for women but also in public service commitments. It allows the State to ignore structural inequalities, and therefore make no attempt to rectify such inequality. By making the claim that SHGs are leading to empowerment and poverty alleviation the State does not hold itself accountable for ensuring universal right to food, work, education, and health. The SHG phenomenon is impacting the discourse on development in a manner that places the onus of poverty alleviation on the poor.

Moreover, terms such as 'empowerment', 'collective', and 'social issues' are used by SHG promoters, but remain undefined. If the meaning of these terms is not specifically and publicly described by an SHG promoter, then that promoter cannot be held accountable to his claim of empowering women. Further, a lack of definition leads to distortions in the meanings of these terms. For example the term 'collective' comes to be interpreted as a group that enables greater savings (compared to individual savings) and more effective repayment of loans. 'Social issue' has increasingly come to mean safe, a-political concerns such as immunization and hygiene. Structural inequalities have become increasingly de-politicized.

A key reason why SHG promoters do not enable learning opportunities that will allow women to engage critically with the world has to do with the logic of microcredit. The overwhelming focus on financial efficiency ensures that the only kind of inputs that are seen as useful are inputs related to financial efficiency and management. This lack of investment in providing educational inputs is in stark contrast to the tremendous gains that organizations and governments are making from promoting SHGs. Banks and MFIs are able to increase their client base and access the savings of millions of SHG members at very low transaction costs. Sponsoring agencies, including NGOs are able to achieve scale and contribute to self sustainability, as per the demands of donor agencies. State governments access central and international financial resources for SHG programmes, use SHG members as free labour in order to meet a range of policy and scheme related targets, and as vote banks. Local Panchayats use SHGs to strengthen their political power – favouring those SHGs who are supportive of them. Corporate entities use SHGs as an entry point into the huge rural consumer market for their products.

## **Recommendations:**

How can we ensure that SHGs do begin to empower women? There are many ways.

Women must become the focus of SHGs. SHGs are not merely instruments by which credit is to be disbursed. Neither are they conduits for the government to deliver its schemes. Least of all are they simply a means to improve a household's access to resources. Women must be treated as key actors whose empowerment is a process, not an outcome. SHG promoters must ensure that educational inputs are provided to facilitate that process.

Thus, SHG promoters must build in-depth multi-dimensional educational inputs into their programmes; inputs that enable women to engage critically with the world in which they live. These inputs should engage with equity, political participation, market economics, livelihoods, democratic governance, legal rights, gender as well as with basic literacy. Empowering educational opportunities are essential in order to enable women to recognize their interests. This recognition will help them negotiate with other players in the realm of SHGs, and challenge norms, including those norms that they have internalized. SHG promoters must focus on empowerment, not only on ensuring regular savings and access to credit – financial resources can only be one part of an empowerment process.

The goals of empowerment must be defined by SHG promoters, so that these promoters can be held accountable to their goals. Promoters must learn to think outside of the false dichotomy of economic and social empowerment, in order to have meaningful goals.

Finally, there is a need for a high level review sponsored by the State, in the shape of a Committee on SHGs and the status of women. Such an independent committee must be set up to study SHG based programmes in India, in order to assess the extent to which these programmes address the rights of women. It must recommend changes related to the framework, approach and design of SHG programmes, as well as changes that might be required in the larger policy and programme environment to enable the necessary changes to have an impact in empowering women.

SHG promoters must make substantial changes in their course if they are to be true to their goals of empowering women.