

CHAPTER – I

EXECUTIVE SUMMARY

Poverty and unemployment are the twin problems faced by the developing countries; the Indian economy also is not different from this. According to the Planning Commission more than one third of India's total population i.e. 320 million live below the poverty line. Policy makers in India have realized the need for generating employment opportunities at a large scale to bring the teeming millions of its population above the poverty line. The credit needs and other financial services are provided to the rural masses in general and to the poor in particular through the rural financial markets comprising an unorganized sector consisting of commission agents, moneylenders, landlords and the like and an organized sector consisting of pyramid type co-operative credit institution – broadly classified into urban credit co-operatives and rural-credit co-operatives. Despite a wide network of rural bank branches in the country for implementing credit-linked poverty alleviation programmes, a large number of poor people continue to remain outside the fold of the formal banking system.

The poor recovery rate of formal rural financial markets has further aggravated the situation by impinging their already fragile viability. In order to enlarge the flow of credit to the hard-core poor, the NABARD launched a scheme of organizing them into self-help groups (SHGs) and linking the SHGs with banks, in 1992. The scheme is broadly on the pattern devised by the Bangladesh Grameen Bank. Under the scheme, poor, preferably the women are organized in the SHGs and banks are financing these SHGs for lending money those poor who are eligible for concessional refinance from the NABARD.

Empowerment of women is a social process that signifies the participation of both male and female. The contributions of female towards the well-being of the family and the society are thus as significant as that of the male. Women have been recognized as the embodiment of love, patience and sacrifice and are in no way inferior in any facet of life compared to their male counterparts. History reveals that

there are women who could demonstrate high feats and bring glory in their lives as well as to the nation. However a small section of women could make it to the highest positions and majority of women who reside in rural areas are destined to be poor and continued to be in a state of vulnerability and deprivation in many parts of the country.

Any well designed development mode need women's participation as they constitute half of the population and their contribution to social and economic process is essential for sustainable development. Bringing women in to the mainstream development process is possible by creating awareness, educating them, giving proper training and extending financial support. The process assumes significance in Kerala state which has the unique sex ratio of 1058:1000.

Women in Kerala are better positioned in terms of literacy and human development index compared to other Indian states. The vast reservoir of untapped female potential can contribute towards the prosperity of the state provided adequate credit and support system is ensured. The innovative credit delivery system emerged in the country during the 90's, through group formation following the axiom of self help and mutual help is found to be a powerful tool to mitigate the problems arising out of the deplorable situation of poor women.

With the provision of credit to women under group approach, a system has been developed in rural area where they could access money for their immediate and urgent consumption needs and also capital for production requirements. Participation in the group activities helps them to improve their skill and competence to take up productive ventures, enhancing self confidence and self-reliance. Such an attempt could contribute to the development of rural economy where 72.27 percentage of population of the country is concentrated

The country has witnessed a rapid growth of self help groups during the last decade. The SHG growth which has almost assumed the form of movement represents a massive grassroots level mobilization of poor rural women in to small informal associations capable of forging links with formal systems to help access financial and other services needed for their socio economic advancement. Basically SHGs are

being promoted as a part of the micro finance interventions aimed at helping the poor to obtain easily financial services like savings, credit and insurance. Self Help Groups are the voluntary organisations which disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. SHG is “a voluntary association of people formed to attain certain collective goals, both economic and social. Each group consists of 15 to 20 members, mostly female.” The entry of the banks into the microfinance sector happened first under pressure because of the guidelines of the Reserve Bank of India (RBI). The promotion of SHGs in India began more formally in 1992 with the launch of SHG-Bank Linkage Programme by NABARD. The programme’s main aim was to improve rural Poor’s access to formal credit system in a cost effective manner by making use of SHGs. (H.S Shylendra, 2008).

Women constitute nearly half of the world’s population and they play a crucial role in the development of the family, the Society and the Nation, but they have little access to productive resources and negligible control over the income of the family. Empowerment of women and gender equality are pre requisites for achieving political, social, cultural and environmental security among all people. (Naila kabeer, 2005) To eliminate poverty of women, employment opportunities should have to be created either through microenterprises or like.

Credit is one of the most crucial input in the process of development. SHGs have been recognised as a supplementary mechanism for providing credit support to the rural poor. A review of the genesis and development of the SHGs in India reveals that the existing formal financial institutions have failed to provide finances to landless marginalized and disadvantaged groups. The origin of the SHGs could be traced to mutual aid in Indian village community. The Co-operatives are formal bodies whereas the SHGs are informal. The SHGs encourage savings and promote income-generating activities through small loans. The SHGs have reliability, stimulate savings and in the process help borrowers to come out of vicious circle of poverty. The distinguishing feature of the SHGs is creating social and economic awareness among the members. The social awareness enables the members to lead their lives in a sound hygienic environment and pursue a better living. The woman members involve themselves more in taking decisions regarding the education of their children, the

investment of the family, managing the economic assets of the family and bringing up cohesion among the members of the family and others for a better living, through the empowerment gained out of participation in SHG activities.

Empowerment literally means 'becoming more powerful'. But in social work it connotes both theory and method. It is a theory concerned with how people may gain control over their lives, so as to achieve their interests as a group and a method by which social workers seek to enhance the power of the people who lacks it (Thomas and Pierson 1995:134). The dictionary meaning links empowerment with Self Help. Empowerment can refer to user participation in services and to the self help movement generally, in which groups take action on their own behalf, either in co-operation with or independently of the statutory services (Ibid: 134-135). Empowerment is a process whereby women become able to organise themselves to increase self reliance and to assert their independent right to make choices and control resources, both of which will assist in challenging and eliminating their subordination.

Rural women primarily join SHGs for the purpose of savings and availing credit, which are primarily denied by mainstream banks. But in course of time they experience a transformation with regard to their self esteem, their participation in the decision making at the family and community level. Their economic empowerment is evidenced by their participation in self employment avenues. And their social empowerment is indicated through their increased participation in the social spheres and active participation in the political process. The personal advantages of empowerment and the collective cohesiveness of group members are proposed to lift rural and indigenous women towards better economical and social outcomes.

Kerala is acclaimed for its Social achievements, education of women, zero population growth, maintenance of European level health standards etc. The state falls within the low poverty zone (0-15%) of India but still there are too many sufferers, who are mostly women (Planning commission Reports). The poverty of women is out of the inaccessibility to resources of their family, their educational backwardness and their inability or restricted ability to take crucial family decisions. The rural women's access to savings and credit, through association with SHGs, not only elevates their

economic situation and self confidence but also enable them to engage in IGAs that could gradually push them out of the clutches of poverty and leads to their economic independence. It is generally believed that, “Empowerment” is the key to poverty alleviation. The confidence gathered by the SHG members through participation in group activities results in their empowerment and this will lead to participation in IGAs or tactful application of funds raised from cheaper sources of credit. The present study is highly significant because it takes into account, the empowerment of poor through their association with SHGs and also the sustainability of SHGs, by providing empirical evidence from Kerala.