

**Self-Help Groups in Empowering Women:
Case study of selected SHGs and NHGs**

Jaya S. Anand

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**Kerala Research Programme on Local Level Development
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Self-Help Groups in Empowering Women: Case study of selected SHGs and NHGs

Jaya S. Anand*

1. Introduction

In the early decades of planning problems of women were looked upon as problems of social welfare, rather than of development. The drawback of the welfare approach was that it did nothing to eliminate the social discrimination against and subordination of women. In almost all plans for poverty alleviation and social change, disadvantaged women became a 'target' in developmental activities rather than a group to be co-opted as active participants (Beijing Conference, 1996). Since 1970, policy makers and academicians started thinking as to how development programmes could be linked to poor women. Women issues are development issues and by-passing them in development programmes means leaving almost half of human resources outside development intervention (CIRDAP Development Digest, 1998). Issues of poverty among women are quite distinct and complicated. Their general poverty conditions, morbidity, lack of food, drinking water, and sanitation facilities are some of the major issues that need attention. Female members of a poor household are often worse off than its male members because of gender discrimination in the distribution of food and other entitlements within the household. 'Increasingly poverty has a woman's face' (Human Development Report, 1995). The Human Development Reports of UNDP from 1990 onwards attest to the fact of growing feminisation of poverty.

Review of policy approaches to women

"Nothing, arguably, is as important today in the political economy of development as an adequate recognition of political, economic, and social participation and leadership of women" (Amartya Sen, 1999). While a large part of the world continues to look at women's issues in terms of paternalism and well-being, the concept of women's empowerment in the social, political, and economic order as a pre-requisite of human development is hardly given the priority that it deserves. Throughout the Third World, particularly in the past 15 years, there has been a proliferation of policies, programmes, and projects designed to assist low-income women. This concern for low-income women's needs has coincided historically with recognition of their important role in development. Since the 1950's, many different intervention strategies have been formulated to address women's needs which reflect changes in macro-level economic and social policy approaches to Third World Development, as well as in state policy towards women.

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The welfare approach introduced in the 1950's and followed through the 1960's may be considered the earliest policy approach concerned with women in developing countries (Moser, 1993). Here, women are seen as passive recipients of development, rather than participants in the development process. The reproductive role of women is recognised and policy seeks to meet practical gender needs through that role by top-down handouts of food aid, measures against malnutrition, and family planning. As such it did not include women in participatory planning processes.

However by 1970, the limitations and the critique of the welfare approach became obvious and resulted in the development of a number of alternative approaches based on equity, poverty alleviation, efficiency, and empowerment. These approaches are not entirely mutually exclusive and have been categorised, in general as the women in development (WID) approach.

The original WID approach was the equity approach, introduced during the 1976-'85 UN Women's Decade. Its purpose is to gain equity for women in the development process. Women are seen as active participants in development. It seeks to meet strategic gender needs through direct state intervention giving political and economic autonomy to women, and thus reducing inequality with men. It acknowledges that they must be 'brought into' the development process through access to employment and the market place.

However, equity programmes encountered problems from the outset. The lack of a single unified indicator of social status and of baseline information about women's economic, social, and political status meant that there were no standards against which 'success' could be measured (USAID, 1978). Politically the majority of development agencies were hostile to the programmes because of their intention to meet not only practical gender needs but also strategic gender needs whose very success depended on an implicit redistribution of power.

The anti-poverty approach, the second WID approach, the 'toned down' version of equity was also introduced in the 1970's. This approach to women focuses mainly on their productive role, on the basis that poverty alleviation and the promotion of balanced economic growth require the increased productivity of women in low-income households. It aims to increase the employment and income-generating options of poor women through better access to productive resources. It was soon realised, however, that though the approach might meet practised gender needs by augmenting their income, unless employment leads to greater autonomy, it would not meet strategic gender needs. Moreover, the income-generating programmes implemented under the assumption that women have free time, often succeed only by extending their working day and increasing their burden.

The purpose of the efficiency approach – the now predominant WID approach – is to ensure that development is made efficient and effective through women's economic contribution. Women's participation is equated with equity for women. It seeks to meet practical gender needs. Experience illustrates the fact that the efficiency approach only meets practical gender needs at the cost of longer working hours and increased unpaid work. In most cases this approach failed to reach any strategic gender needs.

The empowerment approach is the most recent and is aimed at empowering women through greater self-reliance and internal strength. It seeks to meet strategic gender needs indirectly through bottom-up mobilisation around practical gender needs. When the first welfare approach recognises only the reproductive role of women and utilises women's organisation as a top-down means of delivering services, the empowerment approach recognises the triple role of women and seeks through bottom-up women's organisations to raise women's consciousness to challenge their subordination. A diverse range of women's organisation including Self-Help Groups (SHGs) have developed in this context conveying a multitude of issues and purposes.

The concept of self-help group

Experience in many countries demonstrates that poor women make investments wisely and earn returns (Human Resource Development, 1995). However, the flow of financial assistance to them was too marginal, if at all, to enable them to cross the poverty line. The need to create a grassroots organisational base to enable women to come together, to analyse their issues and problems themselves, and to fulfil their needs was strongly advocated. In fact, experience shows that some of the successful 'group-based participatory programmes' have made significant improvement in the conditions of living poor women. The concept of self-help groups gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication 'by empowering the poor women'.

SHGs are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The benefits include mobilisation of savings and credit facilities and pursuit of group enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities (Shylendra, 1998). These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. The joint liability not only improves group members' accessibility to credit, but also creates mechanisms like peer monitoring leading to better loan recoveries (Stiglitz, 1993). Besides, some of the basic characteristics of SHGs like small size of membership and homogeneity of composition, bring about cohesiveness and effective participation of members in the functioning of the group (Fernandez, 1994). In general, SHGs created on the above lines of functioning have been able to reach the poor effectively, especially women and help them obtain easy access to facilities like savings and credit and empower them (National Bank, 1995).

Studies reveal that certain elements become crucial or critical for the successful formation and functioning of the groups. These include voluntary nature of the group, small size and homogeneity of membership, transparent and participative decision-making, and brisk use of funds for micro-enterprise creation. (Fernandez, 1994). Regular meeting of the members fosters meaningful relationship among them and issues other than thrift and credit, issues on gender and social problems also get a platform for discussion.

Empirical evidence has shown that women as a group are consistently better in promptness and reliability of repayment. Targeting women in these 'malestream' programmes has been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly of children. At the same time, women themselves benefit from the higher status they achieve when they are able to get new income (RESULTS, 1997)

Micro-financing: Shift from the traditional banking system

Micro-financing has turned out to be an effective strategy for formal financing agencies. Group lending minimises transaction cost and at the same time the members of a group can avail small loans through that group. The chances of misutilisation are minimal and there is assured repayment because of peer monitoring by the group. The group concept has enabled the rural poor to develop the savings habit and minimise extravagance.

For the SHG members, the system has been found beneficial because of minimal procedural formalities, access to institutional credit without collateral offering, full autonomy in the selection of activity, and the availability of thrift for meeting urgent needs. The skill needed for filling the application forms and the absence of procedural formalities have made the programme customer-friendly. Besides, the flexible repayment schedule enables them to repay as and when it is convenient. The group will see to it that prompt repayment is made, as they are likely to get repeat loans. The micro-sized, supplementary income-generating activities pursued by the members defy the conventional standards of unit cost and unit size prescribed by banks and government departments. The smaller unit size allows women to pursue the activities in their spare time and contribute to the family's income.

Statement of the problem

Right from the mid-eighties of the past century micro-finance has become a key strategy for poverty alleviation and empowerment of women in Kerala. About 98 percent of the self-help groups in Kerala are women groups. In some areas men groups and mixed groups also exist. There has also been an increase in the flow of funds for micro-enterprises through various promotional agencies. Though NGOs were the forerunners in this field, the early nineties marked a new era for micro-finance programmes in the State with the evolution of the Community Development Society (CDS) model women groups in Alappuzha. Further the setting up of *Kudumbasree* – the poverty eradication programme of the State Government – has given a boost to the SHG strategy.

There is a general tendency to consider SHGs as a panacea for all the ills of the rural community. This is evident from the mushroom growth of self-help groups in the State. In many cases it has been a blind replication of success models without considering the intricacies involved in group formation and sustainability. Hence, the present study is undertaken to enquire into the performance of women groups in Kerala commonly known as Self-Help Groups (SHGs) and Neighbourhood Groups (NHGs) and to identify the factors contributing to their failure or success so that the strategy may be replicated effectively for empowering rural women.

Objectives of the study

The main objectives of the study are:

- (i) To evaluate the performance of selected SHGs and NHGs and to identify the extent to which the factors required for the successful functioning of the groups are present and in what ways they are influencing the performance of groups.
- (ii) To comparatively examine the role of various promoting agencies and to discuss the differences in their approach in organising and managing the SHGs and NHGs.
- (iii) To examine the impact of SHG and micro-credit on women empowerment.

Methodology

The above objectives are examined through an exploratory study of the functioning of selected SHGs and NHGs of Malappuram district. The district is purposively chosen on the following considerations:

- (i) It is the only district in the State in which model groups of the rural Community Development Society (CDS) exist;
- (ii) Women in this district are, in general, backward both socially and culturally;
- (iii) It is the district with the maximum number of SHGs and NHGs, as per official records (around 5000, of which 4645 are CDS groups)
- (iv) No impact study to assess the micro-finance programmes in the district exists.

Selection of panchayat

The block-wise and *panchayat*-wise details of the Neighbourhood Groups are maintained systematically by Malappuram district CDS. These details regarding thrift, loans, and the number of NHGs, which are updated monthly, were collected. Nilambur block, which has the maximum number of groups (more than 700), has been selected purposively.

Chungathara *panchayat* in Nilambur block is considered the pioneer in promoting the concept of SHGs. According to bank officials it was in this *panchayat* that NABARD experimented the SHG concept in the first phase. Even now, it is one of the *panchayats*, which has received large amounts of funds from the District CDS and various other financing agencies like Rashtriya Mahila Kosh and NABARD. The projects of STEP, Kerala State Poultry Development Corporation (KSPDC), etc., are implemented here. Besides the CDS model groups, there are two other prominent NGOs – Shreyas and Bhoodan Vikas Mandal – who are actively involved in community development through Self-Help Groups. It is therefore possible to make a comparative evaluation of the performance of SHGs promoted by various NGOs. These are the considerations, which weighed in the selection of Chungathara *panchayat* for the study.

Selection of sample groups

In the first stage a detailed chart of information relating to the name of the group, the year

of its formation, number of members, the amount of savings and loans, and the number of Income-Generating Activities (IGAs) undertaken as on 31 March 2000 was prepared. The groups were ranked giving weightage to the following two important variables.

- (i) Year of formation: Relatively older groups were considered better and more self-sustainable, as the impact of the strategy on group dynamics and empowerment can be assessed effectively;
- (ii) Thrift per member: Thrift (savings) was found to be the most ideal key to assess the performance of a group in the first stage. A steady growth in thrift is an indication of the groups' success and the growing confidence of members in the SHG.

After ranking, the first five groups from all the three agencies were selected for a detailed study. The selected groups are evaluated by examining their mode of organisation and functioning. The factors contributing to their success were identified and gathered by attending the group meetings and also by holding informal discussion with the members and group leaders. The data so collected are mainly of qualitative nature and have been supplemented wherever possible with quantitative data on savings, credit, repayment, etc.

In order to find the impact of SHGs and micro-credit on empowering women, 10 percent of the members from the sample groups were selected randomly and interviewed using a structured schedule. A total of 186 respondents were thus contacted. Care was taken to include group leaders, dormant members, and members with and without economic activity to elicit their views and reactions to issues covering group dynamics and empowerment. A detailed socio-economic survey of the members was undertaken during the months of June, July, and August 2000. The field data collected were supplemented with focus group interactions and short interviews with the office-bearers and co-ordinators of the three voluntary agencies.

Tools for analysis

CDS groups were started in 1994, while BVM and Shreyas groups were organised during 1996-'97. The data collected from the respondents were tabulated and analysed using simple statistical tools such as percentages, averages, coefficient of variation (CV), and coefficient of correlation. Besides the primary data, secondary data from CDS Malappuram, other voluntary agencies, Kudumbasree, and NABARD have been extensively used.

This report is presented in the following order. Section 2 presents a review of literature on micro finance and develops a framework of analysis. The evolution of SHGs and NHGs in Kerala and the functioning of women groups are also examined. The profile of the study area is presented in Section 3. In Section 4, the role of the various promotional agencies in group formation and the performance of the selected groups are discussed. Section 5 discusses the impact of the programme on the empowerment of women. A brief summary of the findings of the study together with suggestions and recommendations is furnished in the concluding section.

2. Self-Help Groups: A review of progress

Micro finance and women empowerment is a subject that has received growing research attention in recent years. Several organisations have promoted SHGs taking up the philosophy and approach of successful experiments of extending credit to poor women. Since the early 1980s, a large number of studies have examined the various dimensions of micro finance programmes and women empowerment. Several international organisations like Action-Aid UK, CGAP (Consultative Group to Assist the Poorest), and Overseas Development Authority have conducted case studies and organised workshops in various countries. The workshops had looked mainly into the experiences of different countries and the impact of the micro finance programmes in a cross cultural perspective. Other sources of information include published and unpublished materials including materials from the Micro-Credit Summit (February 1997 and 2001) and action research programmes of IRMA, NIRD, and CIRDAP Digest. Additional information is obtained from Internet websites.

Over the years, the “informal sector debate” (Hart, 1973; ILO, 1972) has increased in scope and complexity. Terms such as informality, were used interchangeably with informal activity, sector or economy, self-employment and microenterprise. The popularity of the informal sector concept among policy advisors and governments arose from a convergence of interest in poverty issues and the need for a policy instrument (Tokman, 1987). Governments, international financial institutions, and private foundations found in the concept a common language to co-ordinate their activities and, in the case of governments, to improve their access to international welfare funds earmarked for income-generating activities. In part, the popularity of the informal sector concept comes from its ability to bridge diverse analytical and policy approaches, while its drawback is the inability to integrate approaches or improve analytical usefulness (Peattie, 1987). Though many approaches and perspectives have dominated since 1984, we have focused only on the micro-enterprise development approach.

Though new to the informal sector debate, micro-enterprise promotion has evolved from poverty alleviation activities from the early 1960’s. The proponents of the micro-enterprise development approach are action-oriented, not interested in conceptual issues, and are only marginally concerned with theories of the origin of micro-enterprises (used synonymously with informal sector and poverty). They accept notions of stratification, exploitation, and privileged sectors of society and expand jobs and improve productivity and income. They aim to empower groups and communities through business assistance and development of organisational skills and capacity. They promote, fund, and carry out programmes that address the needs of the poor (Rakowski, 1994).

Many micro-enterprises began as charitable and disaster relief organisations operating in rural and urban areas, while others were founded specifically to bring multinational corporate funds to the aid of the poor. Local groups often had financial support from and strong ties to international groups, especially during the first five years of operations. Charitable and welfare organisations started with short-term goals, but work turned out to be never-ending. As a result many found their organisational structure “institutionalising” and their staff “professionalising”. From direct assistance and welfare, they were transformed over time

into organisations, which focused on “helping the poor help themselves”. By the early 1970s, their work concentrated on working with neighbourhood or village groups on self-help initiatives and grassroots economic projects (Korten, 1987).

For these NGOs the shift from charitable work and services to income-generating activities was a natural outgrowth of their collective and cumulative experience in helping organise community groups. Additionally, the expansion of the informal sector, especially in the poor neighbourhoods where NGO activities concentrated, led to an awareness of this sector of people in regulated, unlicensed, low resource, “marginal” activities which were critical to the survival of the poor, especially women (who predominated as heads of poor households) (Otero, 1990). The 1970’s marked the promotion of empowerment and social welfare through economic growth.

The NGOs of the late 1980s and the early 1990s have been expanding their role. Despite the time and resources, which NGOs as a group have invested in the poor, a tremendous amount of need remains unmet. NGOs have begun to assume a role of catalyst for micro and macro level policies and they engage in dialogues with governments and the private sector. In fact, private sector business leaders, foundations, and corporations has created new local-level NGOs for promoting micro-enterprise development through “massification” applying the NGO method and philosophy on a broader scale to help increasing number of entrepreneurs and poor families (Bejar and Korten, 1987). Massification and overcoming institutional obstacles demand government and private sector collaboration. In direct contradiction with the legalists, NGOs stress that the most important role for governments is to provide the appropriate policy environment for micro-enterprise development (Otero, 1990).

A large number of studies have been undertaken so far by CGAP, NGOs, and donors of micro-finance programmes highlighting the strengths and weaknesses of the programme in various countries. We present below a few studies conducted on SHGs in India – only those that have a direct relevance to the present study.

Choudhary (1996), in her study stressed the need for sharpening women’s empowering strategies to make them effective and result-oriented. She pointed out that money earned by poor women is more likely to be spent on the basic needs of life than that by men and that this realisation would bring women as the focus of development efforts. She also examined the advantages of organising women groups thereby creating a new sense of dignity and confidence to tackle their problems with a sense of solidarity and to work together for the cause of economic independence.

Shylendra (1998) in his paper attempted to evaluate the performance of eight women SHGs promoted in the Vidaj village by the Institute of Rural Management, Anand (IRMA). Here the SHGs failed to enable members to realise their potential benefits. The reasons identified for the failure were the wrong approach followed in the SHG formation by the team, misconceptions about SHG goals both among the team and the members, and lack of clarity about the concept. The main lessons drawn from the project are the need for creating SHGs based on a clear assessment of the needs of different sections of the society, ensuring clear understanding of the concept of SHG among team members involved in promoting SHGs,

and enhancing the relevance of SHGs to their members by enabling them to meet effectively their requirements, be it savings or credit or income-generating activities.

Gain and Satish (1996) in their paper had described the factors affecting group dynamics and group functioning such as feeling of solidarity and pervasive benefits from group formation, increased awareness of group members, self reliance, and transparency. They feel that dependence on outside source either in material or human terms exist and so the group autonomy is not attained in many cases.

Kartar Singh and Jain (1995) in their working paper 'Evolution and survival of SHGs: Some theoretical and empirical evidences' explained that there are four stages of group formation: forming, storming, norming, and performing. They identified the factors, which have an impact on group formation as full participation of all members, quality in leadership, some sort of homogeneity among the members, and transparency in operations and functioning of the groups.

The study conducted by Karkar (1995) revealed that as the programme was effectively implemented, the monthly income of the beneficiaries had increased substantially. A large number of groups had become mini-banks reducing the dependence on moneylenders. It had also resulted in improving their standards of hygiene and nutrition. The major findings were that the urge for literacy especially for the girl child and the adoption of family planning measures had increased. The process of group dynamics strengthened the networking, homogeneity, and self-esteem of women. The "We can do it" syndrome is a part of their psyche today. The scheme had also provided women the opportunity to sit together, discuss, and share their long-pending problems, and seek joint solutions through sympathetic co-operation and advice. The group thus acts both as a pillar of strength and an information window.

An article (Gramin Vikas, 1995) highlights the role of an innovative saving/credit programme called *Podupu Lakshmi* that had been successfully launched and carried out in the Nellore district of Andhra Pradesh. *Podupu Lakshmi* is based on a very simple principle of saving a rupee per day/per member. The erstwhile submissive, docile, silent, and meek women changed their psyche into assertive, confident, mobile, articulate, questioning and demanding pressure lobby groups. The aspirations of women for economic prosperity went up and they started climbing up the social ladder through the programme. The other factor for the success was the timely intervention of the government machinery. The careful identification of key government functionaries also led to the success of the programme.

In Kerala, however, more than nine years have passed since the programme gained momentum. A few studies were undertaken by experts like Leela Menon (1994), Liliana Marulanda (1994) of UNICEF, and Sarala Gopalan and Hilda Rajan (1996), all of which were generally uncritical and highly appreciative of the programme.

The South Malabar Gramin Bank (1998) conducted a 'Monitoring Study on SHGs' to examine the progress of the scheme since its implementation in 1995-'96 in Malappuram and Kozhikode districts. About 60 percent of the bank-linked groups were rated as excellent.

In a few groups, group dynamics decreased after the credit-linking. The study suggests that in 20 percent of the groups, the organisational set-up should undergo change by replacing the existing members. It identified several weaknesses in the CDS groups such as lack of monitoring; lack of interest among co-ordinators due to non-receipt of allowance which they had been formerly receiving; and static performance of groups.

An impact study conducted in seven wards with 2003 risk families in Alappuzha by the Department of Statistics, University of Kerala, revealed that families with less than two meals per day had gone down from 57 percent in 1993 to 44.50 percent in 1996, families with one or more illiterates fell from 26.5 percent to 17.8 percent and families with persons addicted to alcohol declined from 32.5 percent to 22.10 percent.

However, the most comprehensive study on SHGs in Kerala has been the one by Oommen (1999). He covered all the districts and municipalities in the State, in which the Urban Community Development Societies were functioning. The study has reviewed the progress of the programme under four heads: impact on poverty, income-generating programmes, thrift and credit societies, and women empowerment. Some of the major findings are the following:

- (i) About 51 percent of the households investigated have become non-poor;
- (ii) Housing conditions in Alappuzha and Malappuram have improved to some extent largely through convergence of resources and inputs from different agencies.
- (iii) Awareness of various communicable and non-communicable diseases has improved; un-immunised children and incidence of tuberculosis exist in some pockets in Malappuram.
- (iv) Despite the several advantages, there remain some CDSs which have not promoted Thrift and Credit Societies;
- (v) The rate of repayment of loans is high;
- (vi) Efforts to formulate group projects for NHGs as a whole do not exist. CDS has failed in realising the full potential of creating self-employment;
- (vi) More than 56 percent of NHG households have improved their economic status and 65 percent of the members expected the programme to bring more economic opportunities;
- (vii) More than 90 percent of the women believed that their collective action against social injustice towards women is inevitable and that the NHGs could play an active role in this regard.

The preceding review shows that the strategy of micro-financing through SHGs can help in a big way in eradicating poverty and empowering women. However, what is needed is a real change in the community's attitude to depart from the traditional approach of highly subsidised support to the promotion of self-help. This is a time-consuming process; but regular follow-up and guidance are sure to bring about substantial improvement.

Evolution of SHGs in Kerala

The success of SEWA of Ahmadabad, Myrada of Mysore, and several other experiments in

different other parts of the country, has attracted many States for replicating this strategy. It has been widely accepted that the programme, if taken up and implemented in the right sense, would be very effective in poverty eradication and women empowerment. SHGs in Kerala have made significant strides in this field. Earlier efforts made by some NGOs were confined mostly to a few areas or remained rather scattered, making the concept relatively unknown and non-replicable. Historically, many church-based development institutions in Kerala have been promoting credit unions. A credit union is a typical system, which organises the poor into large groups of 150 to 200 members and pools their meagre savings for their common benefit. Here also the basic objective has been to help the poor meet emergent needs and come out of the clutches of moneylenders. These credit unions lacked the participatory decision-making found in SHGs. During the late 1980s this drawback was realised and under the guidance of NABARD many voluntary agencies reorganised their Credit Unions into smaller and more effective SHGs.

NGO intervention

NGOs have been identified as the best promotional agency because of their long experience in working with local people. The success stories in Neyyattinkara, Wayanad, etc., reveal their contribution towards nurturing and making women groups self-reliant. NGOs under the guidance of NABARD have promoted groups, some of which have reached a self-reliant stage. It needs to be highlighted that these groups still remain apolitical, effectively responding to the needs of the community without actually becoming bureaucratic.

Community Development Society (CDS): A new strategy

The CDS strategy – a modified version of SHG was introduced in 1993 as part of implementation of the Centrally-sponsored Urban Basic Services for Poor (UBSP) and UNICEF-assisted Community-Based Nutrition Programme (CBNP). Women from poor families identified through a transparent process using the nine point non-economic criteria, were organised into Neighbourhood Groups (NHG) of 15-40 families. The nine factors identified are: Scheduled Castes and Tribes, only one or more adult family members being employed, *kutcha* or thatched house, lack of household sanitary latrines, non-availability of drinking water, family having two meals or less per day, regular use of alcohol by a family member, family having at least one illiterate member, family having at least one child below five years.

The NHGs organised at the grassroots-level are federated democratically into Area Development Society (ADS) at ward/*panchayat* level and these are further federated into CDS, which would be a registered body at the municipality/district level. The entire three-tier structure is envisaged as an extension of the *Panchayati Raj* system providing a support system as well as a delivery mechanism for the unified implementation of all poverty eradication programmes. The approach is relied on fusion of formal and informal sectors for the development of the below-poverty-line families with focus on women and children. Departing from the traditional approach of heavily subsidised support, it aims at self-help. Probably the most important activity that is being implemented through the CDS system is the formation of Thrift and Credit Societies (TCS).

Figure 2.1 Community/organisational structure of Malappuram district at a glance

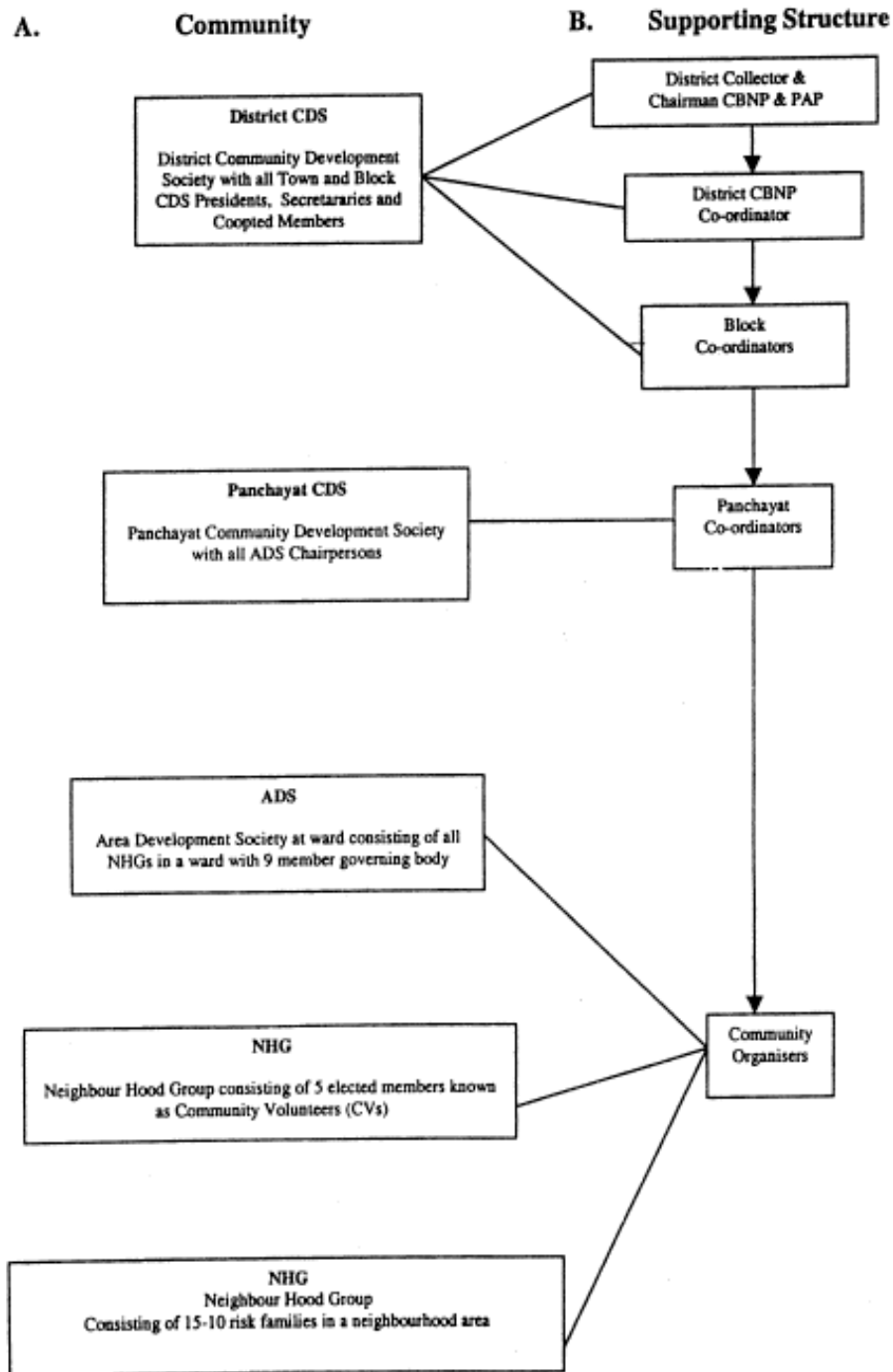
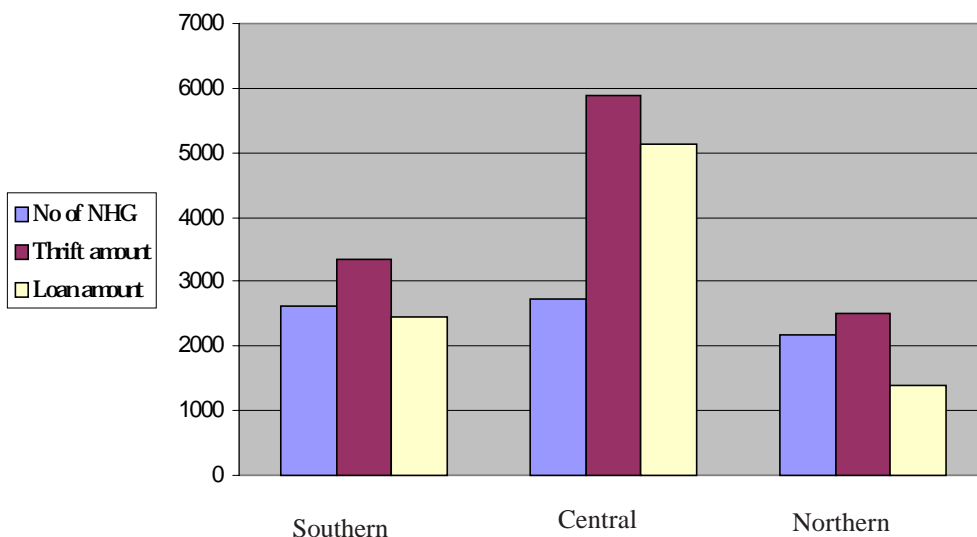


Figure 2.2 Urban CDS status as on 31 October 2000



The success of Alappuzha CDS and its smooth replication in Malappuram inspired the State Government for CDS expansion throughout Kerala. The Urban Poverty Eradication Mission known as *Kudumbasree* is the outcome of this and it envisages eradication of poverty from the State over a period of 10 years. This is being done by organising poor women into groups and empowering them.

The region-wise distribution of urban CDS in the State, the thrift and the thrift amounts collected and the thrift loan disbursement are presented in Figure 2.2. It is evident that of the three regions, the central region mobilised the maximum thrift amount though the number of NHGs in all the three regions is more or less equal. Also the central region is seen to have made significant progress in the disbursement of thrift loan.

SHG vs NHG

The main difference between SHG and NHG is that SHGs are non-CDS, non-governmental, and informal organisational structures promoted by voluntary agencies. CDS is sponsored by the government for the uplift of the poor especially women by bringing together the activities of various development departments.

NHG members are from families facing high risks i.e., usually those belonging to below poverty line (BPL), identified on the basis of the nine point non-economic criteria. SHG members need not be from the high-risk families but are basically poor and marginalised who find it difficult to have access to the formal credit system.

SHGs of Ayalkoottam

Yet another promoting agency has crept in under the *Panchayati Raj* system during the late nineties, i.e., SHGs formed as a subset of the neighbourhood group. In the democratic

process of micro-institution building, organisations termed as *ayalkottams* are formed with local people residing in a particular locality in a ward. The *ayalkottam* identifies women from among themselves and from SHGs for carrying out a group activity. These SHGs have been organised mainly for utilising the 10 percent grant-in-aid set apart under the Women Component Plan (WCP) for projects directly targeting women. Such SHGs are functioning effectively in many *panchayats* – Ulloor, Thiruvallam, Kumarakom, Kunnathukal, etc.

There is an apprehension among sociologists about such SHGs getting politicised in the process of the *ayalkottam* of *panchayats* forming them. Experience shows that politics could kill a group (Alappuzha experience). Some of these groups are formed without the thrift component (TCS) which itself is so essential for the successful functioning of the SHG. These groups have been formed even without conceptualising the essence of SHGs, merely for availing the funds made available from the *panchayat*.

The success of CDS and the wide publicity of SHG strategy have attracted several other agencies. Formal agencies (like District Collectorate) in Kollam, Primary Agricultural Credit societies in Kannur, Department of Industries, Department of Agriculture, and various other government agencies are now actively promoting SHGs in Kerala for the effective utilisation of their funds.

Linkage with banks

The role of NABARD in the growth of SHGs in Kerala is worth mentioning. Besides the financial support, their guidance in group formation and imparting of training in leadership, maintenance of records, book keeping and accounts, have given a sound footing to many SHGs. Their timely intervention has provided the much-needed stability to the thrift initiative. Formation of SHG and their linkage with banks in the State have taken place on two fronts.

- (i) Through the CDS, formed with the support of State government, local administration, NABARD, UNICEF, and banks.
- (ii) Through efforts of voluntary agencies and banks under the leadership of NABARD. Farmers' clubs promoted (under a programme called 'Vikas Volunteer Vahini') by NABARD have promoted SHGs too.

NABARD has stipulated certain norms for linking SHGs to bank credit such as the following:

- (i) The group should have been in existence for at least six months; and
- (ii) The group should have scored 120/150 marks based on its evaluation criteria.

Once the groups are linked to the scheme, in the first stage they become eligible for credit equal to their thrift. Subsequently repeat loans may be availed at the thrift-credit ratio of 1:2 and 1:4 depending on the repayment performance of the groups concerned. These provisions are seen to motivate members to exert peer pressure for prompt repayment.

Kerala remains the third largest in the country next only to Karnataka and Andhra Pradesh, in the matter of the number of linked groups and accounted for 13 percent of the total linked

groups in India in 1999. The linkage programme involved 47 agencies promoting self-help (Kerala State Focus Paper, NABARD 1999-2000) of which 41 were NGOs and 6, Vikas Volunteer Vahini.

Table 2.1 Year-wise growth of linked SHGs and micro-credit disbursed in Kerala

Sl. No.	Year	No. of SHGs linked	Bank Loan (Rs lakh)	Loan per SHG (Rs)
1	1994-1995	352	13.02	3698.90
2	1995-1996	402	21.96	5462.70
3	1996-1997	536	52.37	9770.50
4	1997-1998	536	78.97	14733.20
5	1998-1999	1291	223.70	17327.70
6	1999-2000	2434	565.48	23232.60
	<i>Total</i>	5551	955.50	17213.20

Source: NABARD 2000

Figures showing the year-wise growth of bank-linked SHGs in the State indicate the success of the programme in Kerala (Table 2.1). The number of self-help groups increased from 352 in 1994-'95 to 2434 in 1999-2000, recording a growth of around seven times, over a period of five years. Similarly the flow of bank credit to these groups, which had been Rs 13.02 lakh in 1994-'95 went up to the tune of Rs 565.48 lakh during the same period (Fig. 2.3).

Figure 2.3 Year-wise growth of linked SHGs and Bank loan disbursed

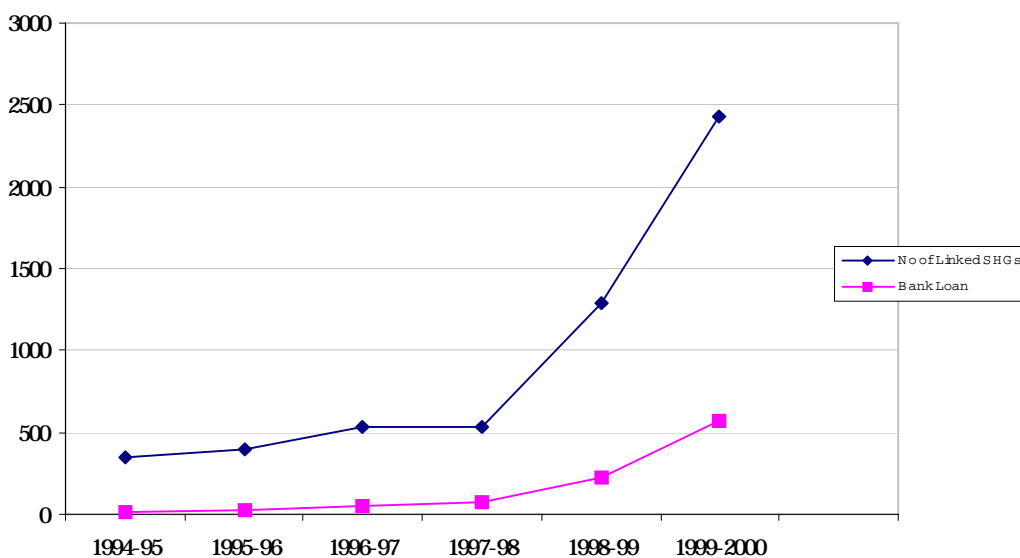


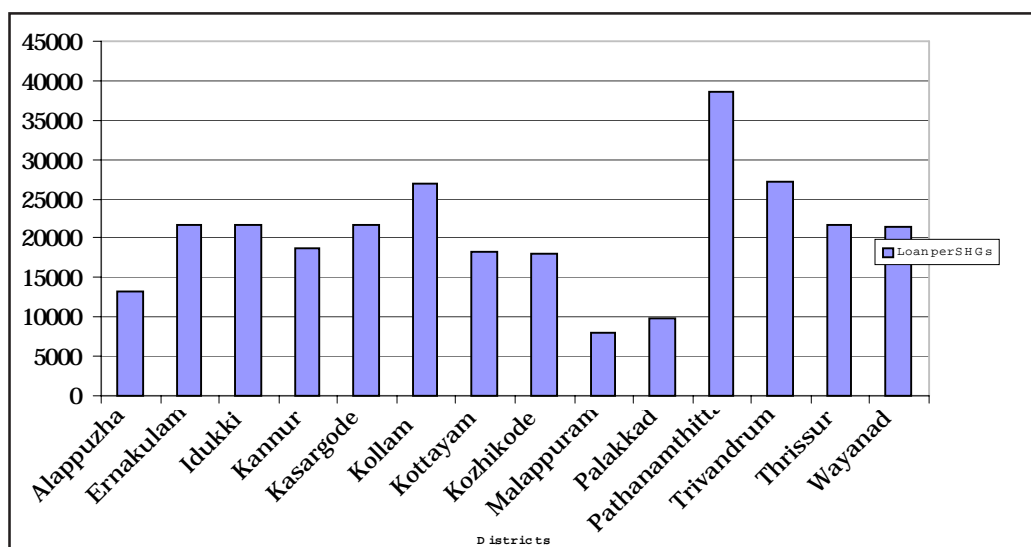
Table 2.2 gives the district-wise details of linked SHGs and the micro-credit disbursed as on March 2000. The highest number of groups was in Alappuzha district (996) and the amount of bank loan distributed was also the highest in this district (Rs 131.09 lakh).

Table 2.2 District-wise details of linked SHGs and micro-credit disbursed

District	No. of linked SHGs	Micro-credit disbursed (Rs in lakh)	Loan per SHG (Rs)
Alappuzha	996	131.09	13,161.64
Ernakulam	184	39.74	21,602.71
Idukki	192	41.53	21,630.20
Kannur	655	122.51	18,703.81
Kasargod	97	21.06	21,711.34
Kollam	330	88.77	26,900.00
Kottayam	504	92.53	18,360.11
Kozhikode	103	18.52	17,987.37
Malappuram	940	74.88	7,965.95
Palakkad	294	29.09	9,894.55
Pathanamthitta	49	18.94	38,653.06
Trivandrum	306	83.04	27,137.25
Thrissur	350	75.91	21,688.85
Wayanad	551	117.86	21,391.10

Source: NABARD, 2000

Figure 2.4 District-wise distribution of bank loan per SHG



Though Malappuram was having almost the same number of linked SHGs (940) as that of Alappuzha, the amount of bank loan availed by the former was much lower. The bank loan per SHG was the lowest in Malappuram district (Rs 7966 lakh), and the highest in Pathanamthitta district (Rs 38653 lakh).

The convergence of services and resources of various departments and the availability of micro-credit from Rashtriya Mahila Khosh (RMK) which is a comparatively cheap and operationally flexible source have opened better and larger number of avenues for micro-credit and financial assistance. It may be inferred that in Malappuram considering the presence of a large number of active SHGs and the drive created by the strategy, there is immense scope for further micro-enterprise creation.

3. Study Area

In this section, we present the profile of the Malappuram district and the Chungathara *panchayat*. The structure and mode of functioning of the three selected NGOs – Community Development Society, Shreyas, and Bhoodan Vikas Mandal – in the *panchayat* are discussed to bring out the role they play in rural development.

Malappuram district

Malappuram district lies between the Arabian Sea on the west and Nilgiris on the east, and the districts of Kozhikode, Thrissur, and Palakkad on the north and the south respectively. The district has an area of 3548 sq. km and comprises 135 villages, 96 *grama panchayats*, 5 municipalities, 14 blocks, and 6 *taluks*. It has coastal, midland, highland, and remote and far flung tribal areas. This district is considered to be the most backward in the state in terms of several socio-economic indicators. Though remittances from the Gulf region have brought in some semblance of prosperity, the majority of families stay poor. In 1999-2000, the district registered the lowest per capita income Rs 7055 as against Rs 19461 for the State as a whole (Economic Review, 2000). In terms of population, it ranks first among the districts in the State, with a population of 30.96 lakh. It has also the highest decennial population growth rate of 28.87 percent compared to the State average of 14.32 percent between 1981 and 1991. Though the rate in this district remains the highest, it has drastically fallen to 17.22 percent during 1991-2000. Of the total population, 8.26 percent belong to Scheduled Castes and 0.35 percent to Scheduled Tribes. The 1991 census revealed that Muslims formed 67 percent of the total population followed by Hindus 30 percent, and Christians a meagre 2 percent. The educational backwardness of the district, particularly of its female population, has largely disappeared. However, the backwardness of the district is reflected in its high rate of infant mortality, large family size of about six members, and the low age at marriage. In terms of facilities for higher and technical education also, Malappuram lags behind the rest of the districts in the State. For acquiring higher qualifications, students from this district have to go to other districts, mostly to Kozhikode and Thrissur. The number of professionally qualified persons in the district remains low. Most of the persons with high educational qualifications found in this district are in-migrants from other parts of the State. Some information on the population of the district is presented in Table 3.1. Out of the total population, more than one-third is poor. The study conducted in Malappuram in 1994 by UNICEF revealed that 35 percent of the families belonged to the category of 'risk family'. The literacy rate in 2001 is 88.61 percent, 91.46 percent for males and 85.96 percent for females.

Chungathara *panchayat*

Chungathara *panchayat*, in Nilambur block is surrounded by Edakkara and Muthadam *panchayats* in the east, Tamil Nadu and Nilgiri mountains in the north, Karimbuzha and Chaliyar lakes in the south and Kozhikode district in the west. The area is about 40-2000 metres above the sea level. This *panchayat* with 15 wards, (now only 10 wards) has an area of 199.69 sq. km with a total population of 56207 persons, women forming 51 percent. The density of population is 281 per sq. km. The literacy rate is around 80 percent.

Table 3.1 Topographic features of Malappuram at a glance

1	Total population as per 1991 census	30.96 lakh
2	Estimated population in 1997	36.36 lakh
3	Total poor population (1991)	10.83 lakh
4	Percentage of poor population	34.99
5	Total household as 1991 census	4.76 lakh
6	Poor (risk families)household identified by poverty index	1.67 lakh
7	Percentage of poor families	35.04
8	Literacy rate as per 2001 census	88.61
	Male : 91.46	
	Female : 85.96	

Source: Economic Review-1999, Manorama Year Book-1998, and Census Report 1991, and 2001.

In the history of Kerala, Chungathara does not occupy any significant place. Earlier history reveals that this was the centre of collecting *chungam* (levy) by the chieftains of royal families (*kovilakoms*), hence the name *Chungathara*. The entire area including the forest and the cultivable land was owned by the Nilambur *kovilakom*. However, it was after independence and with in-migration of people from Travancore that developments in agriculture, education, and other sectors gained momentum. The Land Reformation Act of 1970 paved the way for further agricultural development of this area.

Chungathara has about 320 hectares of paddy field, 1600 acres of forests, 200 acres of wasteland, and the remaining area under cultivation of crops other than rice. About 70 percent of the population still depends on agriculture. The presence of Punnapuzha and Chaliyar rivers flowing across this *panchayat* provides a favourable climate for rice, tapioca, banana, and gingili. However, as in other parts of the State the rise in the cost of cultivation has led to fall in agricultural production and dependence on neighbouring States for supply of consumer goods, including vegetables, leading to severe unemployment and increasing poverty in the area.

Though literacy rate is relatively high, the quality of education in the area remains poor. “Many students of the LP school do not know how to read and write. They are not better than their elders who are totally illiterate” (Oommen, 1999). The students successfully completing the school education is below the State average (*Panchayat Vikasana Rekha*, 1998). Dropouts after completing the fourth standard are more in *Bhoodan* colonies mainly due to difficulties in crossing the Chaliyar Lake. The lack of in-service training to teachers and the poor infrastructural facilities (there are schools even without maps and libraries) have contributed to the poor quality of education. The Literacy Mission of the 1990s had made some attempt to educate the illiterates. The role of Christian missionaries in the educational development of the area, through setting up of schools and colleges in Chungathara, particularly after 1964, is worth mentioning.

As per IRDP survey there are around 5105 poor families in the *panchayat*; the *Panchayat* Development Report suggests a higher figure. According to it about 60 percent of the

population come under the below poverty line. The risk family survey conducted by UNICEF in 1994 identified 4024 poor families of which 983 were of Scheduled Tribes (24.4 percent). Of the total number of tribal families in Malappuram around 9 percent are concentrated in Chungathara. There are around 35 ST and 20 SC colonies. Members of more than 80 percent of the members of these colonies are illiterates. Poverty and irregularity of incomes have made their living conditions precarious. Their lands had been taken away by the influential sections. Usage of drugs and alcoholism are very common even among the women. Childhood marriage is also very common. However, it is observed that no earnest effort had gone into improving their living standards in the area (*Panchayat Vikasana Rekha*, 1998).

Chungathara is one of the industrially backward *panchayats* in the State. There is not even a single ward which is fully electrified. The poor transportation facilities, absence of ferry services, and unsurfaced roads hinder development. The presence of unemployed youth and abundant production of rubber and coconut indicate that there exists great potential for the setting up of wood-based and other SSI units (*Vikasana Rekha*, 1998).

Survey Report shows that the socio-economic status of women in this *panchayat* is very backward when compared to that of men. Absence of production units in the private and the co-operative sectors has contributed largely to the severe unemployment in the area. Women are confined by and large, to their homes. The literacy level of Muslim women is lower than that of their counterparts in other communities. A more important disability that continues to hamper social change within these communities has been adherence to outdated and reprehensible social practices. Dowry and polygamy are common. The *panchayat* president said that normally girls are married off after completing their schooling at the age of 16 or 17. Parents are afraid that it is difficult to get suitable proposals for their daughters once they pass this age. They would then get, if at all, only bridegrooms who are already married or are very old. The amount to be paid as dowry goes up every year causing additional financial burden to the family. Even men get married early (at age of 20-21) seeking dowry for going to Gulf, renovation/construction of their houses, and even for marrying away their sisters.

Box 3.1

Najeeb, a Muslim schoolteacher was very particular that his three daughters should be educated. When his eldest daughter Nazeema passed the Xth standard in 1st class he sent her to the college. His wife and neighbours started telling him that Nazeema should be married off as it will be difficult to get suitable proposal later. He was firm on his decision and felt that girls should be married only after getting a job so that they can stand on their own. He boldly faced the criticisms and stood firm. Now Nazeema is a Post-Graduate, his second daughter Sulekha a graduate with B.Ed and the third one is doing her degree course. He is now retired and his daughter though educated is still in search for a job and bridegroom. He now regrets his earlier decision.

NGOs in Chungathara

Before examining the mode of functioning of the three selected NGOs in the *panchayat*, we

briefly present the structure of the CDS system of Malappuram, which has earned plaudits from within and outside the State.

Malappuram CDS

The Community Development Society system of Malappuram evolved from the Community-Based Nutrition Project and the Poverty Alleviation Programme (CBNP & PAP), which started functioning from September 1994. It was launched with the support of UNICEF and the Government of Kerala with the following objectives:

- (i) To involve the community in the developmental activities so that they themselves take the initiative;
- (ii) To foster co-operation among different government departments; and
- (iii) To work jointly in support of the common goal of improving the quality of life of the rural poor.

Unlike the other Alappuzha-type CDS structures in the State, the Malappuram 'model' has a five-tier structure, a pronounced NGO character (registered under the Kerala Charitable Societies Act) with a cadre of highly dedicated volunteers at the grassroots level and a healthy mixture of people and bureaucrats. The District Collector is the head of the district CDS; but he and the other bureaucrats associated with it have only a facilitatory role.

In each NHG, a five-member executive body, called Neighbourhood Committee (NHGC) consisting of president, secretary, and three volunteers, each in charge of a 'portfolio' (viz., education, health and physical, and economic infrastructure matters), has been constituted. These volunteers, together with the three functionaries [viz. Associate *Panchayat* Co-ordinator (APC), and two community organisers (COs) per *panchayat*] constitute the mainstay of the Malappuram CDS structure.

Above the NHGs, there are the Area Development Societies (ADS) at the ward level, which is a mini-federation of the NHGs at the ward level. The ward members of the *panchayat*, *anganwadi* workers, and the ICDS supervisor are members of the ADS, but without voting rights. This arrangement is to ensure co-ordinated action at the ward level. Chairpersons, vice-chairpersons, and member-secretaries of all ADSs within a *panchayat* constitute the *panchayat* CDS. The PHC medical officer, the CDPO, the village level worker, and school headmaster of the *panchayat* are members of the *panchayat* CDS. The APC and the two COs are also members of this body. Unlike in the urban set-up, the *Panchayat* CDS (PCDS) is the key link in the organisational structure of the rural CDS system.

Above the PCDS, there is a block CDS. All the PCDS presidents and member-secretaries in a block constitute the CDS at the block level. They elect the president and the secretary of the block CDS. The Block Development Officer, *panchayat* secretaries, block engineer, extension officers, local works engineer, assistant education officers, and *Mahilasamajam* president are ex-officio members of the block CDS. There is also a block co-ordinator.

The District CDS consists of all the block CDS presidents, town CDS presidents, and their

member-secretaries, besides the CBNP and PAP Co-ordinator, as its members. The president and the vice-president of District CDS are elected from the block and the town CDS presidents. The district co-ordinator is the member-secretary and the district collector is the ex-officio chairperson.

The credit for the success of the entire strategy in Malappuram should go to the large army of volunteers – roughly 20,000 persons – mostly drawn from the volunteers of the Literacy Mission of the early 1990s, without whose support and guidance the programme would have failed. The role of NABARD in nurturing and financing these women groups has been commendable. It has played a vital role in building the thrift and credit system to be linked with the CDS programme. The training programme designed and supported by UNICEF and various other agencies imparted the much-needed initial momentum to the CDS.

Malappuram is one of the districts in which the CDS system is found to be functioning effectively. The NHGs and Thrift status statement of Malappuram CDS reveals the presence of 4645 NHGs in the 96 *panchayats*. The system has succeeded in mobilising around Rs 266.52 lakh as thrift and in disbursing Rs 206.19 lakh as thrift credit (Table 3.2). The average thrift per NHG comes to Rs 5738, which is a positive sign reflecting the ‘drive’ created by the movement, on the part of the poor.

Table 3.2 Malappuram CDS – Thrift status as on 30 September 2000

Sl. (Rs)	Name of Block CDSs	No. of NHGs	No. of ADSs	No. of Panchayat CDSs	Thrift No. Amount (Rs)	Thrift loan Amount (Rs)
1	Perumpadappu	197	47	4	287110	259800
2	Ponnani	294	63	5	1368360	1979820
3	Kuttippuram	265	46	6	826538	699200
4	Tirur	191	54	5	1513746	1191760
5	Tanur	263	52	8	2917495	2188520
6	Thirurangadi	272	44	7	2225196	2052140
7	Vengara	157	27	5	692367	485420
8	Kondotty	353	54	8	4059661	3150607
9	Malappuram	314	49	6	3526646	660660
10	Mankada	371	65	9	1976272	1717130
11	Perinthalmanna	320	57	7	489669	421690
12	Wandoor	493	79	9	1869867	1447765
13	Nilambur	675	110	10	3592557	3191168
14	Areacode	480	85	7	3106017	1173100
	Total	4645	832	96	266,51,501	206,18,780

Source: Office of Kudumbasree

Though the State and Central Governments have several schemes targeting the poor especially poor women, the target groups are seldom aware of them; bulk of the opportunities are, in

fact, seized by the 'better off poor' (CIRDAP Development Digest 1998). Many of the welfare-oriented schemes and income-generating programmes have cumbersome procedures that prevent the poor from enjoying them. If people are the end as well as the means of development, every departmental activity must converge at the lower level. The Malappuram experiment proves that for better targeting of the poor and for ensuring better delivery at the cutting edge level, the *panchayat* CDS is eminently suited.

With the support of the *panchayats* and the line departments of the government more than 600 latrines and 372 houses have been constructed/renovated for the poor. At the initial stage, UNICEF provided Rs 7 lakh for initiating income-generating activities in all the *panchayats* of the Malappuram district. This fund was used for purchase of goats and cows, mushroom cultivation, and running of teashops and garment-making units. NABARD made loans available to CDS at the district and *panchayat* levels. Two banks, the Canara Bank and South Malabar Gramin Bank, sanctioned Rs 18.5 lakh to district CDS for lending to its members without any collateral. This is proof of the trust the banks have in the ability of the CDS to manage the loan account and make prompt repayment. The Rashtriya Mahila Kosh (RMK) of the Government of India sanctioned an amount of Rs 50 lakh to the CDS for income-generation schemes. The introduction of STEP (Support to Training and Employment Programmes for Women) project also helped in generating employment opportunities for women. This Rs 1 crore project is implemented with the financial support from Kerala State Poultry Development Corporation for providing self-employment opportunities in broiler-rearing to poor women in rural areas. It aims at providing direct employment to 1000 families within a period of three years. At present about 200 families are given employment in this sector. The initial success of the STEP project has induced them to start 130 more such units. An amount of Rs 5 lakh has been sanctioned by State Bank of Travancore (SBT) for production of poultry feed. The various financing agencies have thus shown confidence about the ability of the CDS to manage loans and to make prompt repayment.

Table 3.3 shows that out of the 4645 NHGs only 986 NHGs (21.2 percent) received micro-credit. It is seen that the average loan per member was only Rs 4180. The maximum loan per member came to Rs 7482, which was provided RMK.

Table 3.3 Agency-wise distribution of micro-credit for income-generating programmes in Malappuram during 1994-'95 to 1999-2000

Financial Agency	No. of NHGs	Loan Amount (in lakhs)	No. of Beneficiaries	Loan per member
SMGB	682	50.25	1608	3125
SBT	71	5	100	5000
Canara Bank	55	5	166	3012
RMK	178	41	548	7482
Total	986	101.25	2422	4180

Source: District CDS, Malappuram

Despite the strong thrift base, the CDS system is yet to mobilise the external funding

adequately. The presence of a large number of active SHGs, the total magnitude of bank loan, and the refinancing operations of NABARD vis-à-vis SHGs, indicate that tremendous scope exists for extending and expanding the micro credit base, provided SHGs are equipped to prepare and submit viable projects by giving them skill training and guidance.

CDS Chungathara

Chungathara is one of the *panchayats* in which the CDS system is functioning effectively. It has the oldest NHGS; there were 32 NHGs in March 2000 and about 90 percent of them were those formed in 1994. The others were formed in late 1990s. There is also a tribal group among them, which has 10 members. We found that some of the groups are performing extremely well and that many of the members have viable economic activities. Some of the families have come up above the poverty line with the financial assistance received from the group. However, no sincere effort was taken by the *Panchayat* CDS till 2000 for starting group enterprises. Now steps are being initiated for starting a catering unit and a small wood-based unit by way of group activity.

The groups meet once a week and an amount not less than Rs 5 is to be deposited per week by each member. However, depending on the financial capacity, a member may choose to deposit any amount. In some cases, meetings were not held regularly and their functioning was not satisfactory. APC and COs makes efforts for the revival of dormant and inactive NHGs through counselling and persuasion. The groups charge on their members 18 percent interest on loans when the *Panchayat* CDS lends at 12 percent interest. Even in extreme cases of default when the repayment is not made, fresh loans are given with which old loan is repaid. The co-ordinators say that this is done so that the members are not further pushed into deep financial crisis or otherwise ultimately they will land in the hands of moneylenders.

Table 3.4 External resources of CDS Chungathara

External resources	Year	Amount(Rs)	No: of beneficiaries	Loan per Beneficiary (Rs)
SMGB	1996	2,53,000	91	2780.32
	1997	3,54,750	112	3167.41
UNICEF	1995	21,700	7	3100.00
	2000	1,80,000	90	2000.00
District CDS	1995	44,550	20	2227.5
RMK	1998- 99	1,13,000	55	2936.36
	1999-2000	48,500		
Govt. Loan	1996-97	1,28,750	108	1446.75
	1997-98	27,500		

Source: CDS records, Chungathara

Table 3.4 shows the funds received from external sources by the Chungathara CDS from various funding agencies. The average loan per beneficiary varied from Rs 1446 to Rs 3167. The government loan received interest-free constitutes a revolving fund. When the

amount received by a group is repaid, it is given to other groups. The same is the case of loans from UNICEF given for sanitation. In cases of default, on these interest free loans, interest at 18 percent per annum is charged. The micro credit given by SMG bank for IGPs has benefited the largest number of members.

Other activities

Being the oldest CDS, the Chungathara CDS has taken up a number of social activities. Drinking alcohol and gambling were rampant in many backyards of Chungathara; these activities are showing a downward trend in the wake of the social mobilisation campaign launched by the group (Chungathara *Grama Panchayat Vikasana Rekha*, 1996). Usha, the *panchayat* CDS president said that the average family size is also tending to fall from 7 to 6 members in some Muslim families. The groups are getting increasingly aware of the ill effects of dowry, early marriage and motherhood; but they feel that the society is far from being ready to make a major change.

Bhoodan Vikas Mandal (BVM)

Bhoodan Vikas Mandal was registered as a voluntary agency in 1985 under the Charitable Societies Act with its area of operation extending to three *panchayats* – Edakkara, Chungathara, and Kurumbalangode. Formed with the objective of assisting the poor and the marginalised, Self-Help Groups have been organised at the neighbourhood level with a maximum of 20 members in each group. Women, irrespective of caste or creed, and constituting a homogenous group in terms of their way of thinking and standard of living, become members of a given group. BVM has been trying to eradicate poverty and to free the rural folk from the clutches of moneylenders. According to Mr Nambiar, President, BVM, poverty results mainly from deprivation, criminality, family problems, separation of spouses, and illnesses. Financial crises drive them to raise small loans at exorbitant rates of interest from *Annachis* – the usurious itinerant moneylenders from Tamil Nadu. Though their activities started as early as 1985 the strategy of assisting the poor through SHGs was conceptualised and translated into practice by BVM only in November 1996. They feel that maintaining a small group size of not more than 20 persons would help in building solidarity and intimacy among the members. Here, peer monitoring of end-use of loan becomes easy. The SHGs formed under BVM have provided needy credit at the right time (even for consumption purposes).

The members meet once a week and discuss matters pertaining to thrift-credit and personal matters. All members pay a fixed amount of Rs 20 per month, a practice which has fostered a feeling of oneness among the members. A two-member team of President and Secretary manages the group; election to these posts is held once in a year. The issue of election is taken up in the Annual General Body meeting. If all the members agree, the same persons who have been in office are re-elected. We have noticed that many of the leaders are young and dynamic, a factor which has greatly contributed to the growth and success of the groups. Other than Mr Nambiar, there are only two other women for managing the office work of BVM (external intervention is maximum). Though BVM exercises fairly good control over the functioning of SHGs, the groups are relatively independent of external

pressures. Thus the entire control rests with the SHGs concerned. The amounts collected as thrift and loan repayment at the weekly meetings are remitted to the federation (by the secretary of the group) the next day. The groups feel that the presence of “bill collectors” to collect the monthly thrift from all groups (as is the practice in some other groups) is against the SHG strategy.

There were 57 SHGs (only 30 SHGs as on March 2000) covering around 1200 families. Of this, five are men groups. Men groups were promoted in the beginning, but many of them were not functioning effectively mainly due to reluctance on the part of men to repay loan. With the growth in membership, the groups have been divided into two of 25 groups each and brought under one federation for effective functioning and monitoring.

Some of the positive features of the functioning of BVM are the following:

- (i) byelaw for each group;
- (ii) effective monitoring and evaluation by BVM office;
- (iii) monthly audit;
- (iv) limited membership and specific area of operation;
- (v) clarity in functioning;
- (vi) decentralised decision-making;
- (vii) systematic maintenance of records and accounts;
- (viii) compulsory thrift repayment (irrespective of loan repayment);
- (ix) secretary was paid a monthly honorarium of Rs 100 for maintaining the group accounts; and
- (x) regular meetings of the President and Secretary held on the first of every month to evaluate the activities and plan the future programmes.

The successful performance of BVM is reflected in the amount of thrift mobilised. The thrift mobilised so far came to Rs 12,80,400 and the accumulated interest by way of thrift loan and interest on savings to Rs 2,55,120 (in November 2000).

Loans are granted based on need as identified by the group. Payments are made by cheque. This peculiarity of BVM gives an opportunity to each and every member to get familiar with the banking operations. We have noticed that many of the groups repay loan ahead of the schedule indicating their eagerness to avail repeat loans. SMG Bank has rated BVM groups as the best among the three. Around 24 groups are linked to the bank. Here bank loan is sanctioned to BVM at an interest rate of 11 percent which in turn is distributed to groups at 12 percent thus BVM retaining a margin of 1 percent as stipulated by NABARD. The groups in turn lend at 18 percent interest to its members. Besides bank credit, external resources of funds also include community fund received from Inter Co-operation (IC) of the Swiss Organisation for Development and Co-operation. The IC fund is given for soil conservation, animal husbandry, dairying, and promotion of sustainable agriculture. This is given free of interest to three members of the selected SHGs. The fund acts like a revolving fund and all members in the group get this by rotation. Training is also arranged twice a year as a part of IC. Table 3.5 shows the micro finance distributed to the BVM members by the two formal external agencies, IC and SMG bank.

Table 3.5 External resources of BVM, Chungathara

Year	ICRs	No. of beneficiaries	Loan per beneficiary	SMGB Rs	No. of beneficiaries	Loan per beneficiary
1997	47,950	95	504.73	—	—	—
1998	52,148	93	560.73	3,96,000	186	2129.03
1999	1,74,000	366	475.40	4,26,000	280	1521.42
2000	1,42,876	138	1035.33	5,81,000	200	2905.00
Total	4,16,974	692	602	14,03,000	666	2106.61

Source: BVM office records, Chungathara

It is seen that average IC loan availed by the members increased from Rs 504.73 in 1997 to Rs 1035.33 in 2000. The same is the case with loans from SMG Bank which increased from Rs 2129 to Rs 2905 per beneficiary. It is worth mentioning that around 1000 members of BVM could get micro-credit (some of them repeat loans) from external funding agencies. The SMG bank is prepared to give any amount of loan to BVM. They have started taking efforts for getting RMK assistance. However, the group is yet to take efforts for convergence of services and resources of various government departments.

The co-ordinators feel that the most difficult part in starting an economic activity is the delay and procedural formalities involved in getting registration, approval, etc., from various departments. They quoted the experience of a group, which started a pulverising unit. The difficulties experienced in getting SSI registration, permission from the KSEB, etc., killed the enthusiasm of many of its members. However, we feel that at present what is needed most is more training and entrepreneurship development programmes for groups and group members for enabling them to take up viable income-generating activities. The will created by BVM has to be maintained by guiding them in identifying and setting up micro-enterprises.

Besides activities related to thrift and credit, the groups indulge in a wide range of other social activities also. They have organised training programmes in tailoring, embroidery, sericulture; awareness campaigns on sustainable agriculture and animal husbandry have also been held; besides they have conducted leadership training programmes. A library and reading room has been set up for the members. Study tours and field visits are conducted for other groups in the neighbouring district *panchayats*. Religious festivals are celebrated with gaiety and enthusiasm. We were told that the group has taken special interest in helping the members in filling up of application form for revenue card, and participated in the pulse polio immunisation campaign. Awareness camps on diseases such as dysentery and leprosy are also organised at the initiative of BVM.

Shreyas

Though registered in 1986, the Malappuram Regional Centre of Shreyas took shape only in 1991. It was formed with the prime objective of developing a people's organisation for the oppressed and the marginalised by promoting local leadership through an integrated approach. The strategy is to create critical awareness among the poor of their life situation and of how

they are being oppressed and marginalised and to empower them through political, social, economic activities, and informal education. All their programmes are people-led, people-based, and people-oriented. From 1992 onwards, Shreyas has been concentrating on making the people's structures self-managing and self-directing. However, the credit unions which had existed earlier were reorganised into SHGs from 1996 onwards. Now the area of operation of Shreyas extends to nine villages of Nilambur Block including Chungathara and Erumamunda *panchayats*.

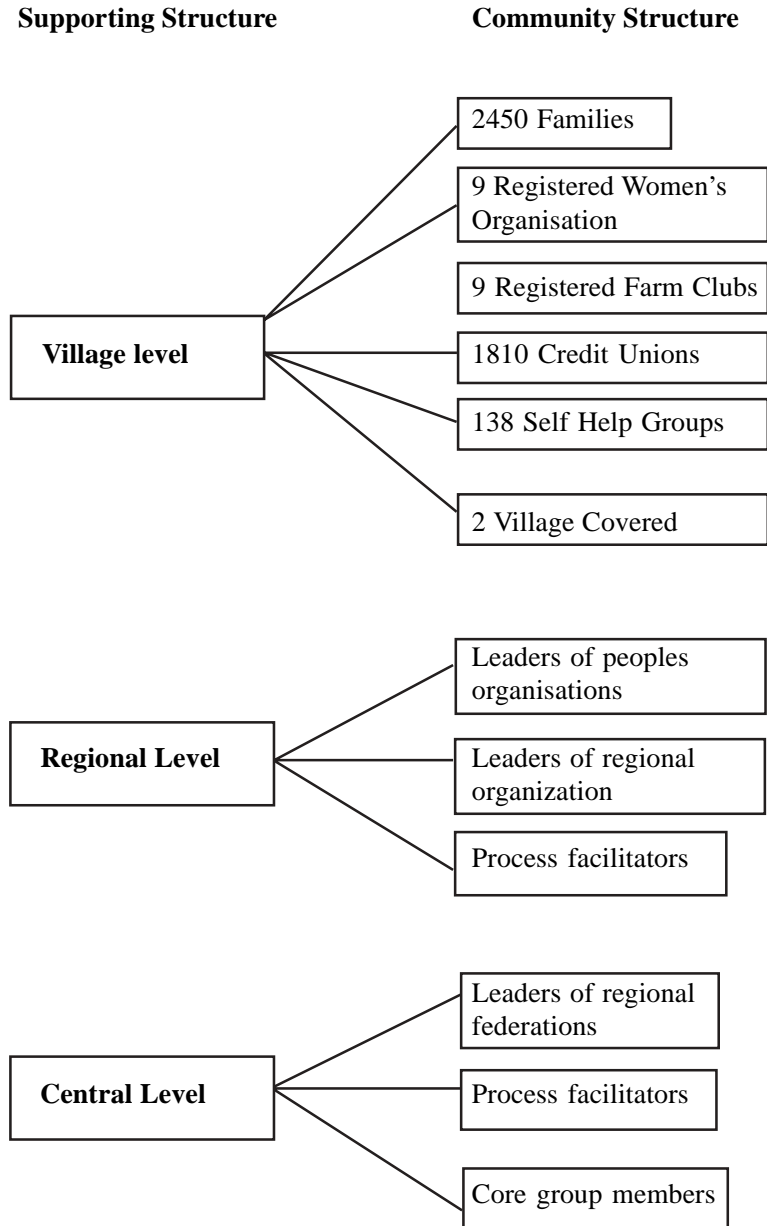
The organisational structure of Shreyas is unique in many ways (Fig 3.1). In July 2001, there were about 138 SHGs (though at the time of the field survey in late 2000 there were only 58 SHGs) covering around 2450 families. There are reasons to suspect that formation of SHGs was rushed through without conceptualising and understanding the crux of self-help and mutual help. The presence of more than one member from a family in a SHG is a peculiarity. Earlier there were mixed groups and these were bifurcated into men groups and women groups when it was found that the purpose for which they were created could not be served in mixed groups. Shreyas has 16 community organisers, who are paid a monthly honorarium of Rs 1400. They are supposed to attend the meetings of the groups coming under the unit, give guidance, and collect and deposit the thrift in the credit union.

We have observed during the field survey that their main thrust is on training. Various training programmes have been imparted for group leaders and members at the unit and the regional levels. A systematic monthly evaluation of the units using Participatory Rural Appraisal techniques is a peculiarity of this voluntary agency. Many groups know how to prepare project reports. Groups are made to prepare programme calendar/ action plan at the beginning of the year and leaders are asked to adhere to the calendar strictly. Effective monitoring at the unit and the regional levels is a unique feature of Shreyas.

Another peculiarity of Shreyas is the availability of funds from various sources: The Credit Union acts as an informal co-operative bank formed for promoting the habit of thrift and small savings. It has an approved byelaw with networking at the regional level. Ten percent of the monthly collection of the group is remitted to the credit union; the amount can be availed as loan on request. The Credit Fund is constituted at the regional level, which is a revolving fund for promoting group economic activities in the units, given as loan to the members. This has been formed with an initial contribution of Rs 40,000 from the Sulthan Bathery Centre of Shreyas. Under the Food Aid Programme sponsored by the European Community, free milk, oil, dry fish, and rice used to be given to the poor charging them only the transporting cost of Rs 4 per kg incurred by Shreyas for taking the articles to the site from the Cochin port. The supply of these articles has been the main motivation for several of the members for joining the group. However, the programme has been discontinued since 1999.

The Integrated Village Development Programmes of HUDCO has helped 41 members, with housing assistance of Rs 20,000 per person. The recent millennium housing scheme for widows launched by HUDCO has benefited 16 members of Shreyas. Yet another programme is the Save a Family Programme (SAFP) in which families belonging to the Below Poverty Line (BPL) are adopted and Rs 400 per month is paid for taking up Income Generating

Figure 3.1 Community/organisational structure of Shreyas



Source: Shreyas office, Chungathara

Activities (IGA). Such adopted families also receive gifts in cash and kind from the sponsors during special occasions like Easter and Christmas. Besides these the members may borrow from the credit union at any time. The easy availability of loan at any time at low rates of interest is an added attraction for the members.

The presence of Recurring Deposit/Fixed Deposit is a unique feature of this group. The co-ordinator (commonly known as agent) visits the members twice a month. Whatever savings available with a member is handed over to the co-ordinator, which she deposits in recurring deposit (RD). A person who deposits in RD continuously for a year is eligible for loan up to four times the deposit.

Though the group leaders of Shreyas have submitted projects proposals and sought funds for economic activities from the Women Component Plan (WCP), the *Karma Samithi* (action committee) of the *panchayat* rejected the requests on the plea that the group was promoted by a particular community. The members feel that the funds in WCP have largely gone for constructing houses for widows and for sanitation rather than for productive activities.

Besides Rs 13.03 lakh in the credit union, the SHGs (as in November 2000) have collected an amount of Rs 16.44 lakh by mobilising local resources to the tune of Rs 29.47 lakh within a period of less than four years. This shows that Shreyas has succeeded in mobilising local resources also, which otherwise could have gone to spending.

Shreyas is actively involved in a wide range of social activities. We came to know that special prayers are held every month for the rehabilitation of the sick and the drunkards. The joint efforts taken at the initiative of Shreyas by the members of Priyadarshini SHG is noteworthy. The members constructed a road in a locality, which had remained inaccessible largely due to neglect of the PWD. The initiative taken by the members of *Dhanya* in getting the legal claim of three widows from the government shows the drive and solidarity of a group under Shreyas.

Table 3.6 Comparative statement of functioning of three selected NGOs

Sl.No	CDS	Shreyas	BVM
1.	Group formation started in 1994	1. Credit Union existed which where converted into groups in 1997	1. Started in 1996
2.	Thrift deposited in the bank.	2. 10% of the weekly savings is transferred and	2. Thrift deposited in the bank
3.	Weekly meetings held	3. Mostly monthly/bimonthly meetings deposited in Credit Union	3. Weekly meetings
4.	Thrift amount may vary from member to member and from group to group	4. Thrift amount same for all members in group	4. A fixed thrift amount of Rs. 20 for all groups
5.	Presence of bank-linked groups	5. No bank-linked groups	5. Presence of more bank linked groups
6.	Membership ranging from 15 to 43 persons	6. Membership ranging from 11 to 39 members	6. Members limited to 20 persons
7.	Training programmes confined to group leaders/not percolating to grassroots level	7. Members and group leaders are given training in participatory learning approaches, common social issues, etc	7. A few training/ awareness generation programmes conducted
8.	Members mostly from risk families identified by UNICEF	8. Member from poor and middle income families	8. Members from poor families
9.	5 member-team manages the group	9. 5 member-team manages the group	9. Two-member team manages the group
10.	Systematic accounting and effective guidance from top at all stages, needed	10. Presence of timely guidance in limited cases	10. Most systematic, and timely guidance and monitoring
11.	Lending starts after 6 months of functioning	11. Lending starts from 1 st weekly meeting itself	11. Lending starts after 6 months of functioning
12.	Bank lending through districts and Panchayat CDS	12. -----	12. Bank lending to BVM and then to SHGs

4. Performance Evaluation of SHGs and NHGs

One of the objectives of SHGs is to build the self-help capabilities of the rural poor. Income-generating activities are promoted either as a group or as individuals by providing micro-credit and giving technical guidance, so that poor families are brought above the poverty line. This objective is achieved when the functioning of the groups (SHGs) become effective and sustainable. In this Section an attempt is made to evaluate the performance of selected SHGs and NHGs in Chungathara *panchayat* by examining their mode of organisation and functioning. The factors contributing to their performance too are identified. The Section is divided into four parts. First we briefly highlight the formation of the groups and the organisational issues relating to the selected SHGs and NHGs. The factors crucial to effective functioning and sustainability of SHGs / NHGs are examined in detail. We then examine the socio-economic profile of the selected members. The members' perceptions on factors contributing to the success and failure of groups are dealt with in the third section. The concluding part gives a few case studies of unsuccessful groups.

At the first stage of the study, a detailed information chart was distributed to the co-ordinators of the three voluntary agencies, CDS, BVM, and Shreyas. Details regarding the name of the group, year of its formation, thrift amount collected, and the number of Income-Generating Programmes started by members as on 31 March 2000 were collected and compiled. The CDS group formation started in 1994 while BVM and Shreyas groups were organised during 1996 and 1997 respectively. In CDS, 17 groups were formed in 1996 and the rest were organised during the late 1990s. In BVM, eight groups and in Shreyas three groups were formed during 1997-'98. The rest of the groups in these two agencies were formed in subsequent years. The groups have been ranked on the basis of two criteria.

- (i) Year of formation: The performance of group may be judged only after two-to-three years of formation. Since older groups are better for evaluation purpose, SHGs that had been in existence right from the year of inception of the agency were selected.
- (ii) Thrift per member: It is seen, in general, that SHGs which show consistent growth in thrift/savings have better group dynamics and cohesiveness than the others.

Based on these two criteria, five groups each from CDS, BVM, and *Shreyas* were selected for evaluating performance. The data pertaining to the functioning and internal dynamics were collected through focus group discussions, attending and observing weekly meetings of the groups, verifying their records, books and accounts, and short interviews with members who had changed groups and with bank officials. Wherever possible, attempts were made to cross-check the correctness and accuracy of the information provided by the SHG leaders.

The members' perceptions on factors, which motivated them to join and continue in the group, the role of external promoting agencies, and the internal factors behind the success of groups were collected using a structured interview schedule. For this purpose, 10 percent of the members from the selected groups of the three voluntary agencies were selected randomly. However, it may be noted that some of the observations, which we were able to make during the field survey were of much greater value than volumes of quantitative information.

Formation and Organisational Issues

In this part we discuss the performance of the selected SHGs and NHGs using secondary information and through observation and short interviews with members and groups leaders. The information collected was supplemented through focus group discussions.

Formation of SHGs and NHGs

The stage of formation of SHGs and NHGs may be said to be the 'foundation-stone-laying stage'. The voluntariness of the poor women in coming together is of crucial importance. The women are motivated by the agencies through small informal gatherings, at which the virtues of small savings and the importance of reducing wasteful expenditure and building up funds for meeting their contingency credit needs are explained to them. Though it is generally said that no promise of financial support is to be given at this time of group formation, this norm is rarely practised in any group. In contrast, in Grameen Bank and Myrada, the thrust is on inculcating the spirit of self-help and mutual help; no promise is given for any subsidy or financial assistance. This is an essential prerequisite for sustainable and healthy growth of SHGs. Members who are in-migrants from the southern parts of Kerala seemed to have taken up greater responsibility than the natives in group functioning.

CDS groups formed in 1994 constitute the oldest SHG in the *panchayat*. In the beginning there was some opposition from males against women becoming members of the group. The opposition was gradually overcome. The co-ordinators of CDS revealed that group formation was not an easy task in 1994, as it took time to convince the members of the real objectives of the SHG. There were persons who considered it as another 'blade company'. However, the success of some earlier groups convinced the women of the usefulness of group action and persuaded them to join the groups.

BVM was formed in 1996 mainly at the initiative of the President Mr Nambiar. The South Malabar Gramin Bank was actively involved in the group formation, as it was keen to propagate SHGs and to establish the SHG-Bank linkage in the area. The training imparted by NABARD also contributed a great deal to the formation and smooth functioning of groups.

In Shreyas, the SHG concept gained acceptance during 1997 and the credit unions, which had existed earlier with the objective of creating savings habit among the rural poor were reorganised into SHGs by including members from other non-Christian communities. We could observe that some women who had been members in other groups joined Shreyas mainly because of the availability of subsidised consumables under the Food Aid Programme (FAP). A striking observation was that some of them were simultaneously members of two or three other groups promoted by different voluntary agencies. The Food Aid Programme (FAP) of Shreyas had attracted a large number of members from the CDS groups. However, with the discontinuance of this aid, these members left Shreyas.

However, during the field survey, information on the factors that motivated the members to join the group was also collected. Table 4.1 shows the reasons given by the members for

joining the SHGs. About 37 percent of them opined that they joined the group for promoting savings and for getting loans. Thirty-one percent of them gave multiple reasons like getting loan, inculcating the savings habit, and welfare of the family. In CDS, about one-third reported that they were attracted to the group by the possibility of easy access to the formal credit system and opportunity to raise loans.

Table 4.1 Motivating factors - Members' perception

Reasons	BVM	CDS	Shreyas	All class
For getting loan	2 (6)	17 (33)	7 (7)	26 (14)
For promoting savings habit	2 (6)	9 (16)	5 (6)	16 (9)
For availing loan and promoting savings habit	9 (26)	11 (21)	49 (50)	69 (37)
For family's welfare	—	2 (4)	—	2 (1)
Other reasons	4 (11)	4 (7)	6 (7)	13 (8)
Multiple reasons	18 (51)	10 (19)	31 (31)	59 (31)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

Only two members reported that they joined the group for the welfare of their families. About eight percent thought that membership in the group would raise their status in society as one of the reasons for joining the group.

Group size

A group size of not more than 30 members is suggested as ideal for forging solidarity among members and for effective monitoring of their performance. The CDS groups had membership in the range of 10 to 49. In BVM groups, membership is strictly restricted to a maximum of 20 persons; when membership exceeds 20 persons new groups are formed at the initiative of BVM by co-opting more new members. New members desirous of joining BVM are admitted to groups which have only less than 20 members. The group size of Shreyas ranges from 13 to 39 members.

Unlike other voluntary agencies, in Shreyas two or more persons from the same family may join the group. This may not be desirable as financially better off families could thereby dominate and manipulate the groups' decisions. The unit constituted at a locality/ward level has around 10 to 15 SHGs. The unit exercises external control over the SHGs coming under its purview.

Group meetings and attendance

The practice of holding regular group meetings is found to build better understanding, forge solidarity, and develop qualities of self-help and mutual help among the members. In Shreyas the group meetings are held only once in a month. The group leaders opined that this practice was decided upon unanimously as all the members were occupied in various activities.

It is also seen that the percentage of attendance varied from 60 to 70 percent. The monthly meeting, which usually lasts for about an hour, discusses common issues including local problems, like treatment of the *mandari* disease of coconut and problems of low voltage of the electricity distribution.

In BVM, almost all the groups hold weekly meetings on a fixed day and time. The survey revealed that about 70-90 percent of the members attended the meetings regularly. The functionaries insist on holding regular weekly meetings.

In CDS, we found differences in performance across groups. In well-performing groups, attendance in meetings was around 40 to 60 percent, while in unsuccessful groups it was below 30 percent. In unsuccessful groups, meetings were not held regularly. Some members sent their savings to the group through children or other members. Many of the members opined that other than thrift and credit transactions no serious agenda was discussed at meetings. Meetings were therefore found monotonous and members tended to keep away from meetings. Other factors like loss of faith in the group leader had also led to poor attendance in a few cases. The leaders play a prominent role in motivating members to attend regularly. It is observed that the tempo of meetings could be maintained if other issues including local and personal (familial) issues are also discussed along issues relating to thrift and credit. The enthusiasm seen among the members of the older groups in the beginning could not be retained at later stages due to the failure of groups to rise to their expectations.

The idea of imposing fine (with the groups' consent) for unauthorised absence may be thought of (as in Ulloor *panchayat*) for maintaining the attendance rate. Moreover, reading the minutes of the previous meeting in the group by members on a rotation basis might help in improving the articulation skill of members and would motivate the less educated members to improve their learning and take over leadership role of the group (as in Myrada, Mysore).

Record maintenance

The CDS byelaw states that four records are to be statutorily maintained. In all the CDS groups visited, we could see that this function is done systematically. The introduction of Management Information System (MIS) by *Kudumbasree* since January 2000 has improved the monitoring system. The *Panchayat* Co-ordinator is expected to submit a monthly report of all NHGs before the fifth of every subsequent month to the President of the *Panchayat* CDS, who in turn will present it to the district CDS, for monitoring and evaluation.

However, the system of accounts maintenance and book-keeping is found to be the best and the most systematic in BVM groups, may be because of the presence of more bank-linked groups and their close liaison with South Malabar Gramin Bank. The stipulation that the monthly report/statement is to be presented to the BVM office on the 2nd of every month makes the maintenance of records effective. In Shreyas also there is regular monitoring and evaluation. However, in Shreyas, in some of the groups, men maintained the accounts on half the women's group, thus hampering the women empowerment process.

Thrift

We have seen that thrift is a very important indicator of a group's success because consistent growth in thrift is a clear indication of the growing confidence of the members in the group. Collection of thrift is a major activity of the SHGs, carried out successfully since their inception in all the three groups. The poor who need money for purchase of various consumption goods quite often meet their contingencies by borrowing from professional money-lenders and others at high rates of interest. SHGs have been extremely effective in creating the habit of savings among the rural poor and mobilising it for common good.

A fixed amount (not in CDS) as decided by the members is collected as thrift during the group meeting. The members' savings are entered in their passbooks as well as in the savings account maintained in the group. The amounts of monthly savings varied with the socio-economic status of members. Earlier several members who were not having any income of their own had depended on their husbands for remitting the thrift amount. A few of them had even discontinued their membership in course of time when their husbands failed to give them money for remittance in the thrift account.

In some CDS groups, members were seen remitting the credit repayment instalment only after availing loan from the group. There are instances where members had left the groups because they felt that the thrift collected in the weekly meeting were not deposited by the leaders in the bank, but were rolling it for other purposes. When a member loses confidence, naturally the rumour spreads like fire and eventually leads to group failure.

In Shreyas, 10 percent of the amount collected is deposited in the credit union and the balance is distributed to members as loan on priority basis. The process of lending right from the inception is a peculiarity of this group. In BVM, the imposition of penalty for non-remittance of weekly thrift has ensured prompt thrift contribution.

In successful groups some of the members were found unhappy as they felt that their thrift was not earning any interest while they had to pay interest for thrift loans. However, despite all the problems, a redeeming feature observed is that SHGs were able to mobilise rural savings quite satisfactorily from the members. They seemed to have developed the habit of saving, among the poor, a fact which had been earlier thought of as impossible.

Credit

The success and effectiveness of intermediaries like SHGs is determined largely by the extent to which they have been able to create for their members a reliable and easy source of borrowing for households and productive purposes. The SHG strategy has helped these members who are from the weaker sections to gain easy access to institutional credit. For the formal credit agency, lending with minimal transaction cost and reaching a large number of poor with assured repayment, sounds great in the present context of the declining credit-deposit ratio in the State. Besides the monetary element, the lending operations enable the groups to learn the way of prioritising and identifying their felt needs, enforcing credit terms and conditions, and monitoring loan utilisation and repayment.

It is generally conceived that thrift amount can be used for ‘consumption soothing’ – meeting small consumption requirements, such as expenses towards marriage, funeral, medical treatment, and repayment of debt, whereas loans taken from external agencies are meant mainly for pursuing income-generating activities. However, this norm is not strictly followed, as in some successful groups (Pallickal and Thanur *panchayats*) the members were found using the thrift amount only for economic activities and doing without external borrowings. These groups feel that the money they raised should not be lost in the form of interest payment on external borrowings.

In some other groups, bank loans taken for productive purpose were used for conducting marriages, with the knowledge of their group leaders and members, (decided and approved in the weekly meeting) as the loanees were in urgent need of money for meeting the marriage-related expenses. When asked why she did not take loan from thrift, a member who had thus utilised bank loan for marriage reported that that she had only Rs 1,200 in her thrift balance while the bank loan sanctioned to the group was Rs 5000. Such instances which defeat the entire purpose of self-help were found common in many groups. There is thus need for sensitising the members on the effective end use of credit. The group leaders have to ensure that the production loan taken is not squandered on unproductive uses.

In Shreyas, the rate of interest was comparatively low (12 percent) and the average credit amount sanctioned was high, a facility which motivated large numbers to join the Shreyas groups. In BVM and CDS groups, the rate of interest varied from 18 to 24 percent as stipulated by NABARD. Several members appear to have found even 24 percent interest per annum relatively cheap on comparison with the rates charged by moneylenders. The groups retained a margin ranging from 6 to 12 percent. This margin acts as a cushion against default risk, if any, because even if a member defaults, the groups/voluntary agencies have to repay the amount to the lending institution.

In CDS, besides 12 bank-linked groups several groups had obtained loans from RMK and *Panchayat* Fund. In BVM, besides bank loan, members had availed credit from IC and *Panchayat* Fund. In Shreyas none of the groups were linked to banks. Shreyas functionaries said that they had not approached banks since they were having sufficient funds from various other agencies. They are mainly using the funds from Credit Union, HUDCO, and IC, besides local resources.

In Shreyas, some of the members were having recurring deposit and fixed deposit, an indicator of the fact that all the members did not belong to the category of ‘poor’. Members were generally of the view that the credit went to the members of a particular community, though the co-ordinators said that was not the case. Among the three voluntary agencies, the CDS is found to have been the most effective in pooling resources and initiating action due probably to the fact that it is sponsored by the government.

Leadership

The presence of a strong, dynamic leader has been identified as the most significant factor for the successful functioning and sustainability of SHG. Usually a person with some previous

experience or competence to discharge the various functional responsibilities of SHG is selected as the leader. The leadership training imparted to the selected members enabled them to discharge their duties with ease. We were really amazed at the enthusiasm of several leaders despite the fact that the post is not remunerative. Though some find a burden, a large proportion of the present leaders seem to have taken their role as an opportunity for self-less service to the society.

In Shreyas, it was observed that many leaders had been holding positions in CDS or other SHGs. In CDS groups though there is a five-member elected team to manage the groups, except the President and the Secretary, the others are there only in name, without taking part in any activity of the group. Though the CDS byelaw states that the leaders are to be elected afresh once in two years, in 82 percent of the groups studied, the same leaders are found to have been in office since their inception. The CDS president remarked that “this is due to the absence of educated persons or persons with ability to run the group”.

In BVM, their previous experience in *Mahila Samajams* helped the leaders in managing the present group effectively. The presence of young graduates in BVM had a positive impact on its growth. The leaders are elected/re-elected annually.

The president and the co-ordinators of the *panchayat* CDS helped many groups in getting the maximum financial benefit, in solving conflicts and in initiating social activities. Anyhow, a few groups complained about the bias of the ADS chairperson in favour of their own groups in distributing credit and other facilities. We observe that in the NHGs of the CDS president and the chairpersons, around 50 percent of the members were having economic activities, while the percentage of members with income-generating programmes in other NHGs was comparatively low.

Table 4.2 Members’ perception on assuming leadership role

<i>Perception</i>	<i>Number</i>	
Interested	84	(45)
Not interested	102	(55)
Total	186	(100)

Source: Field survey; Figures in brackets are percentages to total.

About 55 percent of the selected members reported that they were not interested in assuming the leadership role of their group (Table 4.2). The reasons for their unwillingness to take up leadership roles are given in Table 4.3. Among them, lack of knowledge or confidence was the most important reason since it was reported by 68 percent.

Among the members of Shreyas, 43 percent reported that they had no time or were not interested in taking leadership responsibilities. In CDS, members (44 percent) remarked that they were not educated enough to write the minutes and accounts and manage the group. A few Muslim members felt that mobility outside their locality may be a problem if they accept the leadership position. In BVM, members preferred to have the same leaders re-elected. In case of continued leadership it was found that members reposed confidence in

the leadership and its guidance and did not want to change it. Their strong faith and trust in

Table 4.3 Reasons for abstaining from leadership

Factors	BVM	CDS	Shreyas	All class
Lack of confidence	2 (11)	7 (17)	1 (2)	10 (10)
Lack of knowledge	2 (11)	14 (33)	15 (36)	31 (30)
Lack of confidence and knowledge	8 (44)	11 (26)	8 (19)	27 (27)
No time/Not willing to take responsibility	—	10 (24)	18 (43)	28 (27)
Multiple response	6 (34)	—	—	6 (6)
Total	18 (100)	42 (100)	42 (100)	102 (100)

Source: Field survey; Figures in brackets are percentages.

the leadership is reflected in their words, “It is because of her that we are able to perform smoothly”. The fact remains, however, that unless all members took up leadership by turns, empowerment may be confined to only the group leaders and will not spread to all the members. In one of the BVM groups, it was found that the leader followed an “autocratic” style of functioning. The presence of this leader was not acceptable to many but she proved to be effective in getting the maximum financial assistance to the group members and in ensuring prompt repayment of loans.

In the majority of cases it is found that only the leaders are clear and are aware of the goals and the concept of SHG, and the information and training which they receive from the high level meetings, is not effectively passed on to the members. Leaders are trained on various topics, the benefits of which do not always percolate to them.

Socio-economic profile of the selected members

In this part the demographic, socio-economic, and other characteristics of the selected members are presented.

Table 4.4 gives the group-wise age composition of the selected members. It is seen that 62 percent of the selected members were in the age group of 30-45 years, which is considered to be the most productive period in a person’s life. The proportions of members in the age group of less than 30 years and more than 45 years were 19 percent each.

Table 4.4 Agency-wise distribution of members by age group

Age	BVM	CDS	Shreyas	All class
Less than 30 years	6 (17)	12 (23)	17 (17)	35 (19)
35 – 45 years	22 (63)	33 (62)	61 (63)	116 (62)
Above 45 years	7 (20)	8 (15)	20 (20)	35 (19)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages.

As per the Census Report 1991, the average family size in the district is 6.49. During the field survey we have observed that majority of the Muslim families were having more than three children.

Table 4.5 Agency-wise distribution of members by family size

Family size	BVM	CDS	Shreyas	All class
Less than 3	7 (20)	10 (19)	18 (19)	35 (19)
3 to 5	23 (66)	32 (60)	60 (61)	115 (62)
Above 5	5 (14)	11 (21)	20 (20)	36 (19)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

However, among the selected members, 62 percent were having a family size between 3 and 5 members and 19 percent more than 5 members in the family. Table 4.6 shows that all agencies had a fair representation of all the religious groups. It is found that in Shreyas, Christians formed more than two-fifths may be due to the fact that SHGs of Shreyas were formed by reorganising the Credit Union, which had existed earlier. Again, there is a general feeling that though membership is open to all, the members are mostly Christians and that bulk of the benefits in this agency go to them. BVM groups concentrated mainly in Muslim areas have about 43 percent of the selected members belonging to this community.

Table 4.6 Agency-wise distribution of members by religion

Religion	BVM	CDS	Shreyas	All class
Hinduism	12 (34)	17 (32)	27 (28)	56 (30)
Christianity	8 (23)	17 (32)	40 (41)	65 (35)
Islam	15 (43)	19 (36)	31 (31)	65 (35)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

Since SHG is conceptually targeted to weaker sections, it would be interesting to look at the social status of the selected members. In general, SC/ST families constitute the most vulnerable and economically the most backward among the different communities. SC/ST representation was comparatively high in CDS and nil in the selected BVM groups. However, in BVM and CDS, the majority (53 percent) belonged to the category of OBCs (Other Backward Communities). In Shreyas, 60 percent of the members belonged to the general category belonging to the forward strata of the society.

Table 4.8 shows that the members of Shreyas groups were more educated than the members of other groups. Forty-four percent of them had qualifications of SSLC or above. In CDS and BVM, the majority of the selected members (47 percent and 35 percent respectively) were found to have only primary education. Illiterates formed nine percent of the membership in the CDS groups. Interestingly, in almost all the groups, women were found to be better educated than their husbands.

Table 4.7 Distribution of members by social status

Caste	BVM	CDS	Shreyas	All class
SC/ST	—	6 (11)	2 (2)	8 (4)
General	16 (46)	19 (36)	59 (60)	94 (51)
OBC	19 (54)	28 (53)	37 (38)	84 (45)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

Table 4.8 Distribution of members by level of education

Education level	BVM	CDS	Shreyas	All class
Illiterate/ No response	1 (3)	5 (9)	5 (5)	11 (6)
Literate	3 (9)	4 (8)	10 (10)	17 (9)
Primary	13 (37)	25 (47)	28 (29)	66 (35)
High school	7 (20)	8 (15)	12 (12)	27 (15)
SSLC	6 (17)	8 (15)	33 (34)	47 (25)
Above SSLC	5 (14)	3 (6)	10 (10)	18 (10)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

Most of the members were found to be either agricultural labourers or self-employed workers. Seventeen percent of the members had their own small-scale units, run on self-employment basis, engaged in non-agricultural activities (Table 4.9). In Shreyas, 65 percent of the members remained unemployed, while the corresponding figure in BVM was only 46 percent. Two-fifths of the members in CDS groups had some occupation or other, though the returns from them were not up to their expectations. It may be noted that despite the fact that ample funds are available for economic activities, 60 percent of the total sample was still not having any occupation.

Table 4.9 Group-wise activity status of beneficiaries

Activity status	BVM	CDS	Shreyas	All class
Labourer	5(14)	9 (17)	7(7)	21 (11)
Self employed in Non-agriculture	9 (26)	8(15)	15 (15)	32 (17)
Self employed in Agriculture	4 (11)	4 (8)	5 (5)	13 (7)
Salary paid employment	1 (3)	2 (4)	7 (7)	10 (5)
No occupation/ no response	16(46)	30(57)	64 (65)	110 (60)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

The major source of income of those households came from the work of the male members, husband, father or others. Table 4.10 shows that 62 percent of the members' spouses were working as labourers either in agriculture or in construction work. A significant feature of the members of the CDS groups is that for 16 percent among them, spouses had either deceased or were non-working.

Table 4.10 Activity status of husband/others

Activity status	BVM	CDS	Shreyas	All class
Labourer/Mason/ Others	22 (63)	36 (68)	58 (59)	116 (62)
Petty shop	3 (9)	1 (2)	8 (8)	12 (6)
Gulf employee	1 (3)	- -	7 (7)	8 (4)
Self employee / Govt. employee	3 (9)	2 (4)	15 (16)	20 (11)
No employment/ widow	6 (17)	14 (26)	10 (10)	30 (16)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

The share of the self-employed and the employed together in Shreyas formed 23 percent which shows that these members had not come inevitably from the 'poor' families, as per the accepted definition of poverty.

Table 4.11 Distribution of members by monthly family income

Monthly Income	BVM	CDS	Shreyas	All class
Less than Rs 2000	3 (9)	14 (26)	10(10)	27 (15)
Rs. 2000 - 4000	23(66)	20(38)	46(47)	89 (48)
Rs. 4000-6000	8 (23)	18 (34)	26 (27)	52 (28)
Above 6000	1 (3)	1 (2)	16 (16)	18 (10)
Total	35(100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

A family with a monthly income of above Rs 1500 is treated as a family belonging to the above poverty line (APL). We could find that only a very few members came under this category. Table 4.11 shows that in CDS, 26 percent of the selected sample members reported their monthly family income as below Rs 2000. In the other two, the corresponding proportions were much lower. Thus the CDS groups catered to the needs of the poor to a larger extent than the other groups.

In Shreyas, 43 percent of the members were having more than Rs 4000 as family income. Of them, 16 percent reported incomes more than Rs 6000. These higher income families had their members engaged in several occupations – contractors, auto-drivers, teachers, clerks, attenders in government offices, newspaper agents, and LIC agents. The sons of a few old

members were reportedly working in Gulf countries or were well-employed in India. Only 15 percent of the total members in the sample reported their family income as less than Rs 2000. Thus it may be inferred that the SHGs have either improved the economic conditions of a fairly good number of BPL families or that the members of SHGs were drawn also from families belonging to the APL category.

Factors behind group success and failure

Several studies have reported that there are certain elements/factors, which are crucial for the successful functioning of SHGs. The major factors may be categorised into external and internal. The external factors usually include the agency (a *Mahila Samajam*, a voluntary agency, a *grama panchayat*, a banker or even a government organisation) that promotes and motivates the members. The Bangladesh and the Myrada experiences show that in the initial years the role of the external promoting agency is vital for motivating, nurturing, and equipping the group to reach the stage of self-reliance. Deliberate external intervention of the promoting agency (in the initial stage) has helped in laying a strong foundation in the Myrada group. However, whether it is the government or the voluntary organisation, the role of the promoting agency is not confined to mere mobilisation of rural women folk. The agency is also expected to inculcate in them a spirit of self-help and mutual help and a profound understanding of the mission and goals of the SHG.

Groups cannot be built overnight. Group formation is a slow, time-consuming process. Once the members get the crux of the mission and realise the benefits, they would remain loyal throughout and never leave the group. When the group becomes stabilised in its functioning, internal factors like good leadership, unity, and mutual understanding among the members determine the pace of growth and development. The internal factors contributing to group success include (i) presence of an educated, sincere, and dynamic leader (ii) stability in leadership (iii) homogeneity in membership (members belonging to same income or social strata) (iv) democracy and transparency, and (v) co-operation, unity, and mutual understanding. Based on these criteria, we have identified a few internal and external factors, which have influenced the functioning of the selected groups under the three agencies.

The details given in Table 4.12 give the members' perceptions on factors behind group success. It comes out that the role of the promoting agency and the co-ordinator are the most important external factors contributing to the success of the group. Forty-six percent of the members interviewed felt that the promoting agency and the co-ordinators had a crucial role in the initial years till the groups reach the stage of self-sufficiency. However in BVM, the role of the bank and the promoting agency was highlighted by 54 percent of the members. In CDS, 25 percent gave multiple responses and 23 percent did not respond or were neutral. While considering the internal factors contributing to group's success, group-wise variations were not observed – 69 percent of the members, irrespective of groups, remarked that good leadership, co-operation among members, and transparency in decision-making are essential for the smooth functioning and sustainability of the group. However, members felt that the role of the group leader is one among the foremost factors responsible for a group's success or failure. In some of the defunct groups, absence of a strong secretary to inculcate in the members the real spirit of group dynamics had led to its failure.

Table 4.12 Members' perception about factors contributing to groups' success

Contributing factors	BVM	CDS	Shreyas	All class
External factors				
Promoting agency	5 (14)	9 (17)	4 (4)	18 (10)
Co-ordinator	—	6 (11)	1 (1)	7 (3)
Promoting agency & Co-ordinator	—	9 (17)	76 (78)	85 (46)
Bank	5 (14)	—	—	5 (3)
Promoting agency/bank	19 (54)	4 (8)	—	23 (12)
Multiple response	6 (17)	13 (25)	9 (9)	28 (15)
Nil	—	12 (23)	8 (8)	20 (11)
Total	35 (100)	53 (100)	98 (100)	186 (100)
Internal factors				
Good leadership	1 (3)	—	4 (4)	5 (3)
Co-operation	—	3 (6)	2 (2)	5 (3)
Transparency	—	—	4 (5)	4 (2)
Multiple response	7 (20)	15 (28)	21(21)	43 (23)
All the above factors	27 (77)	35 (66)	67(68)	129 (69)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

Table 4.13 Members' perception on factors preventing groups' further growth

Factors	BVM	CDS	Shreyas	All class
Poor infrastructure	8 (23)	21 (40)	34 (35)	63 (34)
Low educational background	6 (17)	9 (17)	9 (9)	24 (13)
Lack of training/ awareness/guidance	8 (23)	9 (17)	13 (13)	30 (16)
More financial assistance	6 (17)	5 (9)	13 (13)	24 (13)
Others	7 (20)	9 (17)	29 (30)	45 (24)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figures in brackets are percentages

In order to find out the factors, which hinder the groups' growth and functioning, the opinions of the members were collected. Table 4.13 show that about one-third of the members, irrespective of the groups, felt that further progress is not possible because of poor infrastructure facilities. Even in some of the excellent groups, members expressed the need for better roads, bus and ferry services, bridge across the Chaliyar River and electrification of their ward. Absence of bituminised roads and bus services force them to depend on private service operators (of jeeps and autorickshaws). They felt that they could start small-scale industries or cottage industries, but the cost of transporting raw materials from Chungathara market and taking back the finished products to the market is prohibitively

expensive making their efforts unremunerative. However, 16 percent reported that absence of training and guidance prevented further growth of their groups. In BVM an equal percentage of members (23 percent) complained about poor infrastructure and lack of training and guidance as factors standing in their way of progress; 13 percent of the members of all the groups taken together remarked that they require more financial assistance for their groups' further growth. A few members, especially in Shreyas (30 percent) did not respond may be because they belonged to inactive groups or were dormant members not interested in the group's functioning and growth.

Case study of unsuccessful groups

In this part, we present the case study of a few selected inactive or failed groups and the reasons for their failure. Based on the discussion with the members, we list out the major factors for poor performance.

Vellampadam NHG, started in 1994, was one of the best CDS groups in the beginning. This co-operation and unity among the members of this group was a model worth emulating. After bank linkage, members started getting loans ranging from Rs 1000 to Rs 5000. Loans were taken mainly for productive purposes. However, in course of time, a few of them defaulted payment of instalments. When other members and group leaders started pestering them, they even kept away from the group meetings. It is found, in general, that when a member makes default in repayment and other members feel that the default was wilful they also withhold repayment. The other members lost confidence in the group and withdrew their membership. At present, the group is inactive, meetings are not held and records are not maintained. The President and the Secretary are unable to maintain the earlier tempo of activities. We feel that the members are yet to conceptualise the goal behind the SHG strategy and become aware of the returns other than material benefits that they would be able to get in course of time.

The Kurumbalangode NHG was also one of the best-rated NHGs in the initial years. The earlier leaders (President and Secretary) had been very sincere and this fact was well-reflected in the functioning of the group. When they left the group on personal grounds, the newly elected leaders were neither interested in, nor had the time for, looking into the welfare of the group and its members. We were told that no incentive is in existence for them for putting in the extra effort of maintaining records and managing the group. The frequent change in leadership also contributed to its inefficient functioning. A few members were expelled from the group when they failed to repay the loan. The loan outstanding was adjusted with the balance in their thrift account. This harsh attitude of the leaders worsened the situation. Further, the members belonged to two wards that are quite far apart from each other. Weekly meetings are held alternatively in these two areas. When group meeting in one area is held, only members from that area attend.

The case of Pookotumanna is unique in many ways. The members were attracted to Shreyas in the same area due to the availability of subsidised rice, oil, and even loans on low interest. The passive nature of the group leader is evident from the fact that she failed to convince the members about the significance of group dynamics and mutual dependence (in

matters other than the material benefits). Some members failed to pay interest on the thrift loan availed as they said that it was given out of their own savings. They even induced others not to repay. Now no meetings are held and only a few members go to the Secretary's house and hand over their thrift contribution. Through proper counselling, it is possible to revise the group and make it active.

The practice of dual/triple membership in groups is very common in Chungathara. The earlier secretary of Chungathara NHG was also a member of Choorakandi group. Without informing the group, she took a loan from Chungathara NHG. After that she did not convene group meetings. She also withdrew her thrift and deposited it in Choorakandi NHG. On realising this fact, the members of Chungathara NHG felt cheated and they lost confidence in the group and its leaders.

To conclude, the above cases reveal that it is the absence of the important determinants of group success like strong and stable leadership, group solidarity, clarity about the goals of SHGs among the members, and co-operation and mutual understanding that lead to ineffective functioning and consequently to failure of the groups.

5. Micro-Credit and Women Empowerment

“Millions of women in our hamlets know what unemployment means. Give them access to economic activities and they will have access to power and self-confidence to which they hitherto have been strangers”

- *Mahatma Gandhi*

Micro finance programmes for women are promoted not only as a strategy for poverty alleviation but for women’s empowerment as well (Mayoux, 1996). Since the early 1980s empowerment has become a key objective of development. Empowerment has been considered both an end and as a means of development. There has taken place a steady accretion of literature on the subject ever since the concept gained wide acceptance among academics and policy makers. Depending on the context concerned, empowerment is defined variously. In our present context, empowerment may be defined ideally as ‘a continuous process where the powerless people become conscious of their situation and organise themselves to improve it and access opportunities, as an outcome of which women take control over their lives, set their own agenda, gain skills, solve problems and develop self-reliance*. Three different approaches have been identified by Batliwala (1994): (i) the integrated development approach (ii) the economic approach and (iii) consciousness-raising-cum-awareness approach. They are not mutually exclusive and have the potential to be linked with one another. Where (i) and (ii) address the practical needs or material conditions of women, (iii) addresses the strategic needs or position of women. Consciousness and awareness raising approach has the potential to bring about long-lasting changes in the position of women and also other profound implications.

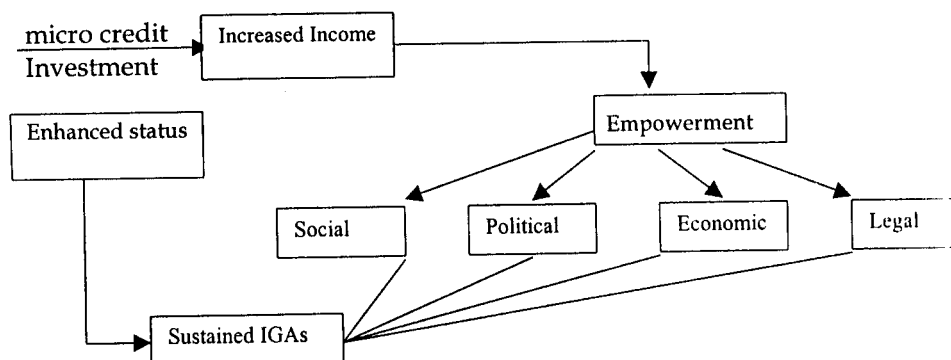
The formation of Self-Help Groups is “not ultimately a micro-credit project but an empowerment process” (Micro-Credit Summit, 2001). The concept aims at empowering women and thus uplifting their families above the poverty line. It is a gradual process resulting from interaction with group members through awareness and capacity building. Building capacity refers to the strengthening of ability to undertake economic, socio-cultural, and political activities, and enhance self-respect. Capacity to undertake economic activities includes ownership and control of productive resources and alternative employment opportunities at local levels. It has been proved that economic empowerment could have a positive impact in other spheres as well: enhanced social, legal, and political status. Capacity to undertake socio-cultural activities encompasses ability to participate in non-family-group meetings, to interact effectively in the public sphere, to create mutual dependence and to ensure mobility and visibility. Capacity to undertake political activity includes ability to fight injustice, to organise struggles, and to create an alternate power structure at the local level.

Within the SHG approach, empowerment is embedded at many levels. The impact of SHG on the various dimensions of women empowerment depends on the backwardness, prevailing cultural practices, and demographic profile of the area.

In this Section, we seek to examine the impact of SHGs and micro-credit on empowering

* Adapted from the report on ‘Micro-Finance Programmes and Women’s Empowerment: Strategies for Increasing Impact’ edited by Linda Mayoux and Susan Johnson hosted by Action Aid, Ethiopia.

Figure 5.1 Linkages diagram



poor women and their families. Here the empowerment framework developed at the various workshops organised by various international agencies engaged in Micro Finance Programmes (MFPs) and other donors has been adopted and modified to suit the context, the area of study, and the culture of the people.

Box 5.1 Matrix for Analysing Impact on Empowerment

Type of Indicator	Level at which impact on empowerment may be assessed
Economic	increase in savings increase in income increase in assets repayment rates & repeat loans skill development
Social	increase in self-confidence Change in attitude to women’s role Improvement in communication skills and in social outlook
Political/Legal	increase in participation in political process Removal of legal discrimination against women

Source: Adapted from Actionaid, UK

This matrix was pre-tested during the pilot survey. Only from among the relevant ones – economic, social, political, and legal variables have been considered. The methodology used for this enquiry was field investigation through structured schedule.

Economic and financial empowerment

The status of women is intimately connected with their economic position, which in turn depends on opportunities for women for participating in economic activities. Women’s ability to save and access to credit would give them an economic role not only within the household but, may be, outside it as well. Investment in economic activities of women

would improve employment opportunities for women and thus have a “trickle down and out” effect. Here the specific issues examined are the Income Generating Activities (IGAs) taken up by the members of the three groups and the monthly returns from them, their contribution to the monthly family incomes, their repayment behaviour, and changes in their physical assets and amenities after joining the group.

Income-generating activities and increase in income

In the Micro Credit Summit Preparatory Meeting (1995), Hillary Clinton said: “it is called micro, but its impact on people is macro. We have seen that it takes just a few dollars, as little as \$10, to help a woman gain self-employment to keep her family out of poverty. It is not a hand out – it is a helping hand”. It is widely accepted that the returns from the economic activity are used not only for women’s welfare but also for the welfare of their children and the family and the community at large.

Table 5.1 gives a succinct picture of the various IGAs taken up by the members of the groups under the three NGOs, the amounts of micro-credit availed, their sources, and the monthly incomes accruing from the economic activity. Irrespective of the voluntary agency, the majority of the members had gone in for poultry, cow, and goat-rearing. Of the total, 27 percent belonged to this category. As in other rural areas, this activity has proved to be low risk, low cost economic activity for supplementing family income without much effort.

In Chungathara goat-keeping is an ideal activity as grazing is possible in the nearby forest. Moreover, their high prolificacy combined with their ability to breed throughout the year have rendered goat-rearing a highly remunerative activity; it has therefore induced a large number of poor to take it up. In spite of the tendency among beneficiaries to underreport income, most of them stated to have generated a monthly income ranging from Rs 50 to Rs 3000 (Rs 3000 on sale of kids). Most of them also had availed repeat loans. The main source of credit included thrift and loans from IC and bank. In CDS and Shreyas, some of the members who were labourers, said that they could not afford to forgo their work and wages to take up cattle-rearing. Hence such members had sold off cattle while all the unemployed members could find this activity highly remunerative.

Agriculture, vegetable cultivation including cultivation of banana and tapioca proved to be viable ventures. The group cultivation of vegetables undertaken by BVM groups was found to be highly remunerative. We found that the area in which the BVM groups function, highly fertile, surrounded by three rivers. Hence, the BVM groups may think of intensifying or undertaking more agricultural operations. The experience of a woman in CDS who took a loan for cultivating banana and betel-vine in 1.25 acres of land is an excellent example of an activity with high returns.

In CDS four members had taken loans for tailoring and purchase of sewing machines. The innovative group activity of direct marketing of Sabari tea and Supplyco’s other products on commission basis taken up by some member is also found very remunerative, yielding an average of Rs 1500 per month per member. The soda-making unit, which had been a viable one earlier; now it faces tough competition from branded soft-drink products.

Table 5.1 Income-generating programmes in selected NGOs

Name of NGO	Type of IGA			Source of loan	Monthly returns (Rs)
BVM	Vegetable (g)	2	11,000	Govt.	1000
	Vegetable	1	700	Thrift	300
	Cow	6	2000-9000	Thrift, Bank	1500-3000
	Poultry (g)	1	11,500	Thrift, IC	1500
	Poultry	2	2000	Thrift, Govt.	500,--
	Umbrella (g)	2	50,000	Govt., FAST	600-1500
	Tailoring	1	6000	Bank, CARD IC, Thrift	1000
	Goat	5	5000-20000	Bank, Thrift, IC	500-1000
	Agriculture	2	4000-5000	Money lender IC, Thrift	500-1000 1200
	Shop	1	3000	Bank	--
	Consumption	3	2000	Thrift	--
	No activity	13	--	--	--
	CDS	Sewing machine	4	2000-4500	Thrift
Tea marketing (g)		1	15000	Govt.	1500
Soda unit		1	25000	Thrift	1500
Goat		8	1250-5000	Thrift, Bank	200-500
Cow		6	2000-7000	Thrift, Bank	200-2000
Banana, Tapioca		1	5000	RMK	250
Agriculture		2	2000-5000	Govt., Thrift	100-1500
Poultry		3	3000-8000	Govt., Thrift	1000-1500
Consumption		2	2000	--	--
No activity		29	--	--	--
		Goat	9	1000-6000	CU, Thrift
	Sewing Machine	2	3000-3500	CU	2000
	Banana	2	1000	Thrift	500
	Cow	9	1000-12000	FD, CU, Thrift	500-1000
	Bakery	2	4000-5000	Thrift	800-3000
	Petty shop	2	20000	Bank, Thrift	2000-3000
	Shop expansion	1	40000	Bank	1500
	Auto	1	29000	CU	2000
	Agriculture	3	500-15000	Thrift, Bank	500-1000
	Metal unit	1	2800	CU, Thrift	--
	Poultry	2	1000	Thrift	200
	Seri-culture (g)	1	13000	Thrift, FD	2000
	Pappadam	2	5000-10000	Thrift, CU	1500-2000
	Nursery (g)	1	7500	Thrift	--
	Consumption	9	5000	--	--
No activity	57	--	--	--	

Source: Field survey ; (g) relates to group activity

In BVM, the Chippy Umbrella group has availed loan from NABARD and two other voluntary agencies. The average gross monthly income from this enterprise ranged from Rs 700 to Rs 1500. Though market is assured, this activity is seasonal. The season is from February to July; during the rest of the year, they remain unemployed or engaged themselves in some small activities. They are planning to start a venture of making paper plates for which they were looking forward to getting training.

It is remarkable to note that in Shreyas some of the members had taken a few innovative economic activities. Sericulture done as a group activity seems to have generated on an average Rs 2000 per month. The seed nursery set up by a group with the support from *Krishhi Bhavan* is a welcome step. It may be noted that the loan amount availed by the members of Shreyas ranged from Rs 500 to Rs 40,000, amounts of micro-credit much higher than those of other groups. Also, the number of members who took loan for consumption was comparatively high. It is observed that a significant number of members (not from the sample) in Shreyas had taken loans for repaying old debt.

Contribution of IGA to the family income

The basic assumption underlying the provision of microcredit is that the investment made with that credit would generate income, adequate to contribute significantly to family earnings. In Chungathara *panchayat* unemployment is an acute problem and the poor families are the worst hit. The women in these families are unable to contribute towards their family income as they do not have the skills or the opportunities for employment. After joining a SHG, though the returns from IGAs taken up under it remain irregular and in many cases unstable, they would make a lot of difference to the lives of the poor. The increased incomes have helped to supplement the incomes to reduce the levels of poverty to a great extent in several families. Some members take up more than one activity (goat rearing and tailoring, for example) to make up the loss during off-seasons. It could be inferred that in case of 80 percent of the members with economic activities, their incomes from micro enterprises contributed considerably to the family incomes directly or indirectly. In BVM 55 percent of the selected members reported to have taken up IGAs, while in Shreyas and CDS the corresponding figures were 33 percent and 42 percent respectively.

In order to examine the impact of the programme, the income generated from the economic activity (pertaining to micro-credit) was collated with the total monthly family income (Table 5.2). The contribution of micro enterprise to total family income is found to be significant indicating the positive impact of the strategy. The contribution was the highest in BVM (35 percent) and the lowest in CDS (24 percent). It is noted that in Shreyas, monthly income from the economic activity formed 27 percent of the total family income, which was higher than in CDS.

Table 5.3 gives some statistical measures relating to incomes and loans. The average monthly income was the highest (Rs 958.30) in BVM and the lowest in CDS (Rs 590). The co-efficient of variation (CV) was 1.06 in BVM indicating that there was wide variation in income among the group members; in CDS and Shreyas, CV was only 0.86 and 0.76 respectively.

Table 5.2 Percentage distribution of family income

Source	BVM	CDS	Shreyas
Contribution from economic Activity (pertaining to Micro credit)	35	24	27
Contribution from other sources	65	76	73
Total family income	100	100	100

Source: Computed from field data

Table 5.3 Statistical measures

Variables	BVM	CDS	Shreyas	All groups
Av. Monthly income	958.30	590.00	695.20	726.80
Std. Deviation	902.60	684.80	906.20	848.01
Co-efficient of variation	1.06	0.86	0.76	0.85
Av. Loan	4462.50	4360.30	3169.50	3839.50
Std Deviation	5141.80	4742.70	2353.00	3954.17
Co-efficient of variation	0.86	0.90	1.34	0.97
Co-relation co-efficient between				
a) Income & microcredit	0.2554	0.5153	0.3896	0.3478
b) Income & repayment	0.2334	0.3478	0.3817	0.3081
c) Loan and repayment	0.8455	0.7814	0.9499	0.8685

Source: Computed from field data

The average amount of loans disbursed was also the highest in BVM, Rs 4462 as against only Rs 3169 in Shreyas. However, CV in respect of loans was higher in Shreyas (1.34) than in BVM (0.86). The amounts of loan disbursed to members of Shreyas varied much more widely than in the other two organisations.

Relationship between income and micro-credit

The preceding analysis suggests that the provision of micro-credit to poor women has created a positive impact since the enterprises which they began were able to produce substantial returns. All the increase in their incomes might not have come, however, from these enterprises. The coefficient of correlation shows that there is a positive correlation between these two. Though positive, it is not statistically significant, (the figures are 0.2554 and 0.3896 in BVM and Shreyas, respectively). A fairly higher correlation is seen in the CDS groups. Thus it is obvious that factors other than the investment made out of microcredit must have influenced to a significant extent the increase in income of the members of groups under BVM and Shreyas. It was seen that the CDS members are comparatively poor and had invested only the micro credit amounts in their enterprises and that most of the activities were new ones. The returns from these were meagre and irregular. However, in BVM and Shreyas, members either took up highly remunerative ventures or used the micro credit, for diversification of, or addition to, livestock they already had. Thus they could

generate substantial income out of the activity using the micro credit. For instance in CDS some of the members who started *pappad*-making, curry powder, etc., had to stop the venture due to low demand for the product. However, in Shreyas one of the members could carry on the activity of *pappad*-making successfully as he was a traditional *pappad*-maker and had regular clients. It is thus evident that those who had some business experience earlier were able to make use of micro-credit more effectively.

The factors, which prompted the member for taking up the particular activity was probed into during the survey. About 72 percent of the members took up the activity because they had some previous experience in the concerned field; 12 percent selected the activity considering the marketing potential. A very insignificant proportion of about 2 percent made the decision under influence of their husbands. The others (14 percent) chose the ventures they did due to the low investment requirements and the high rates of success of such ventures observed elsewhere.

Repayment behaviour and repeat loans

It is a fact that the returns of the micro enterprise are hardly sufficient to meet the daily expenses of the unit and make repayment of the loans. The majority of the members (72 percent) had reported that their repayment rate was between 80 to 100 percent. In a few cases, (coming to about eight percent of the members), repayment was below 80 percent. The co-relation coefficient between micro-credit and repayment rate is found to be highly positive in all the three groups (Table 5.3). Despite the fact that the average income generated from micro-credit investment was very low (only Rs 590), the high co-relation coefficient (0.9499) indicates that they were repaying the loan from sources other than their micro-enterprises. The strategy of SHGs to inculcate in the members the importance of prompt repayment despite financial difficulties and low returns from the economic activity has succeeded.

In default cases (which do happen in a few cases), group leaders exert influence and ensure repayment so that other members would not be tempted to commit default in repayment taking a cue from the defaulters. In CDS, stringent measures including initiation of legal action is not usually taken. They feel that this may further push them into deep financial crisis and ultimately to the hands of moneylenders. So fresh loans (in extreme cases) are given for repaying the old loan.

In older groups, members reported that they had also availed repeat loans. Experts feel that by giving successive (repeat) loans, the members make do with assured external resources and the purpose of making them self-reliant is defeated. Critics point out that micro credit promotes dependency and lethargy. However, it is seen that those who had availed repeat loans, were in real need of credit during the first few years to sustain the units they had started.

Impact on physical assets and amenities

About 28 percent of the members were able to acquire livestock and poultry. In the acquisition

of assets and provision of services, the performance of Shreyas was seen to be better than of the other groups. In Sheryas, 12 percent of the sample members reported to have constructed or renovated houses mainly by availing the housing finance from HUDCO. The impact of UNICEFs' assistance for sanitation in CDS is also evident; 5 percent of the sample reported to have obtained latrine facilities after joining SHGs; 8 percent gave multiple response. However, out of the 186 respondents, 99 (53 percent) did not respond or reported the impact of SHG on creation of physical asset/amenities was nil. The groups have not taken any positive measures for provision of drinking water may be because drinking water is not an acute problem in the area (Table 5.4).

Table 5.4 Impact of SHGs on change in physical assets/amenities of members

Assets	BVM	CDS	Shreyas	All class
Physical amenities	1 (2)	3 (5)	12 (12)	16 (9)
Live stock	14 (40)	19 (35)	20 (20)	53 (28)
Others	—	—	4 (4)	4 (2)
Multiple response	6 (18)	6 (11)	2 (3)	14 (8)
Nil/no response	14 (40)	25 (47)	60 (61)	99 (53)
Total	35 (100)	53 (100)	98 (100)	186 (100)

Source: Field survey; Figure in brackets are percentages

Awareness and capacity building

SHGs are generally found to be very effective in improving the levels of knowledge and skill of the rural folk through informal education and training programmes. The success depends on the type of training, number of training sessions attended and also the quality of training. The Community Organisers and Co-ordinators get training at the apex level. Classes and discussions at the community level, organised by resource persons, officials and banks directly to SHG members, have helped to raise their levels of information, awareness, and knowledge.

For the present study, a three-point scale is used to examine the extent of awareness generated among the members. Sixty-five percent of the selected members who participated in SHG activities stated that they were not aware of government schemes and programmes (Table 5.5). Only 32 members responded positively and they were the group leaders and the co-ordinators.

Fifty-four percent of members were well aware of the health and family welfare programmes; 38 percent reported awareness only to a limited extent. The occasional classes arranged on health and hygiene had benefited all the members. The role of SHGs in making members participate in the mass polio immunisation campaign is worth mentioning.

Social interaction is reported to be much better among the members after their joining the groups; 8 percent of the members have become well aware of social and general issues whereas 47 percent had only a limited level of awareness. But, surprisingly, 43 percent were

Table 5.5 Members' perception on awareness generation

Awareness level	Well aware	Aware to limited extent	Not aware	Total
Government scheme /programme	32 (17)	33 (18)	121 (65)	186 (100)
Health & Family welfare	101 (54)	71 (38)	14 (8)	186 (100)
Social/general issues	16 (10)	89 (47)	81 (43)	186 (100)
+Skill developments	6 (4)	36 (19)	144 (77)	186 (100)
Banking transaction	44 (44)	89 (47)	15 (9)	186 (100)
Local planning	9 (15)	27 (12)	142 (73)	186 (100)
Legal aspects	2 (3)	42 (43)	139 (74)	186 (100)

Source: Field survey; Figures in brackets are percentages

still not at all interested or were aware of such issues. The co-ordinators are expected to take efforts in discussing social problems seriously and in propagating current social themes among the members. However, the contribution to the Kargil fund made by BVM groups is an indicator of their social commitment. The practice of reading out the headlines of leading daily newspapers in group meetings in some BVM groups seems to have had a welcome effect on their awareness on social and general issues.

More than three-fourths of the respondents reported that they have not undergone any vocational training or skill-development programme. We feel that any further lending to these groups will be fruitful only after imparting to them some vocational training. Training has to be designed in such a way that the existing local natural resource could be made use of effectively.

About 91 percent of the members have learned about the banking system and were found confident of dealing with bankers. They said that this was an achievement, which they could not have dreamt of earlier. Our experience during the field survey also corroborates this. The number of women account holders (in the bank ledger) in Chungathara SMG bank had increased significantly (as revealed by the Branch Manager, SMG Bank), an indication of the proactive change which has come about among these rural women.

However, the awareness level of women about local planning and legal rights is an area which is almost neglected by all the three NGOs. None of the members are aware of this except a few group presidents and secretaries. The CDS group claims to have introduced the Participatory Learning Approaches (PLA) which is an awareness-building and articulation of needs exercise through social mapping. The PLA experiment is a good awareness-building exercise, which may be considered for implementation by all groups. The CDS byelaw states that micro-plans are to be prepared by NHGs. This stipulation has not happened; nor do the women members are aware of it. Thus it may be inferred that the training and awareness programmes have been imparted mainly to their co-ordinators and group leaders rather than to the ordinary members.

The participatory method of monthly monitoring and evaluation of SHGs, followed in Shreyas,

is seen to be an excellent way of sensitising the members and group leaders the group's performance. The Shreyas office-bearers informed us that training is an ongoing process in their organisation and claimed to have organised Entrepreneurship Development Programmes (EDP), training programmes on leadership and sustainable agriculture, watershed management programmes. However, the results of the tall claims on training are yet to come. In BVM also, awareness and capacity-building is done on a limited scale. It is interesting to note that several women members who had been reluctant to attend the general awareness programmes started attending the programmes; they were demanding more awareness programmes as well.

Political and legal empowerment

Women's participation is now recognised universally as a crucial element in augmenting the cost effectiveness of any plan for socio-economic progress. During the field survey about 73 percent of the members remarked that their participation in the political process was almost nil. Though 91 percent of the members in CDS groups attended the *grama sabhas*, some of them felt that there was no use in attending, as the major share of the *panchayat* funds went to politically affiliated persons. Others who attended the *grama sabha* at the initiative of the group leaders said that they merely sat as spectators. In Shreyas group, the majority of the members said that it was their husbands who attended the *grama sabha* meetings, not they. However, the CDS president Usha remarked thus: "we take efforts to see that members participate in *grama sabha* and raise voice for their needs. We do not have a building or an office room and hence could not get the 10 percent Women's Component Plan (WCP) – grant-in aid earmarked for women projects. We found that a few members from the CDS groups could get *panchayat* assistance for sanitation and housing as they belonged to BPL families."

It is seen that 98 percent of the members of these groups had voted in the recent local body election. The decision to vote was not made under anybody else's influence. When asked about the desirability of women entering politics and about the rationale of their choice of a woman as *panchayat* president many of them remarked that they could approach a lady *panchayat* president, (now the *panchayat* president is a lady) more easily and represent to her their woes and problems. All of them gave a positive response towards women entering politics. Experiences in Alappuzha show that the leadership in SHGs may serve as a gateway to more active political participation and empowerment. In many *panchayats* we found that in the recent election, the group leaders were considered candidates by political parties because of their proximity to and close contact with the local people and their awareness of each and every problem of the area. In the words of Ms Usha, "by participating in local election and opting to become a party candidate, I am afraid that I would not be able to discharge the present duties of CDS President effectively. My functional freedom will be curtailed by political interference. When a decision is taken people would then consider it politically biased; I turned down the offer".

Though CDS group leaders have succeeded in ensuring the members' 'participation' in *grama sabha* to a certain extent; their involvement in local planning, decision-making, and implementation of community development projects has remained minimal. Individual needs

and issues are represented in some cases, but 'group needs' like the need for streetlights and ferry service across the lake and bus permit for plying through the bridge remain unaddressed.

Shreyas seems to have taken a few positive steps in this regard. Some of the leaders in their groups contested in the recent *panchayat* election and have been elected as ward members. These members feel that their new status has opened to them the door for the group to represent their needs and participate actively in local planning and development programmes. A reception was arranged to all the elected representatives (irrespective of the political affiliations), which has infused a feeling in the locality that Shreyas is an apolitical group.

The socio-economic survey showed that the number of widows, divorcees, and separated women in the sample was quite high. Eighteen percent of them had female-headed households. About three-fourths of them were not aware of their 'legal rights' as women (Table 5.5). None of the voluntary agencies was seen to have taken any effort to educate these women about their rights.

Mobility

In Chungathara *panchayat*, Muslim women were found mostly confined to their homes due to cultural constraints. Again there is the entrenched belief among Muslims that women are not breadwinners (except in the case of widows and divorcees) and that they should keep house and do supplementary activities at home. The social and familial disapproval of contact with outsiders, especially members of the opposite sex, prevent them from sharing their problems and grievances. The low educational status, ignorance, early marriage, and early motherhood add to their desolation.

In our effort to find out whether the group dynamics have made any change in their 'mobility', we observed that in BVM groups, all the members used to go regularly to banks for encashing cheques and are familiar with bank transactions. Visible change in mobility is reported in CDS groups as well may be because they are considerably older than the other two groups. About one-third of the members opined that they who had never gone outside their homes, were now confident enough to approach government functionaries, go to the *panchayat* office and attend and participate in cultural programmes organised by the NGOs. However, 24 percent were still not interested in going outside home. However, 72 percent of the total respondents regularly go to Primary Health Centres (PHC) and rations shops. These poor women (especially Muslim women) in CDS, who never had an opportunity earlier to go outside home, became emboldened to interact with other members of the group and their leaders. Now they have clear opinions about their children's education and even on minor matters like purchase of household consumables. A member said that she knew now as to which brand of a clock is better, and from where to buy it through discussions she had with other members. No doubt beyond financial intermediation, SHGs would be able to bring about drastic changes in several other aspects of the social and political life of rural women, in the long run. In Shreyas, no visible change is observed after joining the SHG, may be because, their members never had experienced any restriction in social interaction even earlier.

Social empowerment

This is a gradual process, which would take place only when the functioning of the group becomes sustainable. The extent of empowerment varies with the age of the group. Members in older groups show a high degree of social and psychological empowerment than their counterparts in infant groups.

Involvement in cultural activities can go a long way to liberate women from their traditional roles. Their active participation in *Mamma*, - the cultural programme organised by Malappuram CDS every year - has improved their confidence and created an opportunity for its members to meet members of other SHGs. This has helped them to become conscious of their collective strength and to fight against all forms of social injustice and gender discrimination. The group celebrates festivals like Onam, Christmas, and Ramzan with gaiety, a practice which helped in forging communal harmony among them. Active participation in sports and cultural activities, construction of roads and help extended to the sick and the disabled show their better willingness for mutual help and greater commitment to social obligations. The efforts made by some groups in initiating public campaigns against illicit liquor and gambling are worth mentioning.

Box 5.2 Unity is Strength

There is only one Primary Health Centre (PHC) in Chungathara. For reasons of administrative inconvenience and absence of a qualified gynaecologist the centre used to refer delivery cases to Nilambur PHC. This caused a lot of inconvenience to the poor women of the locality. Pregnant women had to travel to Nilambur for antenatal checkups and for vaccinating their babies after delivery. They had to travel about 8 to 12 km during emergencies sometimes even late at night. The transportation facilities here are grossly inadequate and the roads are not surfaced. Several petitions were given to the *panchayat* and the Health authorities, but the authorities did not respond. The matter was raised in many SHGs and they organised a mass protest against the apathy on the part of the authorities. They even went to the extent of declaring that they will boycott the local body elections. The *panchayat* authorities had to finally interfere and the local PHC started readmitting maternity cases.

Almost all the respondents (except a tiny proportion of three percent) are of the view that girls should be married only after 18 years of age. They feel that early marriage and dowry are issues beyond the purview of SHGs and these practices could be done away with only if a change in the mindset of the society is brought about. They said that they wanted their daughters to get educated and employed, but the culture prevailing in the area prevented them from sending girls to schools after puberty.

SHGs have not only produced tangible assets and improved living conditions of their members, but also helped in changing much of their social outlook and attitudes. The group dynamics have reasonably helped many members to overcome the feeling of low self-esteem and lack of confidence and empowered them psychologically.

However, an agency-wise comparison may not be meaningful as CDS and BVM groups are relatively old. Hence for measuring the social impact of SHG on the members only a few selected members, of the sample CDS and BVM groups have been considered.

For this purpose, a three-point scale - consisting of high, medium and low - was used to assess empowerment based on the members' responses and general observations (Table 5.6).

Table 5.6 Members' perceptions on psychological empowerment

Factors	High	Medium	Low	All Class
Self-confidence	30 (34)	38 (40)	20 (23)	88 (100)
Communication skills	27 (30)	50 (57)	11 (13)	88 (100)
Mutual help & Co-operation	66 (75)	13 (15)	9 (10)	88 (100)
Attitudinal change	12 (14)	33 (38)	43 (48)	88 (100)
Social outlook	28 (31)	42 (48)	18 (21)	88 (100)

Source: Field survey; Figures in brackets are percentages.

In all, 88 members were interviewed. The extent of empowerment varied with each aspect examined. For example, 34 percent of them felt that their self-confidence had increased considerably. The groups' dynamics enhanced their pride particularly since they were able to generate income from the economic activities taken up by them after joining the groups. About 30 percent of the selected members agreed that their communication skills have improved significantly after joining the groups; but most of them happen to be group leaders and COs and included the APC and CDS president. They strongly agree that they can now participate in non-family meetings, interact effectively in the public sphere, and enjoyed better mobility. The cultural and sports events organised occasionally by the groups and the Malappuram CDS enabled them to see the outside world and interact with other women. However, the majority of them still lack confidence to address a small gathering. The most striking observation was that a vast majority (75 percent) realised the need and significance of mutual help and co-operation. Their social outlook changed considerably after joining the group. The example of the small contribution made by members of CDS out of their meagre incomes for the construction of a house for an old destitute widow and the contributions to Kargil fund made by BVM shows the change that had come about in their social outlook. It is thus evident that empowerment in terms of social outlook has been fairly remarkable. The informal discussions we had with them also lend support to this conclusion.

The most important aspect of empowerment - change in attitude towards a patriarchal society - was also examined. Their attitude towards gender equity and equality was not found to have been as impressive as it was in the other aspects. They continued to adhere to the traditional culture and values. To the question whether she preferred male dominance in the family and society 48 percent answered in the affirmative. A few (12 percent) opted for 'gender balance' rather than 'gender equality'. When asked about gender equity and equality

many of them opted to remain neutral (38 percent). Thus changing the attitudinal barriers, which still persist among rural women, may take a long time. Empowerment is a time-consuming process. Considering the fact that SHGs have been functioning only for a short time and the area is backward in all aspects, we feel that the 'take off stage' has been successful. A gradual shift in women's perception about the roles of their daughters is a clear indication of their changing attitude. However, the groups have a long way to go before becoming strong enough to change the power equations in the family and the society.

6. Conclusions and Recommendations

In the light of the foregoing discussion, we now present a summary of the findings and draw a few conclusions. Groups promoted by each NGO have their own individual ways of functioning, as there exists no rigid rules and operational regulations which govern them. The study has attempted to examine the performance of selected SHGs and NHGs and to assess its impact, especially the impact of the micro credit programme on empowering women. However, a comparison of the performance of the three voluntary agencies has not been attempted as they were organised at different periods of time.

For the study, SHGs promoted by three voluntary agencies in Chungathara *panchayat* – Shreyas, BVM, and the CDS – were selected. The government sponsors the CDS, while the other two are non-governmental agencies, which are actively involved in community development through SHGs. Five groups each from the three agencies were selected for a detailed study. Besides, in order to find the impact of SHGs on women, 10 percent of the members from the sample groups were selected randomly and interviewed using a structured schedule.

On examining the socio-economic profile, we found that 64 percent of the selected members were of the age group of 30-45 years and that the majority of them had a family size ranging from 3 to 5 members. There was a fairly good representation of Hindus, Muslims, and Christians in all the three groups. In Shreyas, 41 percent of the selected members were Christians whereas in BVM, Muslims formed the largest single community (43 percent). The share of SC and ST in the total sample was only 4 percent. About 35 percent of the members had primary education, while 50 percent reported to have higher educational status of high school and above. A striking observation was that in all the groups, the women were more educated than their husbands. About 57 percent of the members had no remunerative activity.

The number of respondents with monthly family income less than Rs 2000 formed only 13 percent of the total; 49 percent reported monthly income between Rs 2000-4000. In CDS, the proportion of members whose monthly family incomes were less than Rs 2000 came to 26 percent, an indication that this agency catered primarily to the needs of the poor. SHGs are usually criticised for being promoted by voluntary agencies, which target the 'better off poor'. The survey shows that though all the members were not from the below poverty line families, they all belonged to the marginalised group - low income, destitute women, and widows. However, members of Shreyas were 'better off' than the members of the other two groups.

All the members, irrespective of the group, unanimously agree that the most striking advantage of the SHGs was the thrift component which acted as an 'informal bank at their doorstep'. Many of them had savings ranging from Rs 275 to 4850 in their bank accounts, which they could have never dreamt of earlier. They have been freed from the clutches of moneylenders. Even the illiterate members said that earlier as against their payment of Rs 10 as interest per day for every Rs 100 now it is only Rs 2. The thrift component has provided a cushion to even out earnings during off-seasons to meet emergencies and even to promptly repay loans.

Thirty-seven percent of the selected members said that they joined the group for promoting the habit of savings but more importantly for getting loan. Only a few members said that they joined the group to put in the extra little money, which they would have otherwise spent away.

It was observed that both external and internal factors play an active role in making the groups self-reliant. When the roles of the co-ordinator and the promoting agency were identified as the most important external factors, it was the group leaders who determined the pace of growth of the group in the long run. The group leaders, who earlier had some experience in the management of *Mahila Samajams* or similar associations made more significant contributions to the success of the groups than group leaders without such past experience. In Shreyas some of the leaders had been leaders in CDS groups earlier.

We feel that deliberate external intervention by committed and sincere staff essential to give shape to, nurture, and empower the groups. The success of CDS movement in Malappuram has been mainly due to the sincere services of the co-coordinators and community organisers. Their help may be needed in various stages and at all times of community activity for funding solutions to the problems which the groups would face. It was found that the more educated the members were, the less is the intervention required by co-ordinators and organisers. Also, the more backward an area the greater is the intervention required.

Group formation was rushed through at least in some groups with inadequate preparation of the participants and clarity about the goals. This is evident from the fact that in inactive groups, members were found to have left the group after availing credit. The enthusiasm shown in newly-formed groups was lost at least by some members in about two to three years of functioning.

None of the voluntary agencies was found to be making efforts to develop a second line of leadership or groom members to take up the leadership role. It was observed that a few women were dominating the show from year to year. A trend seemed to have emerged of the educated and the 'better off' leaders dominating the groups and getting re-elected again and again due to the following reasons:

- (i) Illiteracy, absence of numerical skills, and low educational backwardness of the members;
- (ii) Lack of enthusiasm to partake in group activity and complacency in continuing with the traditional role of housewife, among the members;
- (iii) Interest shown by leaders for continuing in their leadership positions;
- (iv) Resistance from the members of the families or the community, in the case mainly of Muslims, to allowing the members to attend meetings outside the ward or the locality;
- (v) Unwillingness on the part of members to take-up responsibilities for fear of additional workload.

The leaders who got re-elected repeatedly seemed to have got 'empowered' and 'benefited' the most. Though not undesirable, confinement of empowerment to themselves alone gives

them the opportunity to dominate others in the group. Unless the group leaders educate the entire team to manage the group and maintain accounts and other records of the group it may lead to lopsided empowerment and not empowerment in the full sense.

Non-availability of incentives to group leaders has led to their losing interest and the gradual decline in the efficiency of functioning of even the successful groups. We feel the provision of some monetary incentive essential as leadership role involves additional workload. The newly-introduced system of performance-linked incentive to COs in CDS is laudable. The incentive depends not only on the growth in thrift, credit, and income-generating activities, but also on social activities and development work undertaken by the groups. Shreyas is actively thinking of introducing monetary incentives to group leaders from the year 2001 itself.

Distrust in the leaders, lack of transparency in transactions, and autocratic style of function of the leadership were identified as the major factors inimical to the success of groups in the long run. Instability in leadership in the initial years may lead to the failure of groups. It has been found that when efficient and dynamic leaders leave a group, it collapses. Overdependence on leaders is found among members in all the successful groups. The members seem to depend on them for each and every decision. This system of spoon-feeding cannot be considered a positive sign; a strategy of gradual and slow withdrawal of the helping hand of the leader, as has been shown by some NGOs in the other places, seems to be the ideal mechanism for making the groups self-reliant.

One major impact of SHGs promoted by the *Grameen* Bank on the women members has been the creation of awareness about newer economic opportunities available to women and the abilities needed to tap them. It is seen that despite three to four years of functioning, there are members who remain unemployed but are willing to take up an economic activity provided sufficient guidance and credit is made available. None of the groups are seen to be taking efforts to help the members to identify suitable income-generating activities based on their skills and aptitudes. Though Shreyas has been organising a few entrepreneurship development programmes (EDP), they have not benefited the members much. Several members who had attended the programmes are found to have not taken up income-generating activities. It appears to us that the Institute of Entrepreneurship Development sponsored by Malappuram District *Panchayat* should be able to play an active role in this matter. There exists wide scope for availing micro-credit from various agencies. More members of the poor households have to be brought into the credit network together with necessary guidance and technical support.

All the groups have taken up individual economic activities; but group activities are very few. There was apprehension among the leaders about the success of group enterprises because cases in which the group activity failed had led to financial imbalances and difficulty in loan repayment for all the members of the groups concerned. The situation was not so complex in the case of failure of individual units. It is felt that individual activity is better especially in the first two years until the group attains sufficient maturity and confidence in taking up group enterprises.

In our sample about 55 percent of the selected members in BVM, 33 percent and 42 percent in Shreyas and CDS respectively reported to have taken up IGAs by availing micro credit. An attempt was made to examine the impact of micro credit on the beneficiaries. It was found that the contribution of micro enterprises to the total family income was 35 percent in BVM (almost one third), 25 percent in CDS, and 27 percent in Shreyas. Thus micro credit is seen to have created a positive impact on the families of members. Factors other than investments made out of micro credit have also contributed to the increase in income derived from the activities of groups under BVM and Shreyas. Members who had been carrying on some economic activity even prior to their joining the groups were able to utilise the micro credit effectively for expansion and modification of their units and benefited the most. The impact in terms of production also differed according to their initial socio-economic status. Those motivated by the 'pull factor' were able to absorb credit more rapidly and put it to use in furthering productive activities. Since the opportunity cost was zero, any additional contribution to the family income may be considered a positive impact. Their income-generating opportunities were enhanced through addition to poultry and other activities, which the women found easy to manage in her homesteads and making use of their leisure time.

In CDS, in many cases the returns were only seasonal or marginal; yet members could repay loans promptly. The repayment rates are, in general, quite high in all the three NGOs. The majority of the members (72 percent) had reported that their repayment rates were between 80 to 100 percent. In a few cases (8 percent), the rate was a little below 80 percent. The system has clearly inculcated in the members the need for prompt repayment despite their financial difficulties and low returns from the economic activities taken up.

Together with poverty eradication, women empowerment has for a long time been a stated aim of many micro-finance programmes. Our study has shown that a positive change has taken place in the attitude of the beneficiaries. They have realised that subsidies cannot, by themselves, make any permanent change in their life styles. They have started asking the questions, "will we get credit for starting a unit" instead of "what will we get". The micro-finance programmes have enabled the poor to take up micro-enterprises by availing credit without outsiders dictating to them as to how and on what projects the loans should be used.

Self-perception which had used to be low is high now because of attitudinal change and change in social outlook. The groups have provided a forum for women to express their concerns and articulate their aspirations for change (power within and power with) and enabled them to see and know what is happening outside the house. Several groups have become centres for initiating social action against the dowry system, alcoholism, illiteracy, and divorce. Though some groups have succeeded in improving the extent and levels of political participation of the members, women's active and effective involvement in local planning and decision-making is yet to take place. In spite of several drawbacks, members unanimously expressed the view that some improvement in their livelihood had taken place as a result of their increased confidence and ability to cope with difficulties. However, very few members appeared motivated to challenge the conventional gender role assumptions.

It is seen in general that the lessons of the training and the awareness courses imparted to Community Organisers and other leaders are not effectively passed on to the members. There is inadequacy of dissemination of information to the grassroots level. The people at the grassroots level are not able to communicate or liaise with the *panchayat* and the CDS directly. The president and the secretary are supposed to share the problems of the group with the group members. But it is seen that many (internal) problems are not presented at the apex level meetings. The problems within a group are exposed only when that group becomes defunct or reaches a stage beyond repair. Unless the training given to the COs is disseminated to the members, empowerment of the members may not take place. We had found that even after five to six years of functioning only group leaders were aware of various government schemes and programmes and other opportunities, while the members remained totally ignorant about them.

The general backwardness of the area (eg., poor educational background, ignorance, superstitions, and adherence to outdated values) has hindered the pace of development. The foremost thrust of all the voluntary agencies should be on promotion of informal education and in building awareness among the population. Skill upgradation programmes including entrepreneurship development programmes at the grassroots level are also essential.

A tendency has emerged among members to leave one group and join other groups, when the latter are found more attractive. In some cases, the secretary of the CDS group was also the president of BVM, or vice versa. Instead of promoting healthy competition among the various agencies, the co-ordinators and leaders consider other NGOs as their rivals. We suggest networking between groups and NGOs, to facilitate smooth functioning. A co-ordinated effort of all voluntary agencies would pave way for overall development and solution of problems of infrastructure development and marketing and for putting an end to social evils such as early child marriage and dowry.

Chungathara is one of the *panchayats* in Malappuram district with a high density of tribal population being in the vicinity of Nilambur forest. But only one tribal SHG promoted by CDS, exists in the locality. Ms Usha, president of the *panchayat* CDS informed us that though there was only one tribal group, tribesfolk are fairly represented in other NHGs. Even if this statement were true, this fact would not ensure their proper participation and they are likely to be sidelined by other members belonging to the mainstream population.

The performance of the tribal group was very poor and its repayment record was dismal. It expects the government and the other agencies to provide to them all facilities free of cost. As is the case in Orissa, (The Hindu, 3 November 2000) where the group concept has transformed the lives of the tribesfolk, voluntary agencies should be able to play a significant role in improving and developing the living conditions of the tribesfolk in Kerala also. A better alternative is to form groups, create awareness with the help of animators of Integrated Tribal Development Project (ITDP) by converging the services and resources of Scheduled Tribes Department and various other departments.

However, the concept of group activity is gradually catching up. Beyond financial intermediation, SHGs can and should bring about drastic changes in the lives of the poor. It

has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structures through which credit is delivered, ranging from group formation and training to awareness-raising and a wide range of other supporting measures are critical to make the impact of group activity strong and sustainable.

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