

## Empowering women through self-help groups

INDIA COUNTRY PROGRAMME EVALUATION (2009)

The Government of India and state authorities alike have increasingly realized the importance of devoting attention to the economic betterment and development of rural women in India. The Indian Constitution guarantees that there shall be no discrimination on the grounds of gender. In reality, however, rural women have harder lives and are often discriminated against with regard to land and property rights, and in access to medical facilities and rural finance. Women undertake the more onerous tasks involved in the day-to-day running of households, including the collection of fuelwood for cooking and the fetching of drinking water, and their nutritional status and literacy rates are lower than those of men. They also command lower wages as labour: as rural non-agricultural labourers, women earn 44 rupees per day compared to 67 rupees for men<sup>1</sup>. Women's voice in key institutions concerned with decision making is also limited. In 2007, only 8 per cent of all seats in the national parliament were occupied by women.

Women's empowerment has long been a central feature of the partnership between IFAD and the Government of India. Key instruments for supporting women's empowerment are self-help groups, whereby 10-20 rural women from the same village, mostly poor women, come together to contribute two-weekly or monthly dues as savings and provide group loans to their members. The self-help group approach was not created by IFAD-supported operations, but IFAD has contributed to the mainstreaming of this approach in India and to financing programmes for promoting self-help groups in states such as Tamil Nadu and Maharashtra supported by the Women's Development Corporation, an arm of the State Government involved in supporting women's development.



Self-help group in Maharashtra

Photo by Kendra White

### Self-help groups

Self-help groups are generally facilitated by NGOs, and increasingly advise and train members in a variety of on- and off-farm income-generating activities. Indeed, in a number of recent projects, NGOs were substituted by trained facilitators and animators drawn from self-help groups. Through promoting self-help group, IFAD-funded projects have contributed to improving the overall status of women in terms of income, empowerment, welfare, etc.

In the Rural Women's Development and Empowerment Project, for example, 90 per cent of the beneficiaries reported increased access to and control over resources such as land, dwellings and livestock. Under the Livelihoods Improvement Project in Himalayas, women self-help group members in Uttarakhand were even elected as *gram pradhans* (heads of the local governments at the village or small town level) in 170 out of 669 *panchayats*<sup>2</sup> in villages. In those operations, the country programme evaluation also found unequivocal advances in the self-confidence and assertiveness of self-help group members. In the Tamil Nadu Women's Development Project, 50 per cent of women self-help group

<sup>1</sup> United Nations report: 'Women in India - How free? How equal?' Data on population and literacy are based on India Census 2001.

<sup>2</sup> Local governments' system in India.

members reported that, for the first time in their lives, they had visited new places and travelled longer distances, while 90 per cent had interacted with institutions such as banks, NGOs and project agencies.

The impact study on the Jharkhand and Chhattisgarh Project reveals that access to finance through group savings and lending to members had

allowed women to become increasingly involved in economic activities such as the collection and sale on local markets of non-timber forest products.

However, the study also noted that greater effectiveness would have been achieved if the project had stressed value-addition and promoted market linkages. The box below provides an example in how self-help groups introduced changes into women's lives.

The Shakuntala self-help group in the village of Garade was formed under the Maharashtra Rural Credit Project in 1995. In the self-help group they experienced the outside world. In the words of the members, *“before the formation of the group, we were not allowed to leave their houses, and we were not allowed to speak in front of men. With the self-help group we have confidence in ourselves.”* The group action by the women was successful in forcing the closure of a shop selling alcohol in the village. The gram panchayat of the village consists of seven men and four women, and one of the self-help group members was formerly the head of the gram panchayat.

In the village of Urali Devachi in Maharashtra, where every woman is a self-help group member, group power has been exercised to get action on a number of common problems such as the pollution of the local water supply, better access to electricity, and dealing with domestic violence. The self-help groups have established the mechanism of a Maila Gram Sabha (a women's assembly) which groups participants the day before a meeting of the Gram Sabha, to determine which issues they want the women members to take up at the Gram Sabha. One member of this self-help group described how her life had been turned around: *“I was a deserted wife and was isolated from the village. I was asked to join the self-help group. Now I have become a group animator and also look after other groups. The self-help group gave me a new life.”*

## Links to formal rural finance

Another important feature of self-help groups has been the establishment of links between self-help groups and the formal microfinance institutions and commercial banks. To give one example, the Firsipur branch of the Bank of Maharashtra is financing more than 400 self-help groups in the district, lending on average about US\$1,600 per group. The bank has set up its own in-house NGO to support these efforts. Loans are provided only to the groups, not individuals (although the groups normally on-lend to individual members). Recovery rates on the loans stand at 99 per cent. In addition to lending to self-help group, which is profitable for the bank, ancillary business has been brought in through self-help group members opening deposit accounts and taking loans as individuals. The impact of the commercial banks' links to self-help groups is attested to by members. In Urali Devachi village (mentioned in the box), members' loans have provided the wherewithal to purchase a flour mill, and the working capital for a market stall selling refreshments and a shop selling saris. Members have used the loans to pay off moneylenders, and for education and health needs.

## Challenges

Apart from weak market linkages in the context of income-generating activities, there are also a few other concerns in relation to women's

empowerment. First is the capacity building of self-help groups, which are in need of support in accounting, financial management, and organisational development. The second concern is about the gender focus in rural financial services. Despite the focus in project design, there were gaps during implementation. In Maharashtra Rural Credit Project, women tended to be small borrowers and were able to capture only 32 per cent of the bank credit that was provided. Therefore gender focus in designing and implementing rural microfinance services should be enhanced. The third challenge is about how to link self-help groups to agricultural activities, which are of key importance for the livelihoods of small farm holders in India, but at the moment self-help groups have not taken much agricultural activities, as the decisions on agriculture are mainly taken by men.



Milk buffalo raising - income-generating activity in Maharashtra

Photo by Michael Macklin

## Further information:

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