INTRODUCTION AND BACKGROUND

Generally, self help groups (SHGs) are formed to alleviate poverty. Groups of individuals who are below the poverty line are given micro credit for generating income through small income-generating activities. This is based on the largely successful model developed by Muhammad Yunus of the Grameen Bank in Bangladesh which had spread widely in the mid 1990s, giving promise of alleviating rural poverty, at the same time increasing empowerment of women through income-generating activities.

This paper presents information about a programme for generating women’s self-help groups (SHGs) in rural Bellary district in eastern Karnataka. During the period from 2000 to 2008 the Family Planning Association of India (FPA India), Bellary branch, carried out a programme aimed at developing self-help groups among rural women in one of their service area (Bellary taluka). The programme was carried out with training support from the nearby Agricultural University, the District Industries Corporation (a Karnataka state agency) and a Karnataka-based NGO, the Mysore Resettlement and Development Agency (MYRADA). State and Central governmental programmes for supporting micro-finance and income generating programmes, under the Women Development Corporation (WDC) (Karnataka State) were sources of funding for the SHG campaign.

The FPA India programme of SHGs was originally inspired by the challenges presented in the Cairo Conference on Population and Development (1994), in

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This report is based on first hand field interviews and related data-gathering carried out by Dr. Lakshmi Ramachandar during 2008, with valuable assistance from personnel of the Bellary Branch of FPAI (Karnataka)
which two particular messages were of central importance: 1) that family planning and population policies (major issues in India) can make little headway unless there is significant improvement in women’s economic and social status within the national socio-cultural system and 2) that development of women’s empowerment through microfinance and income generating projects can have important positive effects on health programmes and other improvements in the quality of life in rural areas. The decision to develop SHGs among women in rural villages of Bellary district was directly related to the FPA India’s programme of family planning promotion.

**Methodology**

This research is based on data-gathering carried out from December 2007 to July 2008, to document the process of setting up SHGs as carried out by the FPA India in Bellary district, to examine the effects on women’s empowerment, and to explore possibilities for further enhancement of the benefits arising from the SHG programme. The study was carried out to understand the nature of SHGs, and the different types of problems faced in developing a system of self-help groups in a selected area. Also women’s perceptions and experiences were captured as they engaged in income-generating ventures.

Using the ANTHROPAC software programme for developing tables of random numbers, twenty five SHGs were randomly selected out of the fifty groups that had been established by FPA India.

**Case interview and key informant data**

In-depth interviews were conducted with women leaders and other members of twenty self-help groups (sanghas). The purpose of the study was explained and brief history of the group, caste composition of the sangha, and details about individual investments were collected. After this, an in-depth interview was carried out. All the in-depth interviews were carried out as one-on-one, semi-structured sessions, in strict confidentiality.

Key informant interviews were carried out with persons who had facilitated the formation of self-help groups. Some of the key informants were interviewed several times. The main issues covered were concerning the role of the NGO in the formation of SHGs, their experiences, constraints and obstacles encountered in the formation of the SHGs, linkages with banks, and issues pertaining to sustainability of SHGs after withdrawal of the NGO from its supervisory role. Key informant interviews were extremely important and the data provided much needed insight concerning the issues in SHG formation and the importance of facilitators’ activities.

Records that were maintained by the FPA India Project were also examined. It included information on the numbers of loans, amounts of loans, and the specific investment strategies and/or other disposal of loan funds by individual members.

In-depth interviews (case interviews and key informant interviews) were entered into the computer. Key variables and elements from the interviews were entered into an Excel spreadsheet, in order to facilitate tabulations in a semi-quantitative form. The texts of the interviews were entered into ATLASi for scanning and retrieval of specific quotes from informants, and other excerpts for inclusion in this paper.

**The process**

The self-help group project was implemented under the umbrella of a national programme “Swashakti”, funded by World Bank and IFAD, in 2001, for a period of three years. Within the programme, FPA India was to establish 50 self-help groups, and to connect the groups to bank loan facilities. Five community organizers (COs) were employed, each of whom was to develop 10 SHGs.
FPA India COs adopted the participatory rural appraisal (PRA) methods that had been developed by Robert Chambers and his colleagues in the context of rural development in south India. In the first step, the COs met with local leaders in the villages, including some Mukandarus (village opinion leaders), youth leaders, and panchayat members. A key informant who had been one of the community organizers at the beginning of the programme described the first steps, which involved the PRA technique of social mapping.

We gave a big sheet of paper and asked (village people) to mark all the streets and what type of caste people lived in those villages. They started putting the temples, post office, bank, youth meeting places, PHCs, sub-centres, schools and they were also marking the locations of both rich landholding families and poor landless families living in huts. After the mapping exercise was completed we described to the group our aims and objectives of the formation of sanghas and the benefits that women would derive through their active participation in the SHGs.

Initially we took the community people’s help and support. The key people that were doing the mapping exercise were the main decision makers to agree to the idea of formation of SHGs and permit women for the membership. They selected the families that were below poverty line to be the members. They were arguing a lot during the mapping exercises. If one respondent selected a few families the other respondent would differ with his ideas because they were people above the poverty line. The key informants were eliminating all those that were not below the poverty line. The key informants objected to the inclusion of family with land. Through the mapping exercise and discussion with the key informants we got an inventory of people for the fifty sanghas.

After the listing of poor families was completed in the 19 villages, they were asked to collect women from the selected families in each of the communities, for meetings at convenient times and locations. The potential members for individual self-help groups (SHGs) were to be “affinity groups” of homogenous social background who know each other and are in daily contact. Information was circulated to all the selected families before the meetings were held. In some cases the women who attended the initial meetings thought that they would receive loans immediately after forming a self-help group, disappointed they walked out of the meeting.

**Formation of SHGs**

The criteria was: should all be residents of the same village, each sangha must have a name, elect two leaders, age between 18-45 years, one member per family in one SHG, membership of each sangha having at least 10 members, but not more than 20, each week each member must deposit an agreed on savings (10 rupees in some groups, other groups opted for 20 or 25 rupees per person of compulsory savings).

The basic principles of homogenous groups is that the members know each other, and can maintain friendly relations in connection with complex financial transactions.

In many areas of India each individual group is composed of persons from the same caste or communal group. However, in a survey of SHGs across India in 2006, it was found that about 45 per cent of all the groups are “mixed” in composition. That multi-state study categorized individuals as SC/ST (scheduled castes and tribes), OBC (other backward castes), general (all the other (higher) castes), and minority (referring mainly to Muslims). “Mixed membership” means that individual sanghas have members from two or more castes or communities.

Compared with the general picture across the different regions of India, the Bellary sample has a higher proportion of “mixed membership sanghas”. The
“homogeneous groups include two that are exclusively Valmikis (a scheduled tribe), two groups exclusively Muslim; and one sangha is entirely composed of vodda (scheduled caste) members. There are also two groups with devadasis who are all scheduled caste women. All the other sanghas (13) in our sample have mixed “communities”.

Such a mixed collection of members was because they live across the same lane. The membership in “mixed” sanghas is often predominantly of one community (one caste category), with a small number of others. The majority mixed membership sanghas in this study suggest that the different caste groups in many of the Bellary villages are somewhat intermingled in their residential patterns, in contrast to regions of rural India in which the caste groups are more spatially separated from one another.

In the early phases of the programme the community organizers educated the members of the sanghas concerning the basic principles of the SHG system, and to strengthen the women’s motivational levels in order to maintain the discipline of weekly meetings and deposit of Rs.10 or 20 in savings.

The concept of regular small scale savings is not a completely new concept for the women. It is a common practice in rural India that women save money from the household expenses, which they often hide in metal containers such as mustard seed or cumin seed boxes. The COs convinced women that instead of savings money in boxes, the same money could be deposited in a bank for which interest would be accumulated. Very often members of the family took the money from the ‘savings box’.

Also, most of the rural women are familiar with the practice of borrowing large sums of money for special expenses, often pledging their gold and silver jewelry to money lenders in order to borrow money at high interest rates. After considerable time, women began to accept these arguments, and developed trust in the COs as they got the women involved in micro-finance networks.

**Opposition**

In addition to the reluctance of the women themselves, many women reported that their husband and other family members had opposed their joining the sangha, and ridiculed the idea that the women might be able to get substantial loans from the bank. Kamakshi, second leader in the Sharmila sangha, said that initially her husband, her parents, and brothers had all refused to give permission to start a sangha, and were opposed to her seeking membership in the SHG. They objected to the idea that she would be attending weekly meetings “late in the night”. When the SHGs were being developed, in 2001, married women in the communities were not allowed to go out for meetings and to interact with male and female facilitators from FPA India. It took several days before Kamakshi and other women were able to get permission for participating in the sangha activities.

Parveen, a Muslim woman said:

> It was exceedingly difficult to get consent from my in-laws and my husband to join the sangha. They refused to give me permission. But after I got the first loan I gave it to my father-in-law. He compared the interest rate that we were paying to the high caste people and what we would pay to the bank. He was surprised and started respecting me and stopped abusing.

In another sangha a key informant reported that:

> The men folks and older women, especially the mothers-in-law, objected to the younger women forming any groups. The husbands were very rude and abused the women (in 2001). But after two years they understood the value of women’s groups and remained silent.
In contrast to those stories of opposition from husbands and other family members, Annapurna described the early period of development of her sangha activities, noting that her husband was quite supportive, but there were other men in the village who were antagonistic:

When I went to Mysore and other places to attend the training programme other men who were jealous used to pass bad comments at us. My husband used to tell me if you want to be empowered and learn new things you should ignore those comments. Those bad men, good for nothing, used to say (derisively), look at Murugan; he has allowed his wife to roam around Bellary and other places. Look at those women holding books and walking with their vanity bags.

A similar situation was described by Anuradha. Her husband used to accompany them to the Zilla Parishad office and police station and to meet the revenue department officials. But she said, “there were a few male barking dogs in the village who were mocking us but we did not pay any attention to those dogs”.

The following statement from one of the successful sanghas shows the common pattern reported by many; some ridicule and disbelief from men in their village:

The men used to make comments such as, these women are doing “tamasha” (showing off) and they are going to close down their sangha after a few days. But we did not worry about those comments”.

A member of the Aliza sangha reported:

I have an understanding husband and he gave me all the support for my membership to the sangha. We jointly decided where the money had to be invested. There was no problem nor argument between us. In our sangha all the members’ husbands are extremely cooperative and helpful.”

One of the more obvious cases of inter-caste tensions concerning the SHGs arose in the first two SHGs formed by the COs. In one of the villages, a group was developed among the Reddy community, one of the two main land-owning upper castes. When the COs organized a sangha in a scheduled caste (SC) group of the same village, the upper caste people were very angry. One of the major training inputs was focused on getting subsidized bank loans with low interest that were specially earmarked for SCs. The Reddy’s were big money lenders for the SCs, and were charging high interest rates for the loans. Therefore, they feared that their business might suffer if the SCs were to be empowered.

Local community opposition to the women’s SHGs seemed to involve both overt casteism and male dominance attitudes. In one instance, some miscreants had burned down two huts belonging to women of the Arathi sangha. The men who burned the huts were angry that the Vodda women had challenged the subservient status of the Vodda stone-workers. In addition to the opposition from other castes, their own men maintained a rigid discipline over their women. They were not allowed to go out and participate in public meetings. The men did not allow them to participate in public events or group meetings. Formation of SHGs in this village was slow, more than three months. The first loan Arathi SHG received was spent on settling disputes between the groups and going to the police station for lodging complaints, filing a court litigation and for reconstructing the lost huts. However, the sangha women maintained their group spirit and formed two more SHGs in the same community with all Vodda women.

From the various stories, it appears that most of the initial suspicion and antagonism toward women’s organizing efforts diminished significantly among the community and men particularly because of the economic and social successes of the self-help groups.
Training

Training of the COs and subsequently training of SHG members was a major component of the programme. Many of the key elements were new for both the NGO personnel and women in the villages. The training programmes were carried out by persons from the Agricultural University, Hagari, the District Industries Corporation (agency of Karnataka state), and the MYRADA organization.

Key informants described that they first received training in the basics of “group dynamics,” and the procedures and strategies in forming the self-help groups. The second training was focused on maintaining written accounts – bookkeeping. Additional training sessions were on leadership qualities and entrepreneurship, as well as exposure to the on-going SHG activities.

Selected members from the individual sanghas received training in Bellary concerning group dynamics, gender issues, credit management, savings, principles of leadership, and steps in development of income-generating projects and visits to a model farm for instruction in livestock feeding and maintenance as well as other aspects of agriculture. This required travelling together.

Various need-based training programme of one to five days were arranged for example in poultry farming, sericulture, sheep and goat rearing, importance of manure, cooking roti and vegetables and marketing, feeding buffaloes and cows, kitchen vegetables and recycling and tailoring. This included site visits.

Some of the women reported that they had difficulty in getting permission from their male family members to attend the training sessions in Bellary. There were some women who felt that the training sessions were not useful, and that there was a lot of talk, but very little direct help. The following is an extreme skeptical view of the training:

We all came home [from an initial meeting] and spoke to our husbands and sons. They were not willing to give permission to attend training programmes for three days. With great difficulty we convinced them. We attended the three days training programme in Bellary. After that we did not get any further follow-up concerning how we had to go to the banks and get money to buy the buffaloes.

This informant, a woman from a scheduled caste, whose sangha had evidently failed, felt that much time was wasted in the training sessions, and there was a lot of talk about buying and selling milk and dairy products, but the COs did not teach them exactly how to get in contact with the bank and begin the entire micro-credit process. She said, “then they took us to the dairy farm. Merely visiting those places we did not learn how we could start the income generating activities.” It appears that the contents of the training, and the entire process was a mixed experience, in which some women felt they learned practical things, while others saw the training as a bothersome waste of time.

Getting cooperation from the banks

Although the programme had generated considerable publicity, and had support from the highest levels of the Indian government, the people who controlled financial transactions at the local level - the Bank Managers, were very uncooperative. Bank Managers in almost all areas have no faith in the abilities of poor people to repay loans. Consequently, the rural poor families in India, as elsewhere, have had to borrow from rural money lenders at very high interest rates. Pressure was exerted on the Bank Managers from the national level as well as from NABARD.

One of our key informants said, “It was a testing period for us because we had to fight with the Bank Managers who were refusing to give loans to the SHGs. The bankers argued that they would not take responsibility for defaulters and
were backing out from giving loans.” The informant went to tell that FPA India went to the highest level and through NABARD that the loans were released.

Some women’s groups are still reporting difficulty with bankers (2008). The women in a scheduled caste sangha, Arathi, complained bitterly about the behavior of the Manager at their bank and are also verbally abused.

**Record-keeping**

Developing effective record-keeping and understanding of processes was a major problem. In most of the sanghas majority of the women had no schooling. The problem was acute among the groups that are composed exclusively of scheduled caste women. The problem of “keeping the books” was compounded whenever there was suspicion of cheating by the “book-keeper” or the leaders of the sangha. The problems about mutual suspicion was minimized in the recruitment process when women members were supposed to know and trust one another, as a “naturally affiliated group”. However, even closely affiliated neighbours can harbor suspicion, especially when larger sums of money is involved. Community organizers were taught book-keeping, and spent long hours training the sangha members. Book-keeping requirements have been the most difficult components of the SHG programme.

One of the groups which was falling behind in loan repayments because they could not get enough help with book-keeping.

They were struggling hard to continue their weekly meetings. The women said their main problems were maintaining the registers and book writing. With great difficulty one of the sangha member’s son had been doing the book writing. There was pressure on the boy to do book writing for other sanghas. However, he was a college student with too many demands on his time, so he had to stop helping them, said a CO.

The SHG leader told us: “we did not know how we had to pay the money because there was nobody to write the book. Nobody in the group knew what were the sangha savings and interest and the loan repayment. No officers came and helped from the FPA India when we had the crisis.”

In another group, maintaining records had apparently been handled quite well—again through the help of an educated son of one of the leaders. However, other members of the sangha began to suspect the arrangement, and demanded a change. The leader, a Muslim woman, described the conflict:

*We returned from Mysore [training session for the SHG leaders] and he [her son] started maintaining the book of accounts for two years after taking consensus from the other members. But suddenly during a meeting, a few ST and SC women said that they would hire another person for writing the books. We had to pay for that person whereas, my son had given free service. I got angry and asked the women what you are going to pay my son for devoting his valuable time for two years writing and maintaining the register? I told the women that we should not hire anybody from outside.”*

Conflict within the SHG had serious disruptive consequences, which have not been resolved. Several of the scheduled caste sanghas have been able to rely on educated sons or daughters for book keeping, occasionally resorting to employing someone from outside the group. The following is an example of having no conflict concerning the leader’s son as being the book-keeper:

Rupali, who is illiterate, said, “I take the help of college student from Asundi village to devote one hour to explain and do the writing work. Besides this, my son who is studying 10th standard does most of the writing work. He does all the entries and the registers are well maintained. The sangha members collect Rs.10 each and they pay her son Rs.100 and to the college student another Rs.100.”
Some SHGs have leaders or other members who are educated, and have no problems in learning how to keep adequate records of their transactions. Kamakshi said:

“Poongodi the first leader and another member are two strong and powerful book writers because they are educated and know how to maintain the books. From the beginning we never relied on outsiders. For the past eight years we are doing the writing.”

Another SHG, Gitanjali (formed in 2006) has a young Muslim member who maintains the registers without payment. This sangha is doing fine, with no record-keeping problems, even though their membership is composed mostly of lower caste, illiterate women.

When some successful SHG members were asked the reasons for failure of some groups, a common answer was related to problems with record-keeping. A leader of the Bhabani SHG (Minakshi) said:

“Book writers should be strong and should know how to enter the numbers below the headings such as amount paid, savings, credit and debit and net balance that are in the columns. If we are not acquainted with book keeping the sanghas face difficulties and no outsider can set right the problems. If somebody pays back the loan, that should be entered immediately and the registers should be updated as and when the money is withdrawn.”

She went:

“There were cases in our village where the leader stole the sangha money. The illiterate women vaguely remembered that she had returned the money but it was not entered in the register. They refused to give her [the illiterate woman] additional loans from the sangha and the leader argued that she had not paid back the money. If many of the sangha members are illiterate there could be chances of fraudulent practices and corruption. Therefore, the book writer should be honest. The sanghas should have more than one book keeper to check and verify the registers.”

The role of the FPA India workers has been centrally important to the success of the majority of the SHGs. In the early phases of the programme, the COs met with each group over many weeks to iron out their problems, especially to get the book-keeping tasks under control and understood by the sangha members.

SHGs are increasingly paying local college students or other educated young people to maintain their books of accounts. Each member contributes a set amount per month, so they can pay the hired book keeper. In addition to the details of the book keeping, each SHG needed help in their initial contacts with the bank. Complex forms had to be filled out, and women who interacted at the bank had to present photographs and sign papers. Some bank personnel were rude and abusive, or ignored the women who came for transactions. Those unfriendly actions were more commonly reported by women from the lowest caste groups. The COs helped women with bank transactions as well as with other communications.

Micro-finance: Loans to the SHGs and to individual women

The core of this programme is to facilitate the provision of small loans to individual sanghas, which in turn makes loans to individual members.

For each SHG the first six months consisted of accumulation of savings, which were deposited in the bank. If each member contributed Rs.20 per week, a group of 15 members would accumulate Rs.7500 rupees in six months. Usually, the first loans were relatively small. Each sangha decided in their meetings which members should receive the first loan or was shared equally by sangha members. First loans to sanghas ranged from Rs.15,000 (about $ 360) to Rs.50,000. (approx. $ 1250).

In some sanghas, before the group received a loan from the bank the sangha
was able to give loans to individual members from the money that had been accumulated from weekly deposits. Members could apply to the sangha for small loans (“internal lending”). The money was given to those who had strong reasons in consensus with other members for hospitalization, children’s education, purchase of food grains and basic supplies. Within the first six months the bank assessed the group’s “repayment capacity”, before the first loan was given to them.

Members who received loans were expected to begin repaying the loan to the sangha immediately, generally paying two percent interest per month. Loan repayments were in addition to continuing their regular weekly deposit. When the sangha received a loan from the bank, there was a regular schedule of repayment; usually paying six percent interest to the bank. Thus, over a longer period of time the sangha would accumulate a balance because of the high interest rate charged to their members. Two percent per month, however, was lower than the usual rates charged by money lenders (usually three to five percent per month). Many sanghas, received a larger amount for their next loan and this was possible when substantial portions of the first loans were repaid to the bank.

The following details of utilization of loans show the loan sequence and strategy of some successful women in SHGs with good track records:

**Case I**
The first loan Kavitha’s sangha received was Rs.1,00,000. Each member received Rs.7,000, one year after the SHG was started. They were not ready to invest in income generating activities. She invested in buying manure for their crops, and also leasing some land for agriculture. The rest went into consumer essentials, including a supply of food grain. The second loan of Rs.50,000 each, several months later was earmarked for improvements strictly in housing. Bank personnel visited the homes to check on the construction work, and to see that money was not diverted to other purposes. Unlike the other regular loans, the housing loan had a repayment period of ten years.

The third loan was Rs.350,000 of which Kavitha got Rs.30,000. She bought a chilli crushing machine. The chilli grinding machine requires electricity to run the motor. She had to buy crude oil for lubricating the machine. Before buying the equipment she found no “competitors”. Kavitha’s income generating plan was unusual, in comparison to the large number of SHG women who invested in farm animals.

**Case II**
Raziya is actively engaged in the chicken business. She said, “I buy fifty chickens from Bellary at Rs.4,000. I sell the chicken in my village and the quantity lasts for a week. Along with the chickens, I also sell meat at the rate of Rs.80 per kilo. I earn Rs.300 to 400 per day.” She received three loans: 1st loan of Rs.8000, 2nd loan of 23,000, the third loan of Rs.50,000. “I handle all the money matters including buying and selling of chickens and meat. I take my son’s help only if required”.

**The Outcome**

**Micro finance investments**
Table 1 shows that a large percentage of the SHG women invested in agricultural projects, particularly in diary farm animals, land, fertilizers, seeds and other for crop production. The Table also shows that many women have used the loans for non-income generating purposes, including expenditure in health care, children’s education, daughters wedding and clearing old debts.
TABLE 1
Type of investments made by SHG members in 50 SHGs

<table>
<thead>
<tr>
<th>Type of investment</th>
<th>No. of members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffaloes</td>
<td>105</td>
</tr>
<tr>
<td>Cows</td>
<td>25</td>
</tr>
<tr>
<td>Sheep</td>
<td>45</td>
</tr>
<tr>
<td>Petty shops</td>
<td>122</td>
</tr>
<tr>
<td>Agriculture</td>
<td>534</td>
</tr>
<tr>
<td>Health (hospital, child birth, abortion etc.)</td>
<td>245</td>
</tr>
<tr>
<td>Education (tuition, special supplies)</td>
<td>24</td>
</tr>
<tr>
<td>Other types of investments</td>
<td>639</td>
</tr>
</tbody>
</table>

Total members: 834

Other types of investments include Maize/grain husking machine, tire repair (vulcanization) shop, granite stones and black tiles, garments (dealing in textiles), sewing machines, chilli grinding machine, wedding costs, house construction, repair and renovation, phone machine, money lending to other families, clearing old debts, chicken business, grain dealings, soft-drinks machine. House construction, including repair and renovation in addition to these “income generating” investments, many women bought consumer items, particularly pots and pans, gas stoves, cell phones, and other items.

Decision-maker on investment strategy

Many of these investments were directly decided by the husband and other male family members. For example, in one case the investments were mainly for masonry equipment and supplies, as it was the husband’s occupation. Similarly, for stone cutting equipment, reflecting the husband’s occupation. About one third of the women said it was a joint decision with husband, and added that they would not like to quarrel or disagree with their husband on these matters. Table 2 shows the distribution of decision-making as reported by the women.

Table 2 shows that decision making was evenly divided into three categories. Some women reported that they were unhappy with their husband’s insistence on investment, others went against their husband’s wishes. In addition to the married women, there were four widows, who made their own decisions about investments. In some of the cases of “joint decision” the actual investment strategy was for an activity mainly carried out by the woman. For example, Poongodi joined her neighbour to invest in a maize grinding machine, and the management of that activity is largely in the hands of the women, even though she reported that the initial investment was a joint decision of wife and husband. Thus, the “decision-making variable” does not give a clear picture of the “gender orientation” in the disposition of loan money.

Case III

Rabri, 50 year old semi-literate widow is the leader of an all Muslim sangha, and is also a leader in the Gram Panchayat. Her four daughters and three sons are married. The first loan (2004) to the sangha was Rs.50,000, she received Rs.5,000 which she invested in garment business. Her decision was made on her own, she told us: “My husband suggested that I should invest the money for land. I refused to accept his suggestions. We took more than ten days to decide the investment. I was very firm about the garment business.”

In 2006, the second loan was granted to the sangha, for Rs.1,50,000 of which she took Rs.10,000 for further expansion of her garment business. The sangha got another loan, for Rs.2,25,000, she got Rs.15,000 for further strengthening of her garment business.
In most of the families the husband is employed as a wage labourer, or in some other full-time activity, since the selection criteria for the SHGs was to be mainly “below poverty line”. Thus, in the majority of cases the income generating activity naturally fell on the woman to carry out, although many of them rely on some help from male members, particularly their sons. The following case of Namagiri (weaver caste) is an example in which the income generating activity appears to have a “male orientation”, but she is nonetheless the “proprietor”. Her husband works in a rice mill in Bellary, so he is not at home to operate the business that she has established. She said:

“Out of the Rs.20,000 (loan) I invested in a tire repair (tube vulcanizing) shop. I went to Bangalore and bought excellent tires, high quality tubes, and other materials for strengthening my business. I have employed a young boy, I pay him Rs.50 per day”.

Now with her investments in the tire repair shop she earns Rs.3000 per month. She is pleased and feels happy to have her own money without depending on her husband’s income.

**Empowerment of SHG members**

There is abundant evidence of empowerment among the women in the sanghas. The following comments from one SHG leader typifies some of the more outspoken, highly active women:

“Before I became a sangha member we lived in a rented small house. I worked as a wage labourer. My parents are not rich and my in-laws did not give me anything when we came out from the joint family. All these items that you have listed (consumer items listed by the field worker) are bought through my hard work. Now I do not go for coolie work [wage labour] because I supervise and work on my own land. I bought land, and both my children are studying in a private school. The biggest benefit from the sangha is that we get (gourava) prestige/honour. We gained experience going to the bank and meeting the officials. We would not have got these experiences if we were not part of the sangha. I learned a lot although it was for a short term of two years (when she was the group leader).

She said that she controls the money and her husband does not interfere with her. She handles several thousands of rupees alone and knows how and where to deposit the money.

Dilkush, a 40 year old Muslim woman said:

“Before joining the SHG I was working for daily wages. After getting my membership I quit working for wages and I am fully engaged in my business. I earn Rs.300 to Rs.400 and have been able to buy colour T.V, sewing machine, ceiling fan, gas stove, DVD player, and a land line telephone.”

My husband used to beat me when I became a member of the sangha. He used to manhandle me when I returned home from the meetings. His parents instigated him to beat me. But I stood in silence and today he dare not touch me.”

Thejasvini, 40 year old, studied to 10th standard, belongs to the Valmiki scheduled tribe. The couple has two sons and two daughters. She said;

“I was working for daily wages before I joined the sangha. Life was very tough for me. But now I no longer go for coolie work because I earn my money staying at home (she does tailoring). I am content with my economic growth. I handle money and I always have money in my hands. I have reduced my dependency on my husband.”

Both women referred to less dependency and abuse from husbands. This is an aspect of empowerment that is closely linked to two factors: increased income and the general, rather abstract increase in “social respect” gained through participation in group activities. In some cases it also
appears that husbands (and other male family members) have changed their behavior because they are apprehensive of the apparent social power wielded by the group of women.

The theme of “liberation from coolie work” was almost universal among the SHG women. One Muslim woman said that “coolie work is like slavery – they treat us like slaves.” Agricultural wage labour is the lowest level of the rural economic system, and most of the wage labourers are from the scheduled castes. Thus, changing to income generating activity and quitting “coolie work” is not simply shifting from one type of employment to another – it is a distinct jump in social status and respect. In some cases it appeared that women were earning less through their income-generating activity, but resist returning to agricultural wage work.

A woman in the Vodda community, member of a semi-functioning SHG, recalled the “pre-sangha” days: “before we became members of Arathi SHG, we used to borrow money from Lingayat and Gowda farmers at 5% interest, we were unable to pay back their money. Therefore, we were working for them as bonded labourers.”

The importance of money is highlighted by Namagir:

“If I were an ordinary housewife I would not have had the opportunity to have any money in my hands. I earn Rs.3000 per month. I am happy because I do not depend on my husband for money. I am very proud because my son is studying MBA in Bellary. I have taken Rs.1,00,000 education loan from the bank.”

Several of the women spoke of feeling empowered as they were able to meet with bank officials for transactions of financial matters. One sangha woman expressed the initial problem she faced, and then said confidently:

“ Nowadays we go alone to the bank and we are able to talk to the bank officials and attend meetings. Had we not formed the sangha we would be toiling hard in the kitchen, cooking and washing dishes. We are very happy that our sangha is flourishing well and we have good savings in our account. We draw Rs.20,000 to Rs.30,000 from our savings and we have confidence in repaying with interest.”

The case of 35 year old, non-literate woman, Nazreen, 35 years old, was rather unusual, she had been a leader, but discontinued her member because of conflicts with other members. However, she had gained technical knowledge and skills of procuring bank loans. She said, “after I dropped out of the sangha, I applied for a fresh individual loan from the bank and I got money which I invested in buying plastic bags.” She makes big sheets for farmers to dry grains after harvest.

Clearly, the leaders of the sangha have more opportunities than the other members for developing contacts, bank transaction skills, and also become more confident for travelling and expressing themselves. Some of the banks insisted that leadership of the sanghas, and participation in bank transactions should be rotated. The leader of one of the more successful SHGs, Savita, said that she had been the first leader for three years, before State Bank of India brought in this rule. By electing ordinary members to become leaders, every member would gain new experience exposures, especially in bank transactions.

There are instances of sanghas which have failed. One schedule caste woman who was a member of a group had problems with book-keeping, and fell behind in repaying their first loan. Added to this, the roof of the petty shop collapsed and destroyed much of her merchandise. There was no information available on the situation of the other members of her defunct group. But failed SHGs generally include some disillusioned women who feel much less empowered.

Failure of a sangha does not always mean that individuals in the group failed
in their income-generating efforts. The situation of Nazreen, described above, is instructive.

The positive, extensive empowerment for some of the SHG women is perhaps best captured in the situation of 35 years old non-literate Nirosha of the Kuruba (shepherd) caste:

“I did not have concept about bank, rokka (money), baddi (interest), and meetings. Now I understand where to invest money, how important it is to have money in hand, who to trust, and how to talk to educated urban people. I also learned how to dress. My son is studying in a convent school in Bellary. My father gave me five acres of land. I invested the bank loan buying gobbara (manure), beeja (seeds), Maddhu (insecticide).”

Other activities

Many sanghas also engaged in a variety of community improvement activities. The most impressive “community improvement” activity was perhaps that of the Spandhana sangha, who voted to help 10 families to rebuild their lost homes. The members also mobilised money from other sanghas.

Some groups organized house to house campaign to urge families to send their girl child to school, while other sanghas sponsored and carried out repairs at their local schools, including building a toilet, construction and clearing of drainage systems, and improving village roads. Local-level “corruption” or inaction of government personnel was addressed by one sangha who noticed that an anganwadi worker was systematically stealing from the oil and other food supplies meant for the young children. The members confronted the anganwadi worker, and publicly humiliated her. The woman confessed and no charges were filed. In another instance, a local Gram Panchayat were not issuing “below poverty line” eligibility cards. The group members “gheraoed” (“sit-in”) the Secretary of the Gram Panchayat who was forced to issue the BPL cards.

The women’s groups have played an important role in spreading awareness on health care in the communities. This has led to increased number of rural women seeking services at the FPA India clinic. They speak about family planning and seeking treatment for reproductive health problems.

Parameters of successful SHGs

Although some sanghas failed, or were dormant at the time of research, (of the 20 sanghas which were studied only 12 can be rated as “fully successful and continuing operations,” 8 were either disbanded or “dormant” and waiting for some help to revive their activities), some individuals succeeded in those sanghas.

Since the majority of the sanghas were able to continue after the project ended, and some faltering groups have been successfully revived, it is important to understand factors that help in maintaining the cohesion and stability of the relatively successful SHGs:

- Women in the sanghas realized the importance of the SHGs in changing their lives, so they are committed to preserve the group.
- They have been able to employ capable persons as book keepers, often paying money from their own savings.
- Appropriate income generating projects were selected utilizing skills and knowledge they have particularly dairy farm animals and crop production.
- The sangha members were careful to avoid mixing their own financial activities with the rest of the family’s money matters.
- The members were able to gain the good will and support of the male family members, by respecting their needs and...
providing support to the male members, without compromising on their own empowerment.

- Regular repayment of bank loans and transparency in financial matters.
- Avoiding “middle persons” or other mediators in bank transactions and other entities.
- Sharing responsibilities which empowered and reduced the feeling of being “left out”.

DISCUSSION AND RECOMMENDATIONS

From this study it is evident that SHGs have benefitted women, their family, and the communities in which they live in more than one way.

One unusual feature of the Bellary sanghas is that the majority of the groups are “mixed membership” in terms of caste/community identities, including several that have both Hindu and Muslim women. This pattern contrasts with the findings of a large, multi-state study, which found that two thirds of the sample of SHGs were single caste groups.

Inter-caste, inter-community relations, particularly in the more active, successful groups, improved relations and understanding across some cultural barriers. In almost all cases the members of SHGs knew each other before, but the new interdependencies created by the group structures led to greater communication and understanding. In addition, the successes among the majority of sanghas have led to increased respect and recognition from other people in their village.

The increased access to money, ability to buy consumer goods, release from the dependence on daily wage labour, and improved housing have all had positive effects on the women’s lives. In addition, the widened range of contacts during training, and learning how to interact with the bank officials and other people in the Bellary urban environment have contributed to women’s empowerment. The number of women who reported “less dependence on husband,” and also clear reduction in physical violence from husbands, is striking evidence of improved empowerment and better life conditions.

While income generating activities, and other dispositions from loans have mostly been carried out by individual women, with occasional “partnerships” among two or three neighbours, the other community activities documented show that several of the sanghas are exploring empowerment as group action. In the comprehensive study reported by Wilson, it was noted that the self-help groups are increasingly called on for more general community work. The study found that 30 percent of SHGs in the sample have been involved in community action. These involved: improving community services (43% of the total actions, including water supply, education, health care, veterinary care, village road), trying to stop alcohol sale and consumption (31%), contributing finance and labour for new infrastructure (12%), protecting natural resources and acts of charity (to non-members). These were all actions by SHG women which represented some degree of agency by women, in terms of decision-making, and enhancing women’s contribution to the community in a way that goes beyond traditional gender roles.

This paper is a “work in progress” and is expected to continue to gain better understanding concerning the overall impact of the SHGs on the lives of the women, their families, and their communities. A major focus for the next phase will be on food production activities. The increased world wide concerns about high food prices, shortages of rice and other staple grains, and the drastic shortage of fertilizers now reported in India – all contribute to the importance of local food
producing activities. The data cited in this paper shows that the largest single category of investments is in food production activities. Many women bought or leased land for cultivation; others have bought dairy farm animals. Several women also mentioned investments in water pump for irrigating dry lands.

Another main focus in the continued study of the SHGs is on “networking” for sharing information, skills and other resources. Sustainability of the groups, and expansion of the programme into additional communities depend on increased levels of networking activities, utilizing resources within the groups themselves. Dissemination of “best practices” and “most profitable” income generating strategies is an important aspect of such networking. Evidently some of the small “petty shops” failed because they did not have the goods that are attractive or needed by local customers. Some of the successful shop owners could share their experiences with others less prosperous or “would be” shop owners as well as for other income generating options.

The central importance of further training and enhancement in farming activities was eloquently expressed by one of the informants:

“We were born and raised in an agricultural community and belong to the farmer class (raitaru). As wage labourers we have toiled hard from dawn to dusk for low wages. If we could get a small helping hand for improving our own land [food production] it would be a great help for us. Our life is in the field.”

Poverty alleviation has been a concern since many years of governments around the globe. Economists, politicians, journalists and other policy makers are continuously involved in this debate. The Government of India has several schemes including the National Rural Employment Guarantee Act (NREGA) and education schemes “education for all” (Sarva Shiksha Abhiyan), as well as programmes for irrigation, rural electrification and expanded rural credit. However, Aiyar has argued that the most powerful tool for reducing rural poverty is through improved connectivity. Quoting the International Food Policy Research Institute (IFPRI) shows that the largest return in the number of persons raised out of poverty per money invested is from road building.

People living above the poverty line have serious credit and cash flow problems. For example, in economically marginal areas of Maharashtra, it is estimated that only ten percent of credit transactions are with banks. Authorities in the state of Maharashtra have become increasingly alarmed by the high number of suicides among debt-stricken farmers, including in the “sugar belt”. One analyst commented that “with the co-operative movement going downhill farmers are increasingly depending on private money-lenders.”

The “chit fund” system where a group of persons pay Rs.500 per month and the money is auctioned has some basic similarities with SHGs. In rural areas the group formation can be practically the same as a “self-help group” – small group of people who know each other, and who are relatively homogenous in socio-economic terms, and with a leader everyone trusts. The concept of paying a fixed amount of money per month is also the same. But the “chit fund group” does not normally engage in giving loans; does not have any connection with an NGO or bank; and is self-liquidating after few months, depending on the number of participants. It can operate to the benefit of some poor people, who thus force themselves to save for several months, and are then able to receive a lumpsum amount of money. These “savings and credit schemes” can easily lead to further indebtedness, particularly among farmers already in debt to money lenders. There is evidence that some of the increasing numbers of suicides among
farmers in the Vidharbha area (eastern Maharashtra state) involve combinations of indebtedness to money lenders, in addition to gambling in chit funds. Interest rates for loans from money lenders are five per cent per month.\textsuperscript{6}

Self-help groups have penetrated in various sections of society including sex workers in Kolkata and several locations in Maharashtra.

In a paper on learning from failures in microfinance: what unsuccessful cases tell us about how group-based programmes work, Michael Woolcock\textsuperscript{8} commented on the biases in many studies of SHGs. He does not doubt the value of microfinance schemes in general, but feels that there are many problems that need to be addressed, and it is important to learn more about why some groups fail.

In this study, a balance between description of successful SHGs and details about the less successful, including some groups that have ceased functioning has been attempted. This information will be useful to NGO leaders and others involved in further development of SHGs in Bellary district as well as in other locations.

**Acknowledgements**

The authors acknowledge all the sangha members that were interviewed and thank them for sparing their valuable time and sharing their experiences with the researchers.

Smt. (Late) Sharadamma Malebennur, the former President of FPA India, Bellary Branch contributed ideas before the commencement of the research. She was interested to know the role of village panchayats and their contribution to the SHGs. Her ideas were well received and incorporated in the guidelines. All the committee members and staff of FPA India gave excellent support and cooperation for the study.

We owe special thanks to all the key informants at FPA India, for sharing their individual experiences of working in the formation and nurturing of self help groups.

Mrs. Vijayalakshmi Rao the link person of FPA India, was extremely helpful to the researchers, as she accompanied her to the villages and identified the women for interviews. Mr. Rama Rao, Driver, was helpful and caring through the travels.

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