

SHGs: Changing Perspective of and Impact on a Development Practitioner

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Realizing that SHGs are not merely credit-and-savings entities but have immense potential to be instruments of development and change is a huge discovery in the writer's professional journey

WHEN I FIRST BEGAN WORKING AS A development professional, SHGs seemed to have the solitary function of being a savings-and-credit entity; a body in the records of mission-mode projects, with *sutras* to follow, just like how students are treated in school—made to comply, administered upon, and told what to do, ignoring the multi-faceted and far-reaching potential of children. Less than a year ago, I viewed SHGs as a group of 10–20 women meeting regularly, saving a fixed amount, lending the money internally, being linked for credit with the outside, and gradually starting a social enterprise.

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and 'financial-inclusion', an idea that was reinforced in my first job. During my brief professional experience of working with SHGs elsewhere, I saw the institution function, with micro-finance as its focus, so much so that we used to refer to SHGs as *bachat gats* (savings groups).

In the SHGs' quest for change and development, external motivation (credit eligibility) was made central, and whether or not the groups met regularly, saving money and repaying debts appeared most important, ignoring the potential a group has as a forum for sharing and solving problems of individual women, and for raising issues pertaining to gender, patriarchy and development. The interpretation of SHGs being a forum for 'mutual help' was limited to money. And, therefore, I did not see SHGs as a collective of women; I saw it as a collective of their individual savings, and viewed the success of an SHG on the basis of the total amount of money the group had in its account.

Over a period of eight months of being in PRADAN, during which I engaged directly with SHGs and participated in focussed and routine discussions, I began

understanding the organization's concept of an SHG and its role in development; my perspective changed completely. I now see a more holistic role for SHGs in development, and this has given me, as a Development Practitioner, a broader view of the potential of SHGs.

My initial understanding about SHGs

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Rooted in Micro-Finance

My initial understanding of SHGs was rooted in the context of micro-finance. The need for SHGs was arrived at (and, more important, kept limited to) through such arguments or facts such as the deprived in rural areas have a need for credit; they do not have access to mainstream finance because of eligibility and affordability issues, and also they usually require small amounts of credit, which is a different need than that of the mainstream; credit needs are critical because one drought or severe illness can push a family further into poverty and deprivation; banks do not find it efficient to reach out to such small individual needs for credit; if a number of households came together to form SHGs and saved money regularly, they would have a substantial

amount to lend to a member in need or it can serve as collateral when applying for a bank loan. It is easier for a bank to reach out to such a group (instead of individuals); banks would take interest in them because the collective credit required would be large.

Centrality of savings and credit

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An SHG, thus, to my mind, served the credit needs of the deprived. Its function was saving and extending credit. The main aim of SHG 'meetings', therefore, was that members be present, save money, take and return their loans. Later, a group would go to a bank for loans, and still later, plan to start a social enterprise. An SHG was a collective, a pool of money of individuals. An SHG is where the pooling of individuals' money happens. One's money for all and all's money for one! Members could take loans from the group as per their requirements, and return the amount with interest. The only discussion that the group would have was to decide whether or not a member should be lent the amount; and that discussion, too, would focus upon accounts and calculations that would determine the member's worth for credit.

As groups, SHGs had norms. However, these norms were not arrived at by the groups themselves but were rather prescribed to them by agencies that have helped in forming them

“Why are women’s SHGs formed?” was a question that was never given space for discussion in my rural development classes. When that question popped up, it was dismissed through words such as for ‘women’s empowerment’. Clear also was the fact that men of deprived families often tend to spend all their money on things such as liquor. The women save money by, for example, hiding it in sugar or rice jars.

The root idea of forming collectives with women, therefore, was traced back to this habit of thrift. To this would be added arguments such as keeping such thrift money in the group or in the group’s bank account, which keeps it secure from the getting spent or destroyed/spoilt! Looking back to my student days, I believe that not only did this rationalization sideline or ignore the role of women’s collectives in development, and their potential but it also promoted the association of economic behaviour with gender.

The two dominant players that have been engaging with SHGs for some years now—National Rural Livelihood Mission (NRLM) and micro-finance institutions—have in their mission, though different, focussed on credit that

may be utilized in strengthening the livelihoods of households or in meeting various needs and purposes. The dominance of these two players greatly shaped my initial understanding of SHGs and their role in development. Institutions such as NABARD have made available handbooks on SHG formation and training, with savings and credit as the main focus.

As groups, SHGs had norms. However, these norms were not arrived at by the groups themselves but were rather prescribed to them by agencies that have helped in forming them. Groups are monitored and evaluated against these norms so that credit is extended from funds such as the Community Investment-support Fund (CIF), the Revolving Fund (RF) under NRLM or loans from banks.

NRLM guidelines provide the groups five principles known as the *panch sutra*, which they must follow in order to receive credit. In such a process, external credit becomes the end-goal, and to get this credit certain behaviour must be displayed. Because the norms are prescribed to them and groups are not encouraged to form their own norms, SHGs become highly administered groups, with little scope for the

realization of their potential for creativity and autonomy.

Instrumentality of peer-pressure

Further, in this understanding of SHGs, with finance as their focus, peer-pressure—the fact that members stayed close to each other, saw (faced) each other every day and needed to uphold their dignity in front of other members—would ensure that the member who borrowed money would repay it. Of course, the group’s source of income is the interest earned on the loans; repayment is important to be able to rotate its money to all the members and meet their credit needs. This model, however, prefers peer-pressure and emotional pressure over empathy and feelings of ownership and responsibility to the group, and threatens a person’s sense of dignity.

New understanding of SHGs

During the last ten months in PRADAN, I encountered a different understanding of SHGs and their role in development. There is a difference in how PRADAN views SHGs and how NRLM and other micro-finance institutions view them. In fact,

I began to realize and experience the greater potential of SHGs and collectives. Earlier, I had seen micro-finance and livelihoods SHGs; here, in PRADAN, I saw the SHGs for development and change, with the former being a sub-set of the latter.

initially, as I tried to understand processes and focussed on NRLM's objectives and outputs, my initial understanding about SHGs as learned in class, became stronger.

Placed in a block that is NRLM-intensive, much of PRADAN's efforts also reflected the former's view of SHGs. However, PRADAN's views included aspects other than savings and credit. Over a period of time, through discussions—focused, routine, general, in workshops, and through my direct engagement with about 50 SHGs, journeying with the 15,000 women-strong block-level Federation and its Annual Mega Gathering—I began to realize and experience the greater potential of SHGs and collectives. Earlier, I had seen micro-finance and livelihoods SHGs; here, in PRADAN, I saw the SHGs for development and change, with the former being a sub-set of the latter.

How it came about

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It came about through questioning. “They are not meeting. Why are they not meeting?”, “They are not saving. Why are they not saving?” were

some exploratory questions that my team-coordinator would ask me. It came about through discussions. “All they do is save and we call them SHGs? It's like someone adding sugar in water and telling you that it's nimbu paani,” remarked Nivedita Narain, a veteran PRADAN-ite. It came about when I myself began visualizing the full potential of an SHG that was required to bring about change and development. It also came about by understanding the groups better practically, to a great extent through the Learning-Group trainings—honest expression, trust, a conducive environment, confrontation, etc.

During the team-sessions focused on the annual action-plan, the emphasis was not just on whether or not SHGs held discussions on issues important to them or the problems faced by them, etc., but upon the intra-SHG power-relations and the participation of the weakest member of the group. During a week-long central event on transformative grass-roots action, we discussed inter-sectionalism, structures and power. We realized that women, organized in collectives, could be a counter-institution against mainstream patriarchal institutions, and that the

historically most-oppressed should be encouraged to lead change and development. This should be the reason for the formation of women's SHGs.

Once, I returned to my location in Jharkhand after almost a month, in order to organize a *panchayat*-level annual event with the women of SHGs. There were songs and plays that covered areas such as collectivism, novel agricultural techniques, vaccination of livestock, domestic violence, sex discrimination, early marriage, dowry, etc. The variety of their activities gave me a glimpse of their potential to bring about change. I saw the women engage in vision-building and planning at various levels, chalking-out priority areas, setting indicators, and taking responsibilities.

I saw the women contest *panchayat* elections, fight for justice, plan for their village and agriculture, and act to realize these plans. I began seeing the potential of SHGs as platforms for sharing, discussing, problem-solving, planning and executing. My perspective about the engagement of SHGs broadened from micro-finance and livelihoods to one that encouraged greater potential.

Going beyond money, in my new understanding of SHGs, mutual help, lives the ideal of 'All for One and One for All'

Mutual help the core driving force

Mutual help, as I see it now, is central to SHGs. It includes, but is not limited to, savings and credit. Mutual help is also evident when one of the members shares her problem—be it that of harassment by in-laws, a husband having an extra-marital affair, exclusion from social services or schemes, etc.—and the other members figure out ways to solve the problem. Going beyond money, in my new understanding of SHGs, mutual help, lives the ideal of 'All for One and One for All'.

Feelings and ideals instrumental for responsible behaviour

Feelings, ideals and the like such as belonging, ownership, responsibility, 'we-feeling', honest and free expression, and a conducive environment, coupled with empathy and love, will enhance the functioning of the group, including in matters such as repayment. Some SHGs (I have been engaged with about 40 SHGs in the last few months) have a sense of understanding of, and empathy for, its members. Issues such as non-repayment of internal loans are dealt with, keeping in view the situation

and the circumstances of the individual member. SHGs, for me, are no longer entities, the existence of which is defined by their status in project records alone. They comprise women, who are connected to each other and have a desire to help one another out, and participate in their struggles and victories.

SHG as a forum and counter-institution of women

The full potential of SHGs includes finance, and extends to sharing, discussing, planning, learning, enhancing knowledge and awareness, problem-solving, creating and living a vision for themselves, their fellow members and the place they co-habit. It is about questioning the impositions, structures, systems, norms and practices, etc., and emerging as a pressure-group and active stake-holders in the struggle for change and development.

Women form such groups not just because of their innate ability to save and be thrifty or because the men have a habit of spending all the money but because SHGs are a powerful platform, that emanate power. They become a counter-structure

to the institutions that uphold, say, patriarchy. In these SHGs, the most oppressed may re-imagine their future so that power may be wielded by them as well. This happens when women establish their identity as farmers, when they inform the men about newer and more efficient techniques of farming, when they contest elections and do so in large numbers, and when they become important in securing credit for the household.

Impact of the new understanding of SHGs upon me as a development practitioner

Because they are administered by some and facilitated by others in very different ways, SHGs and their members do not have a common idea of what an SHG is and what its role is in development. There are various reasons for individuals to join SHGs; and each one has a different perspective of SHGs. What I have understood is that focusing on just one function of an SHG gives people a false sense of the idea of 'self-help'; also too much focus on one aspect contradicts the holistic understanding of the role of an SHG in development—its potential to bring about a much

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greater change; the kind of change that is desired to create a just and equitable society.

This change in my understanding of SHGs has changed me as a development practitioner. The formation of SHGs may be something that is imposed on them from the outside; however, for true empowerment to take place, the community must take upon itself the ownership of the SHGs. I see my role as a facilitator and as a co-traveller, understanding how the group is coping with challenges and facilitating planning and problem-solving within SHGs rather than insisting that they follow the *panch sutra* and questioning them if they do not.

SHGs must be a collective of individual women, exploring their potential. SHG members must work together and share a sense of belonging, ownership, responsibility, a 'we-feeling',

communicating freely and honestly and building a group environment conducive for this. I wish that all the members of a group are able to, and feel free to, speak-up and put across their points of view, and that decisions are arrived at through debates and confrontation, and not just as per the desires of some its members. I prefer to focus on the kind of discussions they have. And whether or not they have had a discussion concerns me more. I take a look at the participation and the access to credit for all the members in the group, the power-dynamics within a group, and the ideals discussed above. I try to understand the reasons for women missing meetings, how they perceive SHGs, the challenges they face in SHGs, and why they are not saving.

As someone who has studied Psychology before studying rural development, the first time I

encountered the term SHG was with reference to Alcoholics Anonymous—an 'SHG' that has experience-sharing and mutual help at its core. However, the mainstream theory in rural development and the little professional experience I have had were both so focused on finance, that I started seeing the role of SHGs, in Psychology and in rural development, as having nothing in common. It feels amazing to now have a more holistic perspective on SHGs. I look forward to the possibility of building on it, or even, changing it.

Till then, the next time I speak in an SHG, I will not ask the women whether they are holding their meetings regularly and if not, why not; instead, I will ask how they are coping as a group.

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