

EMPOWERED WOMEN – A FINANCIAL MANAGEMENT FRAMEWORK BASED ON THE PURCHASING POWER OF SHG MEMBERS

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Abstract- Rural women who are members of Self Help Groups (SHGs) in most villages have been recognized as empowered as compared to those women who are not as yet members of SHGs. How far this holds true was the question that the researcher development a took up as the focal point of query among twenty SHGs of a development in the Mohali district (SAS Nagar) of Punjab in a decent study.

The methodology was of empirical research and the tools of enquiry used were Focus Group Discussion (FGDs) and In-depth Interview (IDIs) with members of SHGs. The sample comprised all members of the 20 SHGs of Majri Block. The criteria for the selection of these groups were merely the fact that the groups have been in existence for over two years and that they had been successfully linked with banks and had taken loans besides carrying on inter-loaning. Another criteria was that all the SHGs were maintaining their books meticulously. The help of NABARD official as well as bankers was taken to obtain a healthy grouping of SHGs.

The objective of the paper is to supplement certain hypothesis proposed by the researcher for her doctoral research. Thus, the findings derived from the small universe of study are indicative of spending habits of SHG members that in turn are a reflection of the level of economic and financial empowerment that has been achieved by them.

Key Words: Rural women, SHGs, financial, empowerment, Focus group Discussions, In-depth Interviews, purchasing power.

Introduction: The SHG Concept

NABARD defines the SHG as a “small, economically homogenous affinity group of rural poor, formed voluntarily to save and mutually contribute to a common fund to be lent to its members as per the group members’ decision”. These groups are most often formed for mutual assistance, in satisfying common needs, overcoming common handicaps and various problems that hinder in the maintenance of a sustainable quality of life.

Rural women were found to be not only desirous but also very eager of improving their livelihoods through collective savings and investments in income-generating activities from SHGs. Rules and regulations of SHGs were observed to vary according to the needs and perceptions of the members. To some extent these rules were also a reflection of the mindset of the community in several ways. Several success stories exist about how membership of an SHG changed the life of a particular individual or group. NGOs in India promoting the SHG mechanism began constantly linking it to various other development interventions being announced and implemented by the government. Thus, with the passage of time a growing number of women were actively engaged in savings and credit alongwith other activities like income generation, natural resources management, literacy, child care and nutrition, etc. The SHGs have proven to be most relevant and effective vehicles in offering women the possibility to break their age old bondage with poverty.

SHG Formation

SHGs were observed to be formed for a variety of purposes and by a variety of people. Most SHGs started without external financial capital. They were set up on the regular contribution of minimal savings by the members. These contributions were usually quite small varying from Rs. 20/- a month to a maximum of Rs. 200/- per month. These were small amounts as compared to the thriving economy of the strongly agricultural region.

SHGs were observed to have several similarities of Structure even though their functions were varied. These structural parameters include size of the group, socio-economic profile of group leaders and profile members and are detailed as follows:

- a. **Size of the group:** A SHG normally consists of 10 to 20 members. Most of them are women belonging to under privileged sections of society.
- b. **SHG leaders:** Each SHG has three office bearers namely President, Secretary and Cashier or Treasurer. These office bearers are the group leaders. They keep the records of the group and attend various training programs and spearhead meetings with promoting institutions.
- c. **SHG members:** All women members of the SHG contribute regularly to the savings of the group.
- d. **Functions of SHGs:** Regular meetings have SHG group members meet regularly to discuss savings, inter-loaning and social problems at a specified place and time.
- e. **Saving:** Regularly pooling small amounts of money as mutually decided by group members.
- f. **Interloaning:** Process of lending money to needy group members from group savings with mutually pre-decided interest and duration.

Functioning of SHGs

Functioning of the SHGs was further reinforced for all members when office bearers mandatorily rotate office at least once in two years. The groups meet periodically at fixed intervals to discuss, reflect upon and find solutions to socio-economic issues and problems of the members, their community and their immediate environment.

Attendance of all members and their active participation at meetings is essential. Decisions are made by common consensus. The President and Secretary take care of duties pertaining to the administration of the group according to the bye-laws and group consensus.

The business transacted at meetings is most often related to:

- (i) Collection of savings, fines, interest on loans, etc, alongwith contributions for nominal administrative expenses.
- (ii) Deliberating decisions on loan applications of members and amounts to be sanctioned.
- (iii) Decisions for taking up social and various common economic activities to build up the SHGs corpus.
- (iv) SHGs' members take decisions on disciplinary action against any member, even the President or Secretary, in case of mismanagement of the affairs or funds of the group.
- (v) The meetings also decide upon applications for admission as members or resignation from membership.
- (vi) The SHGs also deliberate upon participation in training programs organised by the government or any NGO. The decision making is usually on paid trainings to determine how the expenses will be pooled and shared.
- (vii) All savings, interest, group profits from a common activity, fines and refunds of loans are deposited in the group's bank account usually by the 10th of every month or directly into the account when the collection is made. This practice tends to give the bankers a good picture of the regularity of the group's savings and corpus.
 - a. A monthly contribution mutually decided upon and fixed by the bye-laws, is collected regularly from each member. This covers nominal expenses like stationery, travel, cost of meetings, training fee if any, etc. This contribution record is written in a separate contribution register. Under no circumstances is the group's corpus of savings, fines, interest or any group profit used for the group's nominal expenses.
 - b. Till the cash is deposited it is kept in a cash box which is in the custody of the President and the key to the box is with the Secretary. Thus, the groups finances are well-guaranteed and secure.

Barriers to SHG Formation

Most development initiatives working through SHGs are focused on specifically targeting the poorest people especially women. It is generally accepted that SHGs however, do not include the poorest of the poor probably because of the following:

- i. Social factors: They are usually socially marginalized because of caste affiliations and those who are most skeptical of or generally not aware of the potential benefits of collective action.
- ii. Usually the poorest of the poor are sidelined because they are most difficult to reach out to and motivate. Therefore, most implementing agencies leave them out. They prefer to focus on an accessible though comparatively wealthy category.

From a social empowerment stand point the SHG mechanism is effective for the very poor and the disadvantaged and yet. SHGs attempt to collect larger amounts of capital to broaden the range of micro-enterprises. Thus, the SHGs have a participatory decision making process resolving conflicts through collective leadership and mutual discussion but is mandatorily dissected towards the efforts of these groups to mobilise local resources through regular savings.

Chanakya had said "Self-realization and self-initiative are two powerful weapons to was hout poverty". Since 1950s, development strategies aimed at enhancing agricultural productivity and profitability for rural people was focused upon. Low economic growth was perceived to be the result of lack of capital resources forming a vicious cycle of low capital, low productivity, low incomes, low savings and weak capital base. These were indicators of a permanent and perpetuating poverty syndrome. Cheap rural credit policies like micro financing through SHGs were designed. The objective was to provide rural poor with access to adequate capital. Microfinance through SHGs was envisaged as a ladder to gradually and assuredly bring up the poor not only economically but also socially, mentally and attitudinally. The aim was to help them make a breakthrough from the greedy clutches of exploitative money lenders.

Discussion on Purchasing Power

Spending Patterns

Table No. 1: Expenses Incurred from Savings and Loans

Sr. No.	Expense Heads	Percentage (%)	Rank
1	Purchase Rations	36	5
2	School free of Child	40	4
3	Uniform of Child	12	10
4	Repair of Home	15	9
5	Purchase of Alcohol	49	3
6	Medical Expense	23	7
7	Purchase of Milk Animals like cow, goat, buffalos, contribution towards purchase or through installments	12	10
8	Purchase of clothes an festivals	52	2
9	To give gifts at marriages	29	6
10	Expenses on religious ceremonies	22	8
11	Purchase of household assets like bicycle, sewing machine to supplement income	60	1
12	Purchase personal requirements like suit, bangles, silver or god.	8	11
13	Kept aside to purchase ornaments for daughter	2	12

The SHG members were asked to give their preferred areas of purchase and were asked to state their priority list for making their purchases.

Each members gave 4-5 options on a prioritized basis. The largest responses were observed to be for purchase of a household asset. The most common responses were seen to be of a sewing machine or a bicycle. On further enquiry the women informed that the sewing machine had been purchased with an eye to repay the loan taken through taking stitching orders. Most of the women said that they did the sewing themselves. There were, however, a few instances where the sewing machine had been purchased for a sister-in-law or a daughter who had learnt sewing in a formal sewing centre setting. The sewing machine was a highly favoured and greatly respected asset. The women who had purchased sewing machines were seen as having made a major decision towards improving their financial status.

Similarly the purchase of a bicycle was also seen as a significant contribution to the household. Although the bicycle was used by the male members of the family, either the husband or the son of the SHG member it was considered a matter of great honour that the women had contributed significantly to the household. In fact, this purchase of a bicycles was observed to have earned the SHG member substantial pride and honour within and outside her home.

There were 52 per cent responses for those SHG members who said that they had taken a loan from the SHG corpus to be able to purchase new clothes for wearing at a wedding in their homes. They were concerned about their family looking good at a forthcoming social event like a wedding where they are willing to spend indiscriminately. They are very happy, however, that their family could purchase clothes for wearing at a wedding in the home or among close relationships. Apparently this was some form of face saving which assuaged the family pride. To be able to provide these clothes was seen as a major achievement.

It was a most discouraging fact that 49 percent of the responses were for women who felt that almost all of their loan amount went into feeding the alcoholic habits of their husbands and other male members. While most women silently of substance abuse on their male members none of them openly challenged them. They tried sporadically to show their ire but were often beaten into silence. They had almost given up and wanted to leave the SHGs because of the exploitation of their husbands.

The interesting fact that emerged was that the women were standing by each other. They decided to join together and help those whose husbands were taking their money and beating them into submission. Some of them had even sent their brothers, sons, husbands to reason with the exploiters.

The second major expense vouched by the respondents was on rations, school fee of their children and uniforms (36 per cent, 40 per cent and 12 per cent respectively). The women looked upon the running of the house as their responsibility and wanted to do the best for their children. Repairs of the house was another major expense head on which the SHG members spent money.

Many of the women reported that their money was spent on purchasing clothes for marriages or giving gifts and even holding religious ceremonies. A small part (12 per cent) used the money to buy milk animals for selling the milk.

A significant aspect of the spending patterns of these rural women members of SHGs was that they spent the least amount of money on themselves and the future needs of their daughters.

Thus, the spending patterns show that most of the initial expenses of the women are indicative of their being quite unempowered in terms of decision making and implementing their own choices. They are largely governed by the needs and demands of their children, husbands and homes. They spend their savings on expenses that determine the well-being of their family. Either they are asked to take care of these expenses by their husbands and in-laws or they are forced by their husbands to give up their savings for alcohol consumption conclusion.

The findings show that many of the women members of SHGs still have a long way to go before they can be really empowered. Being empowered for them does not mean any of the following:

1. Being able to make independent decisions
2. Being informed enough to make their own choices
3. Being enabled to protect themselves from the exploitative behavior of others (family or society).

There was, however, the relief that the women had access to certain sums of money which they could use. These women still have a long way to go before they can consider themselves true empowered socio-economically and in every sense of the word.

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