

# CHALLENGES AND OPPORTUNITIES FOR AGRICULTURAL DEVELOPMENT IN INDIA



*Edited By:*

**Dr. MADHU BABU KADIMI**

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# **CHALLENGES AND OPPORTUNITIES FOR AGRICULTURAL DEVELOPMENT IN INDIA**

**Edited by  
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## Self Help Groups And Women Empowerment:: A Comment

Dr.D. Rajyalakshmi

### Introduction:

Empowerment can be described as an improvement in a person's social, psychological and economic degree of freedom (e.g. Solava & Sabina, 2007). Empowerment is used as a tool to make important life choices for individuals or groups and to transform these choices functionally. A female should not only be regarded as beneficiaries, but should also be viewed as a strong contributor to any society or community's growth. This could be achieved through society participation and affirmation of their rights associated with their socio-economic well-being mentioned women empowerment as a process of acquiring an ability, which is helpful for women to make according life choices and further allow them to play their own roles. Indian Government also declared 2001 as the year of 'Women's empowerment'. Empowerment is considered as a multi-dimensional, multi-faceted and multi-layered model.

India's Constitution provides women with equal opportunities in various areas of life. Nevertheless, a large number of women are either ill-equipped or unable to drive themselves from their historically unsatisfactory socio-economic conditions. Microfinance programmes like the Self Help Group Programme in India have increasingly been promoted for their positive economic impact on poor people and for the belief that they empower women which have also been found true in many empirical studies. Women's empowerment is viewed as a process in which women challenge the existing norms and culture to effectively improve their well-being. Since microfinance programs like SHGs programme are based on the principle of equity, justice and are also participatory in nature, they have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of inter linked and mutually reinforcing 'virtuous spirals' of empowerment. The SHGs programme has, therefore, emerged as major strategy to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries.

Microfinance means providing the poor in rural and urban areas, especially women, with savings and credit facilities for setting up or expanding businesses, investing in self-employment and growing household security. These programs are becoming more and more common in India. They are believed to lead to the reduction of poverty and empowerment of women. However, several studies on micro-finance have also questioned this optimism. There is a great controversy whether participation in microfinance promotes women empowerment or not. Many microfinance initiatives target women to empower them directly. Their underlying assumptions, however, are distinct. Many claim that the poorest and most vulnerable of the oppressed are women. Many argue that engaging in women's ability empowers them to make choices that are beneficial for themselves, as well as leading to increased economic growth and development. Another incentive is the literature evidence showing

that an increase in women's resources contributes to the family's higher well-being, especially children.

Eventually, a growing number of microfinance institutions favor representatives of women because they believe they are better and more reliable lenders, thereby adding to their financial viability. A more feminist point of view stresses that access to financial capital is an opportunity for women to gain greater empowerment. While many accept that empowerment of women is an important development goal for microfinance projects, what empowerment of women entails is still unclear.

### **Microfinance in Andhra Pradesh**

The Indian microfinance chapter began from the Andhra Pradesh (AP) agrarian state. Many of India's first MFIs (Microfinance Institutions) have been launched in Andhra Pradesh and 5 of India's largest NBFC (Non Banking Financial Company) MFIs are headquartered in AP making it the epicenter of India's microfinance industry. The region was the first to attract interest from mainstream investors.

The designation of microfinance as a priority lending sector made it advantageous for banks to lend to MFIs, and by 2006, AP organizations had substantial capital inflows. Public and private banks made large loans to MFIs with relatively little scrutiny, making it possible for MFIs to grow rapidly without sufficient stability in the form of institutional capacity building or a solid capital.

However, the lack of oversight of the activities of the MFI eventually led to oppressive lending practices, in the quest to meet their demands, they lend money to already indebted borrowers, with data collected from the microfinance center of the IFMR (Institute for Financial Management and Research) showing that more than 83% of households had loans from more than one source. However, MFIs took no care of the borrower's end-use of cash and used coercive collection tactics, culminating in 2010 with the sensational media accounts of farmers in AP being driven to suicide because of their inability to repay their loans. Our credit policies focus primarily on unmet and essential rural needs, such as water, sanitation, electricity, education, etc., through a subsidized capital with an interest rate of 12-14%. (milaap.org).

### **Working of SHGS in Andhra Pradesh**

Now, the attention is paid to enumerate data relevant for a comprehensive understanding of the study area, district and mandal-wise. More specifically data pertaining to the existing microfinance schemes in the selected districts of Andhra Pradesh, formation of Self-Help groups, bank linkages, economic activities, other facilities, etc. have been discussed.

### **Microfinance Institutions**

A number of public-sector and private-sector institutions are offering microfinance services in India. They can be generally divided into two categories: formal and informal.

The formal category includes financial institutions for Apex Growth, commercial banks, local rural banks and cooperative banks that provide microfinance services in addition to their general banking operations and are referred to as microfinance service providers.

On the other hand, Micro Finance Institutions (MFIs) are generally referred to as informal institutions that undertake microfinance services as their main activities. In the case of formal financial institutions that offer micro-finance services, private and public ownership is found.

### Microfinance Service Providers

Microfinance service providers include top institutions such as the National Bank for Agriculture and Rural Development (NABARD), India's Small Industries Development Bank (SIDBI) and Rashtriya Mahila Kosh (RMK). Business banks, national rural banks, and cooperative banks provide microfinance services at the retail level.

There are nearly 60,000 formal banking retail credit outlets in rural areas, consisting of 2,000 district-level cooperative bank branches, over 14,000 Regional Rural Banks (RRBs) branches and 30,000 rural and semi-urban commercial bank branches, in addition to 90,000 village-level credit cooperatives.

On average, for every 5,000 rural people, there is at least one retail credit outlet. This physical infrastructure development of banking facilities entering the country's far-flung areas to provide the rural population with deposits, credit and other banking services is an unprecedented achievement of the Indian banking system.

### Society for Elimination of Rural Poverty (SERP)

The Society for the Elimination of Rural Poverty (SERP) was established by the Andhra Pradesh Government (GOAP) as a responsive support structure to promote poverty reduction through social mobilization and development of rural poor living in AP. In compliance with the 2014 A Recognition Act, SERP is divided into AP SERP and TG SERP to introduce Indira Kranthi Patha (IKP) in all 656 rural mandals of 13 rural districts in AP to emerge from poverty and remain out of poverty. SERP operates on a holistic multi-dimensional approach to alleviate poverty by focusing primarily on the value chain for Livelihood and metrics of human development. SERP's development unit is rural poor households, and all SERP programs seek to achieve basically two outcomes: sustainable household income per capita of Rs.1,00,000/- per year from multiple sources and improved human development indicators

With this in mind, by organizing 69, 31,113 rural women into 6,52,440 SHGs, 26,753 village organizations, 656 Mandal Samakhya, and 13 Zilla Samakhya, SERP has worked tirelessly on a specific community-based organization system. For the community-based organization in the world, SERP has developed a specific institutional structure. This CBOs system in A.P has facilitated aggregate bank loans of Rs. 43,596.60 lakhs of commercial bank loans to SHG members, to

Marketing of Rs. 558317 acres resulting in farmers benefiting from Rs 75/- to Rs 100/- per quintal, pesticide free cultivation of Rs. 2000/- to Rs. 15000/- per acre in 2013-14 alone resulting in farmers saving, etc. This particular model was introduced at the national level in India by Aajeevika (National Rural Living Mission) ([serp.ap.gov.in](http://serp.ap.gov.in)).

#### **Other key results of Residual SERP of Andhra Pradesh.**

- 2,64,043 Disabled persons (DDPs) in 27,708 unique PWD SHGs.
- 2,761 acres of fertile land acquired and handed over to rural poor with guaranteed sources of water.
- 32,42,185 lakh women enrolled in Abhayaasthan and another lakh rural poor household enrolled in JBY through the country's largest welfare programs.
- Established 2,464 Nutrition and Day Care Centers.
- 2,275 Centers for early childhood education opened up to 2171 students.
- 35,122 women's lawsuits resolved.

#### **Vision and Mission**

The disadvantaged communities shall be empowered to overcome all social, economic, cultural and psychological barriers through self-managed organizations. They will attain higher productivity with improved skills and asset base and utilize resources to full potential and gainful access to services. Our mission is to enable the disadvantaged communities perceive possibilities for change and bring about desired change by exercising informed choices through collective action.

#### **SHG Integration – Andhra Pradesh**

Self-Help Groups (SHGs) are becoming the important platform for integrating people. SERP identified the existing SHGs potential for integrating people. Self-help groups are geared for mutual support, information, and growth.

Self-help is based on the premise that people who come together with a common disability will help each other and themselves to overcome the social challenges they face. SHGs incorporate low-income groups with the rest of the rural community by ensuring that they engage more efficiently in a more equal share of development benefits. Such communities not only stimulate economic growth, but also provide employment and boost the self-reliance quality of rural life. SHGs are a unique approach for members to gain financial protection.

#### **Mission for Elimination of Poverty in Municipal Areas (MEPMA)**

The Mission to Eliminate Poverty in Municipal Areas (MEPMA) is an AP Society agency, is part of the Municipal Administration & Urban Development Department.



**Empowering poor urban women, especially those living in slums, is MEPMA's main goal:**

**Training urban women in self-help groups (SHGs) and encouraging financial savings and institutional loans:**

- ❖ 10-12 urban women form Self Help Groups (SHGs) under the aegis of MEPMA. One Slum Level Federation (SLF) is made up of about 20 SHGs. There are 25-35 SLFs in a Town Level Federation (TLF).
- ❖ MEPMA supports internal savings and the following are internal loans between members: 14.4 lakh women forming into 1.83 lakhs Self Help Groups
- ❖ Savings / Corpus of 1.83 lakh Self Help Groups (SHGs) - Rs. 496.00 Cr
- ❖ Savings / Corpus of 6093 Slum Level Federations (SLFs) - Rs. 91.00 Cr
- ❖ Savings / Corpus of 129 Town Level Federations (TLFs) - Rs. 4.43 Crs

**Disability Intervention:**

- ❖ As part of the mainstreaming of people with walking disabilities in dictation services, the total number of PWD SHGs is 4,952 with 0.86 PWD participants in Lakes.
- ❖ Total No. of Vikalanga Samakhyas Town (TVS) is formed-82 and 111 PWD volunteers are identified and trained to socially mobilize PWD support through TLF.
- ❖ Cooperation of Bhagavan Mahaveer Vilalangua Seva Samakhya MEPMA facilitated the conduct of 11 camps for different persons in 10 district approvals.

**Capacity Building of Community Based Organizations:**

- ❖ To this end, daily training is organized through the Administrative Staff College of India (ASCI), the Center for Good Governance (CGG), Dr. Marri Chennareddy of the Human Resource Development Institute (MCR HRD), the Regional Center for Urban and Environmental Studies (RCUES), etc. For capacity building of SHGs, the CRP approach is being pursued.
- ❖ Member's training has been taken up in 1,50,000 SHGs
- ❖ Book-keeping training has been imparted to 1, 40,000 SHGs.

**Creating access to credit by providing Bank Linkage:**

To date, it has provided more than Rs.7700.00 Crores of bank loans to 1.51 lakhs SHGs, including repeated dosages. The concept is to provide soft loans to meet daily needs such as schooling, nutrition, and other social needs, and to carry on income-generating projects to boost their economic condition. The key slogan is to defend urban women against the clutches of money lenders,

micro-finance institutions, etc. which charge exorbitant interest rates. Previous interventions by the Govt of A.P through the Pavala Vaddi scheme (Interest at 3 percent per annum) resulted in interest portion being reimbursed to the amount of Rs.333.85 Crores. The VLR scheme was introduced from 1-1-2012 and will reimburse the qualifying SHGs for the total interest under the scheme. As of the date qualifying VLR is Rs. 121.62 Cr to disburse SHGs and Rs.11.50 Cr to SHG accounts.

#### **Loans with Subsidies for self employment units:**

In order to set up Micro Business Enterprise, Under Urban Self Employment Program (USEP) MEPMA will arrange 25% of the total loan grant. Under USEP, 37,935 units have been set up to date. Under UWSP, MEPMA offers subsidy for the establishment of group companies to the sum of 35 percent of the total amount of the loan. Under UWSP, 278 units have been set up so far.

#### **c) Stree Nidhi (State Level Women Credit Cooperative Society)**

The Government is Stree Nidhi of A.P. As a society, the credit institution was formed. It is SHG Women's credit cooperative society, SHG Women and SHG Women. Of the 10 directors on Stree Nidhi's board, three are from the Urban SHGs. The goal is to provide "Credit Gap Funding" from "Ban on Micro Finance Institutions." A mobile phone and a CUG Sim Card are issued to each Slum Federation.

#### **Conclusion**

It is concluded that the microfinance has a significant role in bridging the gap between the formal institution and the rural poor. There is need to increase householder loan to microfinance by banks and financial institutions. If the government were to enact the policy that would regulate the quality of SHGs and tied this to their eligibility for SHG Bank Linkage, then this would help bring about a more measured and responsible growth to the movement.

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