



ROLE OF SHG FEDERATIONS IN PROMOTING ECONOMIC AND SOCIAL EMPOWERMENT OF WOMEN: EMPIRICAL EVIDENCE FROM A PROJECT IN MADHYA PRADESH, INDIA

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ABSTRACT

Self-help group federations (SHGFs) in India have come to be recognized as catalytic drivers of women's economic and social advancement. Over time, their role has expanded to promoting grassroots community leadership, village development and undertaking advocacy initiatives for women's greater inclusion and participation in their households, communities, and economy. This paper expounds the role and impacts of SHGFs in promoting women's economic and social empowerment in Madhya Pradesh, one of India's most densely populated and poverty affected States. With over one third of its population (roughly 25 million people) living in poverty (as per Niti Aayog's Multidimensional Poverty Index, 2021), the State lags behind in critical human development indicators such as malnutrition, infant mortality, education, health, lack of clean drinking water, skills and employment opportunities. Women disproportionately suffer the brunt of these challenges coupled with regressive social and cultural norms that subject them to myriad forms of marginalization and discrimination.

Over the last decade, Hand in Hand India (HiHI), a leading NGO championing gender equality through job creation and financial inclusion has been actively working for women's empowerment, livelihoods promotion and integrated community development in Madhya Pradesh. Under one of our projects in Madhya Pradesh, 'UNITED: Bringing Unity to Improve Livelihoods and Women Empowerment,' we worked with a network of 200 SHGFs representing over 20,400 women over 3 years, between 2019 and 2022, where a majority of the women came from backward communities and were supported with integrated training and capacity building programs for livelihoods promotion. Additionally, SHGFs were trained and mentored to become frontrunners for advancing enterprise creation, women's empowerment and community development. This paper presents empirical evidence of positive transformations witnessed in women's social and economic spheres that enabled them to expand their agency and improve their lives, livelihoods and communities in significant ways.

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Introduction

Gender-Poverty in India:

India suffers from a startling gender poverty gap with women facing higher rates of poverty as compared to men. *The Global Gender Gap Index*

for 2022, which was released by the World Economic Forum (WEF), ranked India at 135 out of 146 countries which is a worrying trend.¹ Additionally, at 50.9% India suffers from a huge employability gender gap, with only 19.2% of women in the labour force compared to 70.1% of

¹ The Global Gender Gap Index is assessed on 4 parameters of economic participation and opportunity: educational attainment, health and survival and political empowerment.

men.² The most important causes of gender inequality are located in poverty, illiteracy, unemployment, social customs, belief and anti-female attitude. The World Economic Forum (WEF) has highlighted that progress towards gender parity has been halted and even reversed due to the Covid-19 pandemic. *The WEF says that at the current rate of progress, it will take 132 years for the world's labour force to reach full gender parity.*

There is an urgent need to address this gender-poverty-inequality gap in India and 'self-help groups' is an effective medium to do so.

Self-help groups are informal, homogenous groups of about 10-20 rural poor women formed to pool in and rotate their savings among each other and provide social, financial help to each other on an informal basis. The SHGs are usually formed, supported and mentored by an NGO or a Government agency and are committed to jointly improving their lives and pursuing a common goal that mostly involves empowering women, promoting financial inclusion and addressing gender and poverty-related issues. With over **12 million SHGs** (of which 88 per cent are all-women-member ones), covering **142 million families** with saving deposits of Rs. 472.40 million, the SHG movement in India is the world's largest microfinance project and has been extremely successful in addressing poverty, supporting financial inclusion, livelihoods diversification, skill development and women empowerment.³

Role of SHGs in Promoting Women Empowerment and Livelihoods:

SHGs provide a strong platform to support livelihoods opportunities (such as small-scale businesses, agriculture, handicrafts, or micro-enterprises) by encouraging women to pool their financial resources, save money and access credit. SHGs often collaborate with banks and financial institutions to secure loans and develop financial literacy among members. The supporting civil society or Government organizations often provide a series of training on integrated aspects on SHG management, finance and accounting, banking, financial literacy, skill training and business development training to the SHGs to

establish their businesses, fostering economic independence and self-reliance. Additionally, the CSOs facilitate access to Government of India's various schemes of financial inclusion (loans, insurance, pension and remittance) and social security pertaining to education, health, sanitation, housing etc. for financial inclusion of SHGs.

Apart from promoting economic empowerment of women, SHGs are effective forums to enhance social capital among women by providing an environment where women feel free to share their experiences, discuss social issues, and collectively address challenges related to gender inequality and discrimination. The forums help promote women's leadership and decision-making roles within the groups, which enhances their confidence, self-esteem, and agency in both personal and community matters. It needs to be mentioned that the Indian government has implemented various programs that support and collaborate with SHGs, providing financial assistance, training, and institutional linkages.⁴ These government initiatives enhance the effectiveness and impact of SHGs in addressing gender and poverty-related issues.

Transition of SHGs to SHG Federations-- Role and Importance:

The tremendous success of the SHG movement in India and the continued reliance of SHGs on the promoting institutions (like CSOs) to mobilize, train, and support groups led to the NEED to bring together SHGs to deal with issues beyond the reach of these small groups.

Self-Help Group federations (SHGFs) in India are networks or higher-level associations formed by groups of SHGs. These federations bring together multiple SHGs (typically 10-15 SHGs representing 1,000 -2,000 members come together to form one federation) in a particular area or region with a goal to strengthen the collective power in promoting women's social and economic empowerment in India. By facilitating access to credit, resources and markets for enterprises, SHG federations help in business development of SHGs. Due to their large numbers, they are a formidable force to advocate

²ILO Report: ILO <https://www.cxotoday.com/cxo-bytes/empowering-women-in-the-indian-blue-collar-workforce-strategies-for-gender-equality/>

³ Economic Survey of India: 2022-2023

⁴ Programs like the National Rural Livelihood Mission (NRLM) and the Deendayal Antyodaya Yojana - National

Rural Livelihoods Mission (DAY-NRLM) focus on strengthening SHGs and their federations to ensure sustainable livelihoods for women.

for women's rights and entitlements, ensuring gender justice and equality, both at an individual and community levels. They also network with local government bodies to promote village development like construction of roads, provision of clean drinking water, proper drainage systems, construction of toilets, infrastructure development in communities (street lights), Government schools and Government health centres.

Recognizing the critical role played by SHGFs in accelerating women's empowerment, **Hand in Hand, India**, a leading NGO championing gender equality through job creation and financial inclusion in India has been working dedicatedly to promote women empowerment, entrepreneurship and community development through its large network of SHG federations termed as cluster level (CLNs) and block level networks (BLNs) across the country. In its journey spanning two decades, HiH India has created over 7.3 million jobs apart from achieving significant milestones in promoting financial inclusion, livelihoods development and women's empowerment among low-income households across 17 States of India. As of July 2023, the organization is working with a large network of 3.68 lakh SHGs comprising 3.6 million women, a part of who are federated in 1,796 CLNs (each representing minimum 10 SHGs i.e. 100 members) and 60 BLNs (each representing 10 CLNs i.e. 1,000 members). It is these strong and immersive federations that are agents of change for their SHG women and communities.⁵

Role of Hand in Hand SHGFs:

- In Madhya Pradesh and Rajasthan, the SHG cluster networks of HiH India have used their collective strengths to successfully address issues of water logging, improper drainage systems, lack of concrete roads, clean drinking water, construction of toilets, lack of infrastructure in Government schools and PHCs, by getting the district administration to take cognizance of these issues and deliver results.
- Additionally, all the CLNs and BLNs of HiH India undertake large scale tree plantation drives and support garbage segregation in their villages, thus championing the cause of 'clean and green India.'
- Due to high literacy and awareness levels, the CLNs and BLNs of Tamil Nadu facilitate

access to Government's various social security and financial inclusion schemes in their communities. They also work closely with the local administration to support school improvement programmes (through construction of libraries, smart classrooms, sports facilities), undertake pond renovations, paintings of 'aaganwadis' and installation of streetlights.

- In a project on 'Promoting Health, Education and Livelihoods,' in States of Bihar and Jharkhand in India, HiH India worked with 'mothers' collectives' comprising mothers of 'out of school children' to ensure improved education and health among children in the communities. They also liaised with the district administration and village health sub-centres to improve facilities for child and maternal health, immunization, family planning and institutional delivery across the project villages.

This paper expounds the role and impacts of SHGFs in promoting women's economic and social empowerment in Madhya Pradesh, one of India's most densely populated and poverty affected States.

PROJECT: 'UNITED: Bringing Unity to Improve Livelihoods and Women Empowerment' in Madhya Pradesh, India.

With over one third of its population (roughly 25 million people) living in poverty (as per Niti Aayog's Multidimensional Poverty Index, 2021), the State of Madhya Pradesh (MP), India, lags behind in critical human development indicators such as malnutrition, infant mortality, education, health, lack of clean drinking water, skills and employment opportunities. Women disproportionately suffer the brunt of these challenges coupled with regressive social and cultural norms that subject them to myriad forms of marginalization and discrimination. Over the last decade, Hand in Hand India has been actively working on the grassroots in the State, through several projects, for poverty eradication, women's empowerment, livelihoods promotion and integrated community development. One such project was the '*UNITED: Bringing Unity to Improve Livelihoods and Women Empowerment*,' implemented from April 2019 to March 2022 across 186 villages in 3 districts of Indore,

⁵ HiH India Monthly Report: July 2023 (www.hihindia.org)

Dhār and Dewas in the State of Madhya Pradesh, India.

With a target of forming and empowering 200 cluster level networks (CLNs) of women representing 20,400 SHG women in the age group of 18-60, comprising mostly from backward communities, the **core project goals** were:

- i) to develop economic capital through business training for the newly mobilized women as well as supporting the formation of businesses, and links to the markets and value chains to both new and existing SHG women
- ii) to develop social capital among women by creating networks that would enable them to address gender issues, rights, entitlements and partner with each other to establish or strengthen their existing businesses.

Project Context:

The project is a build-up of our earlier decade long work in MP on promoting livelihoods, empowering women, and building self-reliant communities.

- Till the advent of the project i.e till 2018, HiH India in Madhya Pradesh had formed 12,634 SHGs comprising 148,994 women.
- With skill training and advocacy, we promoted livelihoods for 80,605 women, creating 1, 20,908 jobs in the region. Most of the SHG members belonged to the lower socio-economic strata and backward caste groups and reside in villages. 49% of them were illiterate and majority of the households were dependent on agriculture for their subsistence.
- Learning from our projects in the developed States of India, it was a natural progression to strengthen the existing SHGs by organizing them in larger networks of 'women-headed' collectives called cluster level networks (CLN)⁶ at the village level and at the block level which is a cluster of villages will be called block level networks (BLN)⁷. These CLNs will function like federations and because of their size, scale, proximity and familiarity with SHG women and their families, local communities and

stakeholders, would be able to address issues of gender, women empowerment, and business development of SHG women and village development.

Project Strategies:

In order to achieve its goal, HiH India adopted the following strategies:

- Mobilization of women SHGs in CLNs. Organizing *vision building exercises* and establishing board and governance standards of the CLNs.
- Provide training to *CLN board members on operational and financial management*.
- Train CLN members on *advocacy, rights, entitlements, gender, and literacy - functional, digital, and financial*.
- Train CLN members on *basic social, economic and political issues*
- Train and motivate CLNs to support SHG women for proper SHG management, household budgeting /finance and time management; enterprise up-scaling, market linkages etc.
- Motivate CLNs to take action and *formulate solutions for local matters /basic amenities* – roads, clean drinking water, toilet construction, amenities in schools (toilets, water, mid-day meals); teacher attendance, public health facilities etc.
- Facilitate advocacy programmes by *creating linkages and networking with appropriate Govt. departments, Banks and Research Institutions* for promoting the socio-economic development needs in communities.

Project Results:

The project was successfully implemented and managed to achieve 100% results in achieving the targeted social and economic indicators for promoting women's holistic empowerment.

⁶ CLNs are formed by 15-20 SHGs from a geographically close cluster of villages with each SHG nominating 3 members to the CLN.

⁷BLN would be formed at Block level. A BLN would be constituted by 3 nominated representatives of CLNs who

would then form a governance board of 10 members responsible for the functioning of the BLN. BLNs will lobby for the issues raised by CLNs at block level with appropriate authorities. BLNs will also support in strengthening the functioning of CLNs at panchayat level.

S No	Particulars	Results
Social Indicators of Women's Empowerment		
1	Formation of CLNs with members	202 -20400
2	No of office bearers representing 20400 SHG women and 202 CLNs	600 @ 3 member per CLN
3	Training on vision building, administrative and financial issues (elections, GBM, finance management)	200 CLNs comprising 600 members
4	Specialised Training on gender issues and advocacy initiatives for women empowerment and village development	600
5	CLN management Training and Training on human rights, institutional rights, gender issues	4806 (4800)
6	Interface Meeting with External Stakeholders	1610 (1600)
7	Gender training for men	1004 (1000)
Economic Indicators of Women's Empowerment		
7	Specialized business development training	600
8	Training on Digital and Financial literacy	4834
9	Skill Training (farm and non- farm enterprises)	300

Methodology:

This paper presents findings from an end line evaluation of the project, mainly on changes in the lives of women in enhancing their process of empowerment. It also presents a comparative assessment of the baseline vis-a vis the end line evaluation studies. The methodology used is a mix of quantitative data and qualitative including desk reviews.

⁸ An 'anganwadi worker' is a woman employed to provide additional and supplementary healthcare and nutritional services to children and pregnant women under the centrally sponsored 'Integrated Child Development Services Scheme'

Quantitative data:

A **baseline survey** was conducted in **2019** to assess the various parameters of empowerment of project beneficiaries, including social and economic profiles, financial inclusion, employment, skills, entrepreneurship development, household and personal wellbeing indicators, and gender issues. A total of **380 respondents** were interviewed as part of the sample that were mapped and assessed at the end of the project through an **end-line survey** in March **2022**.

Qualitative Data:

For collecting qualitative data Focused Group Discussions (**FGDs**) were conducted with the project participants and interviews with key informants and stakeholders were conducted.

The sample comprised:

- Individual interviews of 380 SHG women with a confidence level of 95% and 5% margin of error, against a total population size of 20,000.
- Focus Group Discussions (FGDs) were conducted with 120 women entrepreneurs of 12 blocks @ 10 SHG women per FDG per block.
- Individual interviews with 12 key Informants and stakeholders like family members of women entrepreneurs, local leaders, 'aanganwadi workers',⁸ schoolteachers, youth club members etc. were conducted.
- 8 case studies /personal journeys of change in women's lives as a result of the project, were documented.

Empirical Evidence of Cluster Level Networks (CLNs) in Promoting Social and Economic Empowerment of Women:

1. Role of CLNs in Advancing Social Empowerment of Women:

Evidence from the end-line evaluation study affirmed that the project was instrumental in enhancing women's knowledge on integrated aspects of CLN management, building women's leadership, social capital that helped women fight for their rights, entitlements and community welfare.

(ICDS Scheme) of the Ministry of Women and Child Development, Govt of India.

i) Enhanced Knowledge and Awareness on Effective CLN Management:

The 600 office bearers were trained on integrated aspects of CLN management, human rights, gender Issues and institutional Rights. They were also trained on strategies for leading advocacy efforts. *Analyzing the data, it was also found that on an average over 80% respondents participated and benefited from the training programmes that enhanced their understanding on different issues affecting their socio-economic life including the Government schemes on social security and financial inclusion. All this, in turn, helped them to lobby with appropriate government departments for accessing these rights and facilitating the same to other women and people in their communities.*

ii) Building Social Capital, Community Leadership and Advocacy Issues:

Interactions with members revealed that the biggest advantage of CLN formation was the building of cohesive bonds of sisterhood, mutual trust and self-help among the members. This bonding led them to realise their 'collective power' and 'voice' to negotiate for greater role, participation and inclusion in family matters, community and market space.

Results of Advocacy Efforts of Cluster level Networks of Women:

- *End line evaluation results reveal that all of the CLNs have undertaken one or more advocacy efforts during the last 3 years, most of them being infrastructure development at the community level like roads, drainage, water supply etc.*
- *The other key advocacy effort was learnt to be in the area of accessing their rights and entitlements.' Almost all CLNs members shared their experiences of lobbying with different authorities and how they have remained successful in facilitating construction of concrete roads, drainage, drinking water supply and even construction of bridge in their villages.*
- *Additionally, 8,500 CLN members took a pledge to promote a green and clean environment (by not using plastic, adhering to environment friendly garbage disposal norms and maintaining cleanliness in communities) and tree plantation drives in their villages.*
- *The project witnessed advanced political participation and representation of CLN members in local governance as 75 of them filed their nominations to become the 'Heads' of their villages in local governing bodies. This spread a message of women leadership and gender equality in communities.*

2. Role of CLNs in Advancing Economic Empowerment of Women:

Apart from promoting women's social and political empowerment, the project helped advance women's economic empowerment in the following ways:

i) Focus on Women Entrepreneurship:

Findings of the **quantitative data** analysis indicate that more than **80%** of the respondents benefitted from the technical skill training, market linkages, and access to credit, hand-holding support, exposure visits and linkages with government schemes that helped them to advance their businesses.

ii) Digital Entrepreneurship: During the focus group discussions, members revealed that the series of training imparted on digital entrepreneurship enabled them to make cashless transactions, do business online and maximize the use of **ATM facilities** for **banking purposes**, which have made them self-reliant.

iii) Group Entrepreneurship: Initiatives taken by the organization to promote 'group entrepreneurship' where 5 or more women entrepreneurs were engaged in a 'group activity' encouraged peer to peer learning and made women self-reliant and economically secure.

Results of Economic Empowerment of Women:

- *End-line data revealed that around 60% of CLN members are engaged in agri-based and allied enterprises, whereas about 39% are undertaking non-farm-based enterprises.*
- **Income Increase:** *The same was validated through the analysis of the data collected as part of the evaluation where 87% of respondents confirmed the increase in income as a result of these interventions. The increase in income, however, has remained between Rs. 1,000 to Rs. 5,000 for a large percentage of them.*
- **Enhanced Social Status:** *being actively involved in some form of enterprise gave women a heightened sense of confidence and self-esteem besides expanding their 'agency' and decision-making abilities within their families, SHG groups, communities and the market space. Many of the women admitted to being the sole 'earning members' of their families during covid times and felt empowered to support their families financially, socially and emotionally.*

3. Role of CLNs in Supporting Women and Communities during Covid 19:

The 'UNITED project', which can be synonymous with a 'COVID-19 Pandemic project,' that started in April 2019, has actually moved through the challenges of COVID lockdown and its subsequent restrictions. However, the end line evaluation pointed out that, both, the project implementing team and the CLN members worked dedicatedly and relentlessly to support the communities overcome the challenges of the pandemic by providing emotional, social and economic assistance.

Some of the additional activities undertaken by the project team and CLN members to address Covid-19 challenges are as follows:

- Spreading awareness on following appropriate Covid-19 protocols in terms of taking timely vaccinations, sanitizing their environments and maintaining social distancing.
- The team prepared a '**Covid pledge**' of all covid-related norms, which was adopted by over **20,000** CLN members and disseminated to some **70,000** indirect beneficiaries across all, project locations through social platforms and digital media.
- Acting as strong advocates of change, the CLN members worked closely with the Government to ensure that over **18,000 families** received **free food rations** and other special Covid-19 schemes from the Government.
- Some CLN members also served as **frontline workers, distributing masks, sanitizers**, and utilizing thermal screens to assess pre-COVID symptoms in coordination with government health staff.
- Additionally, a lot of CLN members were involved in stitching face masks under the 'Jeevan Shakti scheme' of Government of India that helped them earn incomes and keep their families economically afloat during the mentally and financially distressing times.

Conclusion:

Helen Keller, the famous America author and political activist, had once remarked that, "**ALONE we can do little but TOGETHER we can do so much,**" and this is precisely what the strong and effective networks of women collectives have demonstrated through this project. Findings from the end line evaluation study of the project affirm that the 600 resilient CLN (cluster level networks) leaders representing 200 CLNs comprising 20,400 women members have played a critical role in advancing women's social and economic empowerment, promoting grassroots community leadership, village development and undertaking advocacy initiatives for women's greater inclusion and participation in their households, communities and economy. Hand in Hand India, one of the largest NGOs in the country, has ably supported the project team with training, capacity building and mentoring to achieve the desired project results to impact deep and positive changes in the lives of millions of rural women and communities.

Going forward, our efforts will be directed to strengthening the women collectives to play a larger role in supporting rural women enhance their agency, both in their personal and public (community and market) spheres and build a socially inclusive and gender equal society.

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