

## A State of the Art of Self Help Groups in India

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**ABSTRACT** This paper considers the strategies of self help group for micro-enterprise development in rural areas. It seeks to answer the question of whether and under which conditions self help groups are an effective vehicle for organizing and representing local people in the development of community based micro-enterprises. Focusing particularly on examples from India in the context of food as a local resource, special attention is paid to success and failure factors of self help groups. While self help group strategies have been applied in the past as a blind replication of success models without considering the intricacies involved in group formation, success of self help groups is based on a thorough understanding of local conditions and possibilities to intervene.

### INTRODUCTION

Poverty and unemployment are among the major problems of developing countries, to which India is no exception. In India, according to the Human Development Report (2007), 28.6 per cent of the population was living below the national poverty line and 80.4 per cent of the population was living on (less than) the original UN Development Goal of two dollars a day (PPP), while the Employment and Unemployment Survey Report (2009-2010) estimated the overall unemployment rate at 9.4 per cent. The figures for rural areas are generally worse than those for urban areas. The official rural unemployment rate, for example, is put at 10.1 per cent as opposed to the urban rate of 7.3 per cent, while poverty rates are over 50 per cent higher in rural areas than in urban (GIPC 2010; Alkire and Maria 2010).

In this context, the phenomenon of development oriented Self Help Groups (SHGs) in the Indian context is an interesting issue to investigate. Various experts on developmental issues (poverty, inequality, hunger) have argued that employment opportunities and enhanced income from both farming and non-farming activities are essential for rural economic development and the reduction of rural poverty (Narayanasamy et al. 2003; Kay 2009). Rural communities that are

well organized have better chances to develop such opportunities, for example by means of self-organization and the generation of community based income generating activities (Gurumoorthy 2000; Barbara and Mahanta 2001).

The employment of SHG programs has emerged as a popular strategy for the facilitation of micro-enterprise development by government, non-government organizations and educational institutes in rural areas in India. These initiatives are not simply the expressions of a neo-liberal politics that favours entrepreneurship and markets as the key for development, they are also the expressions of rural people's needs and interest in their own participation and empowerment (Narayanasamy et al. 2003). Self-help as a strategy for social development emphasises self-reliance, human agency and action (Sabhlok 2006). According to social action theory, people take action towards their goals as groups within the context of their social environment. They have their own, locally defined motives and beliefs, their own interpretations of the meaning of a situation, and they control their own actions (Weber 1991).

Despite great economic and social problems and many constraints in the rural spectrum, various local groups and indigenous organizations have tried to facilitate collective action and coordinated management of (food) systems and the physical environment, and at different spatial scales. As such, the SHG phenomenon can be an important means for alternative development, offering an approach which puts people first is based on collective action. Importantly, SHG strategy has people not as objects of development, but on the contrary as co-agents and sub-

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jects of development. This implies that people have access to and control over resources (Fernandez 1994).

The present study looks at the processes and challenges involved in establishing and implementing the local resource (food) based micro-enterprises of self help groups. This involves an examination of the role of SHGs in micro-enterprise development, with a focus on their strategies in intervening in local development. In order to prevent blind replication of success models without considering the intricacies involved, it is necessary to critically review experiences. Hence, this study will identify the factors contributing to success or failure so that the strategy (SHG) may be replicated effectively in respect of micro-enterprise development of rural people. A focus is placed on the context of food as a local resource, using India as a geographical study area, and including a focus on village of Mangali in the Hisar district of Haryana state. Indian sources are also emphasised in citations of the literature. We start this article with a short description of the emergence and expansion of self help groups, along with a brief history of the Indian experience. There follows a review of some factors linked to the success or failure of SHGs before discussion of the role of SHGs in micro-enterprise development.

### THE EMERGENCE OF SELF HELP GROUPS

Liberalization, privatization and globalization growth maximizing strategies have virtually isolated the poor, who bear the pain of “development” in the neoliberal focus on macro-economics. During the twentieth century, global average per capita income rose strongly, but with considerable variation among and within countries: indeed, it is clear that the income gap between rich and poor countries and between the rich and poor within each country has been widening for many decades (Sutcliffe 2004; IMF 2002). In India, according to the Human Development Report (2007), the share of income for the richest 10 per cent of population currently stands at 31.1 per cent while the share of income for the poorest 10 percent of population is only 3.6 per cent. In other words, a huge mass of the world’s population is excluded from world development, a large of proportion of which (around a third, according to standard poverty

figures) is to be found in India. The excluded, which disproportionately means the rural poor, struggle for survival. Their struggle may take different forms, such as peaceful protest movements or popularist economic organizations – or it might emerge as the organization of self-help movements (Scott 1985; Mitlin and Bebbington 2006; Gledhill 2007).

The self-help movement is said to represent an alternative development strategy, one that involves the process of social economic empowerment and whose long term objective is to re-balance the structure of power in society. It is centred on people and their environments and argues for the rectification of imbalance in social, economic and political power. It is based on a humanist model of development – focused on men and women, and not just on the growth of materials, which are merely means (Friedmann 1992; Elders 2003). In India, for example, the Integrated Rural Development Program (IRDP) has addressed the problem of rural poverty by building the capacities of rural people to plan, drive, and sustain their own social and economic development.

The chief virtues claimed for alternative development are those of “human rights” and “human flourishing” (Friedmann 1992; Reus-Smit 2001) and along with the economic efficiency of financial assistance going directly to the people. Specific aims include building project activity upon intensive face-to-face interaction among stakeholders and developing appropriate technology fine tuned to local conditions, which helps to promote environmentally friendly and sustainable development. SHGs are based on trans-active planning, meaning they are oriented towards mutual learning between agents and local actors and based on informal participation, which is crucial for the survival and sustainability of the groups.

The term “development” inevitably refers not only to economic growth, but also to that of local society and its capacity for self-governance directed at the promotion of individual and collective well-being (Carmen 1996; Becattini 2002; Hines 2000; Dematteis 2003; Guevara 2007). Moreover, the development of local societies – with independent and differentiated development styles and non-hierarchical networks – is assumed to represent an alternative strategy to economic globalization (Magnaghi 2005). Local sustainable development involves changes in

the awareness, motivation and behaviour of the individuals in communities, both in the relations between individuals as well as those between groups within a society (Burkey 1993). These changes can come from within individuals and groups through self-help, and not necessarily from outside.

The experiences of self-reliance have led to attempts to build local level organizations like cooperatives, credit societies, neighbourhood or community development associations, water sharing associations and women's groups. Although, the neoliberal paradigm has also incorporated self reliance as a strategy for the building of people's entrepreneurial spirits and their absorption into the capital market (Fernando 2006), SHGs are the offshoots of alternative developments. They are based on the concept of an alternative approach, one grounded in the tenet that development is lived by the people – where they live, learn, work, love, play and die. SHGs refer to cooperative activities centred in the community. An SHG is defined as a group or association of individuals with common economic needs who undertake a systematic economic activity, participating directly in decision-making and sharing benefits on an equitable basis (Narayanamy et al. 2003).

SHGs represent a participatory opportunity for social action and empowerment through local people's involvement in identifying and tackling issues that affect their members and communities. The major objectives of building SHGs are to provide members an opportunity and the space to develop a vision/mission and maintain organizational and financial management systems. Other objectives include developing confidence and skills, which help in managing individuals' lives and promoting their interests in the private and public domains, and establishing the linkages required for effective and sustainable institutional function (NABARD 2006; Sabhlok 2006).

### THE EXPANSION OF SELF HELP GROUPS

People's participation in self-help organizations is not new, but a strategy spread across many countries and executed in various location-specific ways. In the areas of urban development and housing, self-help takes the form of neighbourhood groups, tenant groups and slum devel-

opment committees, while in rural development, SHGs focus more on the establishment of credit groups, development committees and specific user groups. In East Africa (for example, Kenya), for example, the tradition of local self-help development efforts, or *harambee*, is characterized by local initiatives to control and collectively work to use local resources focused on rural development (Thomas 1985). In Southeast Asia (for example, Vietnam), the *Tontine* or *Hui* (also *Hawala* or *Fei Chein*) tradition of SHGs focuses on financial activities through cash or kind (Abiad 1995), while self-help efforts in Indonesia, are also organized around credit unions and village-based banks, with some SHGs composed of fishermen and irrigation groups (Gaonkar 2004).

Generalised as Rotating Savings and Credit Associations (ROSCA), the SHG function of locally provided, organised material support – or, informal banking – has been seen as a “middle rung in development”, historically contextualised by peasant social structure (Geertz 1962). In recent times, however, it has been given a new lease of life with the concept of microcredit, the extension of small loans to support the entrepreneurial ambitions of the poor, those least able to gain access to capital. The specific SHG form of microcredit groups has been set up in different countries in the South now. The Grameen groups in Bangladesh are the most well-known example of this phenomenon, and various microcredit groups have also been formed in other countries in the region, such as in Thailand, Nepal and Sri Lanka, as well as in India where SHG's have been helping to set up micro-enterprises for income generation.

The alleged success of such schemes – in general, about 95 per cent of microcredit recipients pay back their loans (Cohen 2001) – has led to the perception of microcredit borrowers as pre-bankable, a potentially lucrative market for the banking sector to exploit (rather like students in the rich countries). It has also facilitated social targeting within the general class of the poor, most notably of the rural poor and of women and women's groups. Against this, however, microcredit has also been criticised, among other reasons for tending to operate only around the border of poverty (especially helping people with pre-existing businesses) rather than in its deeper reaches, and for typically offering a one-dimensional support (financial credit) without

other services (Islam 2007). Thus, for example, a study of the gender aspect of micro financing in the South Indian context (Holvoet 2005) leads to an argument for the need for financial and social group intermediation as part of the micro-credit input so as to support women's involvement in decision making processes.

### SHGS IN INDIA

The SHG microcredit approach in India was first developed through the Self-help Affinity Groups facilitated by the Mysore Resettlement and Development Agency (MYRADA) in 1985, since which more than two million self help groups have been created across the country (NABARD 2005-2006). In 1986-87, there were about 300 SHGs in Myrada's projects, many of which had emerged from the breakdown of large cooperatives because of lack of confidence in the leadership and poor management. In areas where the cooperatives had broken down, several members (usually in groups of 15-20 people) approached Myrada requesting it to revive the credit system. When reminded about the loans they had taken from the cooperatives, they offered to return them to Myrada but not to the cooperative which, in their experience, was dominated by a few. Myrada staff realized that they would need training on organising meetings, and so efforts were made to train the members in a systematic way. From an analysis of these members's activities, (Fernandez 2006), it emerged that they were linked by a degree of affinity based on relations of trust and support. They tended also to be homogeneous in terms of income and occupation (for example, agricultural labourers). Caste and creed played a role, but in several (caste/creed) mixed groups affinity relations and economic homogeneity were stronger.

The real effort to support SHGs in India, however, came in the late 1990s when the central government of India introduced a holistic program, *Swarnjayanti Gram Swarozgar Yojana* (SGSY) based on the group approach for rural development. The SGSY approach was to encourage the rural poor to organize themselves into SHGs and to independently take up viable economic activities as micro-enterprises with support from government subsidies and bank credit (Tripathy 2004). This SHG strategy has become an important component of the Government of India, in-

cluded in every annual plan since 2000. Follow up for SHGs is provided by the Indian Banks Association, State-Level Bankers Committees, District Consultative Committees, Sponsor Banks, the National Bank for Agriculture and Rural Development (NABARD), facilitating NGOs and appointed research teams and research institutions. Indian SHG self-help guides have been developed and are now available free of charge on the Internet, including, for example, a training manual aimed at SHG formation in the rural context (NABARD 2009), and a workshop instruction manual for SHGs oriented to micro-enterprise, produced by the Haryana Community Forest Project (HCFP 2003).

In case of the Hisar district of the state of Haryana, in northwestern India, 500 SHGs have been registered under the SGSY and promoted by the District Rural Development Authority (DRDA), engaged in bead-making, shoe-making, dairy, and tailoring and embroidery, while over 1200 SHGs are currently working under the Supplementary Nutrition Program of Integrated Child Development Scheme (ICDS), responsible for the preparation of food items (National Informatics Center, Hisar 2008). Specifically in the village of Mangali, employed by way of case study, ten SHGs were found to be working under DRDA and ten under ICDS in the areas described. Upon investigation, it was learnt that the people in these SHGs were hoping to generate additional income (and make savings) in order to enhance the economic condition of their families. They explained that the economic benefits, personal interest and psychological benefits (satisfaction due to increased status in the family or community) that they have received were the key factors in the sustainable management of micro-enterprises. However, they also stated that the non-availability of raw materials and poor access to markets for product sales were key issues which need to be addressed if the micro-enterprise development is to be sustained.

Intended to strengthen viable, small businesses, resulting in increased household income and savings, and thus alleviating the crunch of economic poverty (World Vision India 2009), micro-enterprise development (MED) aims at building self-esteem and self-reliance, encouraging autonomy and creating a community atmosphere (Geroy et al. 1997). It builds economic capital by creating jobs and generating income, ultimately working towards community development in impoverished or unemployed areas

(Clark and Huston 1993; Clark and Kays 1995 and 2000; Edgcomb et al. 1996; Servon 1998).

### KEY FACTORS IN SHG CONTRIBUTION TO DEVELOPMENT

Self-help as a strategy for social development places emphasis on self-reliance, human agency and action. It aims to mobilise people, to give them a voice and to build people's organisations that will overcome barriers to participation and empowerment. Central to the idea of self-help is the formation of groups, the concept of a 'community' and the development of egalitarian relationships that will promote people's well-being (Sabhlok 2006). Social action theory (Weber 1991) stresses the ability of individuals to exert control over their own actions. People are not passive receptacles of society's directives, but active creators of social behaviour. They have their own motives and beliefs, and their own interpretation of the meaning of a situation. These all need to be integrated into SHGs for them to thrive.

There are several factors that contribute to success or failure in the functioning of the SHG, and which may thereby facilitate or otherwise the development of micro-enterprises. Singh and Jain (1995) identifies factors which have an impact on group formation, namely, the *full participation* of all members, *homogeneity* among members, and *transparency* in group all operations and functioning (which promotes trust, mutual faith and confidence). Considering women's self-help groups in Andhra Pradesh, Ranadive (2004) shows that people's participation at every level of decision making within the program transforms beneficiaries into participants, from which ultimately everyone benefits. Anand (2002) argues that homogeneity in membership (members belonging to the same income or social strata) contributes also to group success. Suguna (2006) argues that people with a similar social background exhibit similar coping behaviours in times of stress and will thus be able to extend mutual support.

Other success factors include *clearly defined goals* (knowing what is expected), and an established structure or accepted process of *well-defined steps* that include schedules, breaks, feedback periods, regular information up-dating (goals and other pertinent information) and a clearly understood *delegation of tasks* to be ac-

complished (clear and simple directives). A group goal is a future state of affairs desired by enough members of the group to motivate the group to work toward its achievement (Johnson and Johnson 2006). DeLucia-Waack et al. (2002) summarize what is needed to ensure the effectiveness of groups thus: "Research shows that group goals must be clearly defined, leaders must have specific leadership training and skills, and they must take into consideration member expectations about the group, willingness to participate, and cultural expectations and values when designing a group and implementing specific intervention." An understanding of the goals of the group and the reason for its existence elicits contributions based on the needs of the group, i.e. participation. And this participation is most effective when the members are fully aware that their contributions must be oriented towards the advancement of the group (CAP *Santé Outaouais* 2009).

A key element of the SHG approach, participation refers to the involvement by local populations in the creation, content and conduct of a program to change their lives. It requires the recognition and usage of local capacities, and must avoid the imposition of priorities from the outside. Three separate studies of participatory program by the World Bank (1996), the Canadian International Development Agency, CIDA (1997) and the United States Agency for International Development, USAID (1999) have found participatory development programs to be more relevant and effective at addressing local needs. Moreover, the gains made during an intervention program are more often sustained using participatory methods, and it is more likely that the engagement of local people in the intervention process will improve their economic status (Jennings 2000). Similarly, Gurumoorthy (2000) maintains that SHGs are a viable alternative in order to achieve the objectives of rural development and elicit community participation in all rural development programs.

Shylendra (1998) evaluated the performance of eight women SHGs promoted in the village of *Vidaj* in the western state of Gujarat by the Institute of Rural Management, Anand (IRMA). The main lessons drawn from this project were the necessity of (1) creating SHGs based on a *clear assessment of the needs of different sections of the society*, (2) ensuring a *clear understanding of the concept of SHG among team members*

involved in promoting SHGs, and (3) enhancing the relevance of SHGs by *enabling members to meet their requirements effectively*.

Bakshi (1995) looked at the organizational structure of informal, grass-root level women's groups at Alappuzha (a small coastal town in the southern state of Kerala), with informal neighbourhood groups (NHGs) in the small hamlets, later federated into Area Development Societies (ADS) at the ward level and linked to the Community Development Society (CDS) at town level for empowering the poor. CDS focuses on a variety of health, education, housing, poverty, etc. issues as determined by a bottom-up needs-based planning process based on the three-tier SHG system. This, thus, represents an organizational model for informal groups in a rural area and effective people's participation in management. Among the important features of this model as specified by Bakshi are the development of appropriate indicators with which to *identify poor people and their basic and current needs, decision making in the common interest, group planning and management of financial activities, the convergence of resources, and skill development and empowerment through participatory learning methods*. Also related to the issue of participation and organisational structure, Guevara et al. (2008) has considered the local perceptions on empowerment and development in a small village from Chiapas, Mexico, emphasizing that interveners should *pay close attention to the outcomes of village self-assessments* in order to guide future actions. This also encourages villagers to critically review their own situations.

Narayanaswamy et al. (2005) argues that sometimes group activities do not provide enough space for people to participate. Among those who participate, one or two dominate. A conflict among members tends to arise as a result of this, leading to a waning of interest and even group disintegration. Guevara (2007) draws attention to leaders' roles as settlers, linkers, motivators, facilitators, and negotiators. At the same time, however, the participatory imperative implies that leadership should rotate according to the resource framework of the group.

Linked to the issue of leadership and political organisation of groups, the APMAS/EDA (2006) study of Indian SHGs reported the problem of dropout among members, revealing the need of *clear norms* related members' organisational behaviour. SHGs, it is suggested, may

discuss and finalize a set of by-laws, indicating rules and regulations for group functioning as well as roles and responsibilities of members. In this respect, Olivier de Sardan (2004) suggest that "the maneuvers, intrigues, influence struggles, monopolizations, the rhetoric and manipulations, come from all sides." There is thus a need to take into account the collaboration and complicity of marginal actors, to analyze how the so-called 'beneficiaries' understand and manipulate the rhetoric, rules, and rewards of aid delivery (Mosse and Lewis 2006).

In above view of all these different experiences and (sometimes diverging) results, a special consideration of factors contributing to micro-enterprise development and support by SHGs that reflects on their strengths and weaknesses is indicated in order to build and improve the SHG/micro-enterprise model.

### MICRO-ENTERPRISE AND SHGS

Development in rural areas is confronted with a wide range of problems grounded in the very poverty that it seeks to tackle. Issues related to extreme and chronic poverty around areas like poor income, low levels of education and a lack of awareness of developmental options are among the challenges facing SHGs as they organize themselves as specific micro-enterprises (NABARD 2006). More specific areas of concern revolve around entrepreneurship, to which the micro-credit movement is addressed. Factors contributing to micro-enterprise development and support by SHGs are reviewed here under the headings of finance, training and skills development, mobilization and representation of local people, target group approach, and marketing and technology support.

#### Finance

A rural micro-enterprise promotion program developed for the Philippines and other countries in the region (COSOP 1999) reviewed the ways in which financial needs are addressed. The conclusion of this paper was that the formal sector banking network and institutionalization of agriculture and rural credit rarely provide access for the poor in India. Thus, the rural poor turn to the informal sector for their credit needs, principally to traders, moneylenders and landlords which results in exploitation, leading in turn to

the development of various group-based micro-finance schemes aimed at providing credit to the poor. It was also argued that financial services are needed in addition to suitable access to credit, as well as non-financial business services such as skills, training and technology transfer, market access, better market and pricing information and insight into the functioning of local markets.

Concerning the *capital shortages* and inadequate access to *financial services* for both agricultural and non-farming activities, various micro-enterprises has been set up in India to challenge the long-standing problem of sustainable local financing. SHGs provide the financial (saving and credit) services as financial intermediaries in a cost effective and sustainable manner to facilitate the access for the rural poor and attenuate risks. Included as a crucial element in the poverty alleviation measures for 1996-2006, SHG banking in India has grown to become the developing world's largest microfinance program for the rural poor, comprising around 2.2 million SHGs with a total of 33 million (self-selected) members, 90 percent of them women, credit-linked to some 36,000 bank branches and cooperative societies. The NABARD SHG-bank linkage program (essentially a central development bank financing local SHG banks) benefited four million families covering an estimated 20 million poor (NABARD 2006).

### Training and Skills Development

Another crucial aspect for micro-enterprise development is *capacity building*, the process by which individuals, groups, institutions, organizations and societies enhance their abilities to identify and meet development challenges in a sustainable manner (CIDA 1996; Morgan and Qualman 1996). Haggmann (2000) describes how an effective vehicle for capacity building development has proven to be the joint development of technical and social innovations by local people with external agents, based on a synthesis of indigenous and scientific knowledge. Capacity in terms of micro-entrepreneurship depends on community, social-economic environment, the nature of business, market and entrepreneurial skills (Sapovadia 2007). Indian SHGs are generally found to be very effective in organizing the informal education and training (for example, entrepreneurial and technical training)

programs for the exchange and sharing of knowledge and skills of the rural folk. Many NGOs, government programs and micro-finance institutions organize training programs for SHG members and leaders. Training and Technologies Development Centres (TTDC) are one of the examples of a body aiming to introduce innovative technologies for the qualitative improvement of the products made by the SHGs. Other examples include the *Stree Shakti* programme in the dairy cooperative sector in Madhya Pradesh, the training-cum-employment programme for women the Women's Economic Program, the *Swa-Shakti* Project, *Rashtriya Mahila Kosh* and others (Sardana 2002; Adolph 2003).

It is not clear what proportion of SHG members in India have benefited from such training and what proportion of trainees has been able to make use of this training by starting a micro-enterprise. Moreover, training alone is not enough to ensure that group members take up micro-enterprise – their success depends also on markets for the services and goods produced (Adolph 2003).

### Mobilization and Representation of Local People

Miller and Grace (1990) argued for the creation of a systematic learning approach to micro-enterprise development. They believe that learning is not the simple acquiring of skills in order to achieve objectives, but a process of fulfilling the need for self improvement. Further, they suggest a micro-enterprise learning system should include experiences which (1) focus on problem-oriented issues, (2) have a direct relationship to need and use, (3) stress measurable performance that can be positively reinforced, and (4) emphasize experiential activities. Assuming a SHG approach, these involve the representation of local people, thereby building participatory oriented organisations contributing to the development of micro-enterprise and enhancing its effectiveness in rural areas. Moreover, SHGs intrinsically involve participation and decision making processes that foster local development.

### Target Group Approach

Liedholm and Mead (1999) argue that rural organizations and the representation of rural in-

terests are important, and that among the array of small enterprises there are various target groups, each with different contributions and with different support needs. Steel (1994) reveal that for women as entrepreneurs in the rural areas, gender stereotyped perceptions of self, a lack of confidence and assertiveness, appear to be major barriers, but the SHG strategy contributes to women's empowerment through income generating and capacity building activities and provides space to participate in groups, avail new ideas and develop self-confidence that facilitates women's entrepreneurial capacities.

*Shri Mahila Griha Udyog Lijjat Papad*, or *Lijjat*, is an example of an organization that has engaged in empowering poor women across India, as well as evidencing the growth potential of micro-enterprise. Starting as a small group of seven women in 1959, today Lijjat has more than 40,000 members in 62 branches across 17 Indian states. The word '*mahila*' means woman in the Gujarati language, '*griha udyog*' stands for cottage industry, '*lijjat*' (the brand name) means tasty, and '*papad*' is a thin, round savoury snack. The women maintain high production standards, a practice which has turned out to be their main strength. The target group approach in this case was by word of mouth and advertising in a local newspaper, which contributed to the rapid growth of the group. Subsequently, the target group was attracted by the economic benefits and SHG values of the organisation. In most families of *Lijjat* members, the wives' monthly earnings are a valuable addition to the total family income, and this has enhanced their status and power within the family, while *Lijjat* follows principles of self-reliance and trust, and all members have equal rights (Bhatnagar et al. 2009).

Other interesting examples of SHGs in microenterprise development in India include *Okhai*, *Lohardaga* and *Meerut Sewa Samaj*. '*Okhai*' refers to a village (Okhamandal) in Gujarat state, where rural women ubiquitously practice and pass down traditional handicraft skills, such as mirror work, patchwork, embroidery and appliqué work. The *Okhai* enterprise was initiated by the Tata Chemicals Society for Rural Development (TCSRSD) in 2002, a body that organizes training in making traditional designs appealing to consumers (the market) along with workshops on teamwork, quality issues and marketing to strengthen women's practical business know how. They have partnerships

with other organizations such as Tata, National Institute of Fashion Designing (NIFT) and Sasha (Sarba Shanti Ayog). They focus on quality of products. They sell their products through exhibitions in cities such as Delhi, Mumbai, Pune and Ahmadabad.

*Lohardaga* is also a village name, a community in the eastern state of Jharkhand where a dairy program was initiated in 2004-05 by the state government for farmers. Since, more than 700 farmers have been involved in dairy activities, producing milk and dairy products such as cheese, yoghurt and cottage cheese. *Meerut Sewa Samaj* is a village level organization which makes beaded jewellery such as belts, bracelets and necklaces. Market linkages are developed by a member of the organization, who visits local markets with product samples to obtain orders. Orders are distributed among the members of the organization. This program has been successful and other businesses have been developed in nearby villages in other product areas, such as textiles, weaving, handicrafts, bangle decorations and bee keeping (Herschel 2009).

### Marketing and Technology Support

An important aspect of micro-enterprises is the access to local market, or, in other words, the ability of the resource-poor to challenge the lack of access to the local market and to its marketing services (Aheeyar 2007). Aheeyar states that problems related to marketing and obtaining a reasonable price for products badly constrain the majority of the clients. He also reports that 40 to 50 percent of the enterprises have failed due to problems related to marketing. Competition is seen in marketing of the products which have been pioneered by the retailers, supermarkets and other marketing agencies. This coupled with lack of knowledge on business management, and inadequate resources and support mechanisms reduce the development perspectives of the micro-enterprises (Kibas 2005). In this respect, local organizations (SHGs) have to depend on marketing agencies as promoters for marketing of their products – which invites the suggestion that SHGs work as integrated networks of local people, where people share the responsibilities of product packaging and distribution.

The entry of non-SHG enterprise into the SHG-market relationship means a loss of revenue for the micro-enterprises. Local people

should be able to sell directly to the consumers and avoid the huge markup taken by middle marketing agencies. Thus, special attention needs to be given to *(re-)linkages with market*, which should be created locally. Additionally, to stay competitive backward linkages with *information technology* is important. Edgcomb et al. (1996) place a stress on workable information systems that facilitate work and provide timely and needed information. SHGs might contribute as sites where people gain (information) technology in their local settings (environment).

Ganpathi and Malar (2008) emphasize reasonable and affordable product prices are an important factor influencing consumers to buy from SHGs. Purchasing decisions are also influenced by factors like service, quality, value for money and the homemade nature of the products. Customers are reported to feel that product packaging needs to be improved. Jose and Nair (2011) point to another marketing shortfall, that SHG products are not getting enough advertisement. These two points combine in the criticism that most of the products are not branded, properly processed or sealed – due to the lack of appropriate technology – and sales take place only in the immediate vicinity.

In respect of marketing, Karupphasamy (2010) suggests that the government should arrange presentation and advertising training programmes, and that the government channels might broadcast the SHP advertisements at minimal or no charge. The technology indicates a needs analysis. Abrol (2003) lists the key domains for effective technology implementation as:

- Identification of the needs of peasants and agricultural labourers as producers
- Adaptation of technologies to make items/products fully competitive in local markets
- Formation of production networks to establish forward and backward linkages within the local economy area, thus strengthening the competitiveness of the local system.

### CONCLUSION

This review of the role of SHGs in micro-enterprise development suggests that SHGs engaged in building successful micro-enterprises in India generally need to be able to fulfil the needs of finance, training and skills development. How fast the SHGs can move forwards and become a sustainable strategy for alternative de-

velopment organized by people themselves also depends on their ability to intervene in and change the circumstances in which they live and develop new production and market relations.

An imperative challenge is to create linkages with markets by local people of local organizations (SHGs) in such a way that they will receive a higher share in the value developed. Further research might identify more opportunities and analyse exemplary practices of SHGs.

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### NOTES

1. The poverty figures are interpretive, of course: the (2004-2005) proportion of people living below the poverty line, for example, has recently been revised upwards from 28.6 to 37.2 per cent by the Tendulkar Report (GIPC 2010), while the Multidimensional Poverty Index developed by the Oxford Poverty and Human Development Initiative puts the proportion of poor people in India at 55 per cent. Tendulkar's 37 per cent poverty figure is composed of 26 per cent for urban areas and 42 per cent for rural areas (GIPC 2010). See also the MPI graphic (Alkire et al. 2010).
2. The IRDP established in 1978, the Indian IRDP was a credit based system co-funded by central and state governments, now merged with other programmes as *Swarnjayanti Gram Swarozgar Yojana* (SGSY), a "holistic self-employment scheme". See <http://rural.nic.in/i1.htm>.
3. The NGO Myrada now manages rural development programmes directly serving some 8.5 million people in three states of southern India and provides on-going support including deputations of staff to programmes in six other states as well as promoting the SAG strategy in Cambodia, Myanmar and Bangladesh. 'Building poor people's institutions' is its short mission statement, with the objective being to help the poor help themselves. An emphasis is placed on environmental, sanitation and drinking water, housing and education, and preventative health care (including HIV/AIDS) issues. Institutionally, in addition to promoting SAGs, Myrada focuses on support for similar local level bodies (in line with its policy emphasis), district level network building, and micro-enterprise generation (through *Sanghamithra*, a microfinance institution that lends directly to SHGs). See [www.Myrada.org](http://www.Myrada.org).

4. NABARD states 'effective credit support' as one of its methods of 'promoting sustainable and equitable rural and agriculture development'. See <http://www.nabard.org/index.asp>.
5. HCFP aims to 'conserve and rejuvenate natural resources, mainly through forestry development, with the active participation of communities, especially women', the Haryana Community Forest Project has produced various manuals emphasizing participation, gender perspectives, etc. See <http://hcfp.gov.in/>.
6. IRMA aims to 'promote sustainable, ecologically-friendly and the equitable socio-economic development of rural people through professional management', to which ends it provides management training programmes, and also supports local cooperatives, and works with other agencies. See <https://www.irma.ac.in/index.php>.

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