



SHGS AS ALTERNATIVE DISPUTE RESOLUTION (ADR): JUSTICE MECHANISM FOR COMMUNITY

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ABSTRACT

Self-help groups (SHGs) are informal groups (mostly women) that come together to financially support each other by lending money. SHGs are primarily found in rural or semi-urban India, where members encourage savings and lend money to fellow members at a much lower interest rate than banks. Besides their robust role in facilitating easy loans, SHGs also play a crucial role in resolving social issues at the community level. Alternative Dispute Resolution (ADR) is a dispute resolution mechanism for individuals who wish to settle conflicts without going to court. ADR is efficient, faster, more affordable, and less formal than court proceedings. In ADR, a third party typically acts as an impartial mediator to help the parties reach a mutual solution. The main objective of this research article is to examine whether Self-Help Groups can serve as effective ADR mechanisms in resolving community disputes, mainly aiming for their implementation in rural areas, as these parts of the country lack accessibility, awareness, and affordability for the legal justice system. The article also engages and sees the potential for integrating SHGs with the Panchayati Raj System. By integrating SHGs with ADR, the dispute resolution system at the village level would become more efficient and flexible, along with promoting justice.

INTRODUCTION

Self-help groups have been pivotal in empowering members to become employable, gain employment, and generate income. These groups not only help the members seek collateral-free loans but have also emerged as safe spaces for members to resolve disputes regarding loan repayment, domestic issues, etc. Alternative Dispute Resolution is an organised structure for dispute resolution outside the courts. It tries to resolve disputes through Arbitration, Mediation,

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Negotiation, and Conciliation¹. SHGs often empower women members by addressing social issues like dowry, child marriage, and alcoholism. This helps empower women and build a strong support system for them. It is interesting to see how they even mediate domestic and land-related issues by aiming to reach a mutually agreeable solution through conciliation. However, the role of SHGs in dispute resolution does not come under ADR. At the rural level, the accessibility to the formal legal system is often seen to be full of challenges and hurdles, as it puts a huge economic burden on the pockets of the poor. People in rural areas often lack legal literacy and awareness, and thus, fighting a legal battle poses serious obstacles due to its heavy procedural and time-consuming nature. Therefore, Self-Help Groups can be built as a significant platform for community-based dispute resolution. This can be a wonderful alternative to help these vulnerable groups gain access to dispute resolution in a far more affordable and efficient way. Despite the pivotal role played by the SHGs, it still faces many issues due to its informal structure, with no proper mechanism to make its dispute resolution system enforceable. However, given these limitations, we cannot neglect the potential and capability of the SHGs to integrate with the objective reflected by the ADR. Thus, understanding the ability of the SHG for its potential integration with ADR becomes significant to reduce the gap in the existing justice system by coming up with an alternative. This article will explore whether SHGs can function effectively as ADR mechanisms.

SHGS AS DISPUTE RESOLVERS: ANALYSIS

Self-help groups resolve disputes by initiating open and direct communication. A trusted group member is often chosen as the mediator, who mediates and tries to help resolve the conflict. The dispute may arise among the members themselves, or it may involve a property conflict or an issue of domestic violence affecting a group member. SHGs often intervene in conflicts arising from domestic issues and resolve them through mediation or by providing a safe space for women to be heard in cases of domestic violence. They also offer counselling to women suffering due to violence or alcoholism by their spouses. Additionally, SHGs can help victims reach out to the police if needed. By opting for mediation, counselling, or conciliation as methods for resolving disputes, SHGs help in reaching a consensus. Their community-based structure makes them more accessible, flexible, and less formal, preventing the heavy procedures and costs associated with traditional litigation. Therefore, the role of SHGs is very similar to the objective of ADR, which is why they can be considered for dispute resolution. A

¹ The Arbitration and Conciliation Act 1996 (India)

study by the University of Agricultural Sciences, Bangalore, published a paper that studied and examined how Self-Help Groups resolve disputes.² In Shimoga District, Karnataka, an SHG named Pragathi Bandhu Self-Help Groups (SHGs) was studied to see how they resolve conflicts relating to land usage, group management, and allocation of resources. The study showed that most members prefer negotiation, discussion, and mutual consensus as a means of conflict resolution. Besides this, many prefer the method of compromise, wherein the parties make adjustments to find a solution to the conflict, while only a few choose avoidance to evade the conflict. The key reasons for conflicts highlighted in this study were unfair distribution of incentives and benefits, power struggles, and internal conflicts within the group. This further strengthens our understanding that SHGs can function as ADRs by using mediation, negotiation, and mutual consensus to resolve disputes. In India, many Self-Help Groups work jointly with the Panchayati Raj Systems. The Panchayati Raj System is a system of local self-government that works at the village, block, and district levels. The Panchayati Raj Institution is considered a formal structure, while Self-Help Groups are not part of the formal structure. Kudumbashree is a prominent Self-Help Group in Kerala. It works on a three-tier level. At the primary level, there are neighbourhood groups (NHGs), at the ward level, area development societies (ADS), and at the local government level, community development societies (CDS). Kudumbashree is a significant model, as it helps us understand how SHGs can actively and closely work in the Gram Sabhas at the local government level. The informal dispute resolution method at the village level in India has placed reliance on mediation, negotiation, conciliation, and discussions through Lok Adalats and Panchayati Raj Systems. The paper "*The Traditional Systems of Conflict Resolution in Rural India*"³ highlights how the formal legal system has slowly replaced traditional dispute resolution methods. The paper tells us that Panchayats can resolve conflicts outside the court effectively and efficiently, which can further help reduce the existing backlog burden on courts. SHGs function similarly to resolve disputes through mediation, conciliation, negotiation, discussion, and mutual consensus, just like ADR. The paper mentions a fascinating case study of Garagaparru village in Andhra Pradesh, where upper-caste people boycotted Dalits for installing a statue of Dr. B.R. Ambedkar. However, with the intervention of local leaders, the dispute was resolved through mediation. Similarly, SHGs try to resolve disputes among families and communities arising due to land conflicts,

² M Ullas, Giridhara, K S Yogamani, Jayashree Datta and Viswanath Hadagali, 'Conflict Resolution of Pragathi Bandhu Self Help Groups Members in Waste Land Development Project of Shimoga District' (2015) *Journal of Ecobiology* accessed 26 April 2025

³ Rev Dr Fr Medanki Anand Andrew, 'The Traditional Systems of Conflict Resolution in Rural India' (Presented at the International Centre for Ethno-Religious Mediation, Queens College, New York, 31 October 2018)

repayment of loans, and other social issues. The paper draws our attention to the lack of proper utilisation of ADR in rural areas. It helps us reinforce that SHGs, Gram Panchayats, and Lok Adalats can aid in dispute resolution, similar to ADR. While Panchayats have legal recognition, SHGs lack it. Therefore, one way to address this issue is by integrating SHGs with local governments like Panchayats or by making them inclusive within Lok Adalats to incorporate them into ADR frameworks. This would ensure that conflict resolution efforts by SHGs are legally supported.

INDIA'S LEGAL FRAMEWORK FOR ADR AND SHGS

Alternative Dispute Resolution (ADR), specifically arbitration and conciliation, is governed by the Arbitration and Conciliation Act 1996. This act regulates arbitration and conciliation, while Lok Adalats are established and governed under the Legal Services Authorities Act of 1987⁴. Lok Adalats are an efficient, speedy, and cost-effective way to resolve disputes by adopting conciliation as a means of resolution. Lok Adalats' decisions are legally binding. SHGs often take on similar roles with similar benefits; however, their choices are not binding. Panchayati Raj Systems and Lok Adalats operate at the rural level, just like SHGs, presenting a valuable opportunity to integrate SHG dispute resolution practices. Integrating SHGs with Panchayati Raj Systems and Lok Adalats can formalise dispute resolution at the community level.

ISSUES FACED BY SHG IN DISPUTE RESOLUTION

Resolving disputes through SHGs is effective and impactful, yet there are some challenges that Self-Help Groups face while resolving conflicts. As mentioned above, Self Help Groups lack legal enforceability as they are informal. They mainly depend on mutual consensus and agreement amongst the parties to the conflict, which restricts their effect. Besides this, since SHGs are run mainly by women, due to strong male dominance and the patriarchal nature of society in rural areas, dispute resolution by women would often be looked down upon, making their decisions ineffective, especially in cases of property disputes, loan repayment, and issues about domestic violence.

INTEGRATION OF SHGS IN ADR AND RECOMMENDATIONS

For the integration of SHGs into ADR, the most critical aspect is providing them with legal recognition and support through training. Some small but significant changes are required.

⁴ Legal Services Authorities Act, 1987 (India)

SHG dispute resolution through mediation, conciliation, and negotiation must be incorporated into the Panchayati Raj's governance model. Another approach is to amend the Legal Services Authorities Act, 1987. However, integrating SHGs into the Panchayati Raj governance model is far easier than amending and gaining recognition under the Legal Services Authorities Act, 1987. Amending the Legal Services Authorities Act, 1987 would require Parliamentary approval, whereas integrating SHG dispute resolution would only require policy changes at the state level. Providing support through training in understanding and dealing with ADR mechanisms will further strengthen the SHG dispute resolution process. These training programs can be conducted by local NGOs that work closely with SHGs at the rural level.

CONCLUSION

Self-help groups play a crucial role in community-oriented dispute resolution, especially by giving rural women a platform to indulge in conflict resolution through mediation, negotiation, discussion, and mutual agreement. The informal structures give people an accessible platform, free from legal and procedural complexities, which often come along with the conventional legal justice system in India. However, the major limitation faced by the SHG is that its decisions cannot have a legally binding effect, even if they work in a similar way to ADR. Giving legal recognition to the SHG by integrating it with ADR and merging it with the already existing Panchayati Raj System will help in giving a formal structure to the SHG for dispute resolution, thus not only ensuring justice but also making it far more inclusive with its people- and community-centric approach to conflict resolution. In India, millions of people struggle to get justice due to complexities and challenges in the legal justice system, therefore, Self-Help Groups present us a potentially promising solution. Thus, Self-Help Groups can be useful not only to solve disputes arising within the group members, but also land and property disputes, and issues related to loan repayment or family issues relating to dowry and domestic violence.