

Women Empowerment through Self Help Groups: A Case Study

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Abstract

This research article discusses the role of Self-Help Groups in promoting women empowerment and standard of living of poor. The study revealed that SHGs play an instrumental role as financial intermediary between banks and SHG members and their economic wellbeing. SHGs functions are collection of savings and offering credit to its members to undertake economic activities thereby they become empower in all spheres. The SHGs promotes savings habits, economic independence, self-confidence, social cohesion, asset ownership, freedom from debt, additional employment, etc. Thus, SHGs have served an effective role towards women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

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Keywords: SHG, credit, savings, economic independence, employment

Introduction

The concept of empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem, and self-confidence (Kabeer, 2001). Empowerment can take place at a hierarchy of different levels—individual, household, community and societal and is facilitated by providing encouraging factors (e.g. exposure to new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills). In this connection, micro-finance offered through Self-Help Groups play an effective role in promoting women empowerment. It is not only an efficient tool to fight against poverty, but also as a means of promoting the empowerment of the most marginalized sections of the population, especially women. According to Ellie Bosch it is just old wine in a new bottle (Bosch, 2002). It consists of a group of people of three to eight persons on the same condition that each of them would be assuming responsibility for the development of all. Micro-Finance Institutions (MFIs) was started in India in 1980s through Self Help Groups (SHGs) model. It is the Grameen replication model of Bangladesh. There is nearly 3,00,000 SHGs are working all over India. It is true that the concept of microfinance is yet to spread its wings all over India, but at the rate in which it is expanding its branches, very soon it would be reaching at the doorsteps of the poor houses. The most successful region for microfinance is the Southern part of India; Tamil Nadu has become one of the successful states in India in nurturing Self-help group movement. The present study is an attempt to analyse the impact of micro-finance on poor women in Tiruvallur District of Tamil Nadu.

There are vast studies undertaken in examining the impact of micro-finance and related aspects. Osman (2000) in his article remarked that micro-finance schemes alone cannot alleviate poverty. The battle for total eradication of poverty requires combining micro-finance schemes with parallel, complementary programmes addressing the social and cultural dimensions of want, privation, impoverishment and dispossession.

Kapur (2001) tried to discuss, analyse and answer the challenging questions as to why despite all the efforts and progress made, still there continues to be so much of gender discrimination and what strategies, actions and measures to be undertaken to achieve the expected goal of empowerment. She opined that women's empowerment is much more likely to be achieved if women have total control over their own organisations, which they can sustain both financially and managerially without direct dependence on others.

Pattanaik (2003) reveals that SHGs are continuously striving for a better future for tribal women as participants, decision-makers and beneficiaries in the domestic, economic, social and cultural spheres of life. But due to certain constraints like gender inequality, exploitation, women torture for which various Self Help Groups are not organised properly and effectively.

Malhotra (2004) examined how women entrepreneurs affect the global economy, why women start business, how women's business associations promote entrepreneurs, and to what extent women contribute to international trade. It explores potential of micro-finance programmes for empowering and employing women and also discusses the opportunities and challenges of using micro-finance to tackle the feminisation of poverty. According to her, the micro-finance programmes are aimed to increase women's income levels and control over income leading to greater levels of economic independence. They enable women's access to networks and markets, access to information and possibilities for development of other social and political role. They also enhance perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare.

Narasaiah (2004) mentioned that the change in women's contribution to society is one of the striking phenomena of the late twentieth century. According to him micro-credit plays an important role in empowering women. Giving women the opportunity to realise their potential in all spheres of society is increasingly important.

Cheston and Kuhn (2004) concluded that micro-finance programmes have been very successful in reaching women. Manimekalai (2004) commented that to run the income generating activities successfully the SHGs must get the help of NGOs. The bank officials should counsel and guide the women in selecting and implementing profitable income generating activities.

Sahu and Tripathy (2005) opined that accessibility of banking services to the poor people is important not only for poverty alleviation but also for optimising their contribution to the growth of region as well as the national economy. Self Help Groups (SHGs) have emerged as the most vital instrument in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and lower position of the social hierarchical ladder. They can lift themselves from the morass of poverty and stagnation through micro finance and formation of Self-Help Groups.

Sinha (2005) in his study has observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to him the main use of micro-credit is for direct investment. There is of course some fungibility, depending on household credit requirements at the time of loan disbursement. Some studies reveal that micro-finance programmes have had positive as well as negative impacts on women. Some researchers have questioned how far micro-finance benefits women (Goetz and Sen

Gupta, 1996). Some argue that micro-finance programmes divert the attention of women from other more effective strategies for empowerment (Ebdon, 1995), and the attention and the resources of donors from alternative, and possibly more effective means of alleviating poverty (Rogaly, 1996). In some cases women's increased autonomy has been temporary. It only benefits women who are already better off. But in most cases the poorest women are least able to benefit because of their low initial resources base, lack of skill and market contact.

In view of the above, an attempt has been made in this paper to examine the role and performance of SHGs in promoting women's empowerment. The specific objectives of the study are to analyse the economic gains derived by the members after joining the SHGs; to examine the social benefits derived by the members; to analyse the operating system of SHGs for the mobilization of saving, delivery of credit to the needy; management of group funds; repayment of loans; and establishing linkage with banks.

Data Base and Methodology

The study was carried out in selective clusters spread over five blocks of Tiruvallur district in Tamil Nadu. It is noteworthy to mention here that the Self-Help Groups in Tiruvallur district are promoted by NGOs as well as government sponsored agencies. Due to time constraint, the study has been restricted to those SHGs which was promoted by a particular Non-Governmental Organisations (NGOs) and was sponsored by Swarnajayanti Gram Swarozgar Yojana (SGSY). At present, SGSY is working in 5 Community Development Blocks namely Minjur, Villivakkam, Puzhal, Poonamallee and Tiruvallur. There are 281 Self-Help Groups are promoted by SGSY in these five blocks. 10 SHGs each from Poonamallee villivakkam, Pizhal, Minjur has been chosen depending upon location-specific condition. In Tiruvallur block, 9 SHGs were promoted by SGSY and the 9 SHGs were taken for study. In total the study covers 49 SHGs with 800 members.

Table 1: Sampling framework of the study

Blocks	No. of SHGs	SHG Members
Poonamallee	10	150
Villivakkam	10	170
Puzhal	10	170
Minjur	10	160
Tiruvallur	09	150
Total	49	800

In order to collect primary data, field observations and structured interview schedule methods were used. In addition, information was also collected through discussions and interviews with local NGOs and government's officials. Secondary data gathered from the records maintained by the SHGs, NGOs and government offices, were supplemented by the primary data collected from the group. A wide range of information such as composition of membership, savings mobilisation, loan disbursement, interest rates, recovery procedures, assets created, external assistance received etc. were ascertained from the records maintained by the individual SHGs. Besides, books, newspapers, journals, and web sources are used to fulfil the various objectives.

The data collected from each block regarding the structure and profile of SHG members, savings and loans of SHGs, economic and social benefits derived by SHG members, etc. have been processed separately. The analyses obtained from different blocks are compiled and compared to draw the inferences about the performance of the SHGs in the study area.

Results and Discussions

Structure of SHGs

The structure and characteristics of Self-Help Groups in the study area is presented in Table- 2. It is noted that the average membership of a SHG was 16. It has been found that the average membership of the Self-Help Group is highest (17 members) in Puzhal block and lowest (15 members) in Poonamallee block. It is found that most of the members have joined to SHGs for the sake of saving. However, there are differences of opinion too. Some of the members have joined the SHG to get credit to meet the unexpected cash demand for consumption and other purposes. Few opined that it led to social empowerment. The average savings per SHG was Rs. 10,693/-. However, it varied from Rs. 2097/- in Tiruvallur to Rs. 16125/- in Villivakkam block. It is found that average savings of each member was around Rs. 667/-.

The frequency of group meeting by SHG indicated that fortnightly meetings were the most common followed by monthly and weekly. Meetings are arranged regularly by NGOs and Group itself. It is held in the middle of the street or according to the convenience of the members. The absentee members have to pay a fine of Rs.10/- . The average amount of loans per SHG was Rs.14814/-. The highest is being Rs.19752/- in Minjur block and lowest is Rs. 8758/- in Tiruvallur block.

Table 2: Structure of SHGs

Item	Minjur	Villivakkam	Puzhal	Poonamallee	Tiruvallur	Overall
Membership average (No.)	15.00	16.78	17.00	15.86	16.66	16.26
Savings per SHG (in Rs.)	14517	16125	13633	7093	2097	10693
Loan (Avg.) (in Rs.)	19752	17177	16040	12345	8758	14814
	Frequency of group meeting (percentage)					
Weekly:	25	15	13	0	0	10.6
Fortnightly	65	68	72	35	28	53.6
Monthly	10	17	15	65	72	35.8

Source: Computed

Table 3: Profile of SHG members

Item	Minjur	Villivakkam	Puzhal	Poonamallee	Tiruvallur	Overall
Age (years)	34	32	33	35	37	34.2
Percentage of STs, SCs	90	07	46	97	77	62.2
Percentage of BCs, MBCs	10	39	03	03	17	14.4
Percentage of Other Castes	-	54	48	-	12	22.8
Literacy (%)	5.11	11.23	13.26	3.69	3.88	7.43
Occupation ((percentage)	71.8928.11	36.5563.45	38.8961.11	69.8930.11	62.5737.43	47.4153.59
AgricultureOthers						

Profile of SHG Members

The average age of the SHG members in the study area is presented in Table- 3. It is observed that the average age of SHG members is 34.2 years, lowest being 32 years in Villivakkam block and highest being 37 years in Tiruvallur block. Regarding the caste profile of SHG members, it is found that majority of members belong to Schedule Caste. In Poonamallee block it is represented by 97 per cent, followed by 90 per cent in Minjur. Educational background of the SHG members shows that most of them are illiterate. Only 7 per cent of them have studied up to the primary level. So far as the occupation of the members are concerned, majority of them are engaged in agricultural activities. The average income of SHG is found to be Rs. 7918/-. It was highest in Puzhal block (Rs.10057/-) followed by Villivakkam block (Rs. 9223/-) and lowest in Tiruvallur block (Rs. 5861/-).

Credit mechanism and utilisation

Generally, after six months operation of savings account, the saving is pooled and used for internal lending among the members. The loan disbursement and number of loans to be disbursed are decided by the members themselves depending on their need and urgency.

Table 4: Purpose-wise credit demanded by SHG members

Purpose	(per cent)					
	Minjur	Villivakkam	Puzhal	Poonamallee	Tiruvallur	Overall
Domestic consumption	57.66	12.91	15.57	66.54	47.89	30.53
Health	3.22	6.87	9.50	-	2.27	4.37
Festivals	6.11	9.78	8.71	2.39	2.18	5.83
Repayment of old debts	15.67	10.66	11.52	5.68	10.59	10.82
Investment	10.89	12.57	11.66	14.05	8.67	11.56
Others	6.45	47.21	43.04	11.34	28.4	27.28

Source: Computed

Table 5: Economic activities covered by the SHG members

Item	Minjur	Villivakkam	Puzhal	Poonamallee	Tiruvallur	Overall
Collection and marketing of Minor Products	75	55	40	70	60	60.00
Individual business	5	10	25	10	5	11.00
Goatery	10	12	10	15	15	12.4
Dairy	10	18	10	5	15	12.6
Others	5	5	15	5	5	7.00

Source: Computed

The purpose-wise credit demanded by the SHG members from the SHGs is exhibited in Table- 4. It is observed that most of the members have demanded credit for the purpose of domestic consumption. It is highest in Poonamallee block (66.54 per cent) followed by Minjur (57.66 per cent). Reasonable proportion of SHG members has demanded credit for other purposes. The demand for credit for other purposes is highest in Puzhal (43.04 per cent) and lowest in Minjur block (6.45 per cent). About 11.56 per cent of credit was demanded for investment purposes. A proportion of credit was demanded by the SHG members for payment of old debts.

A less proportion of loan is demanded for festival and health purposes. It is clear that a larger share of credit demanded by SHG members is being utilised for domestic consumption purposes followed by repayment of old debts and others.

Economic Activities

Table- 5 reveals that most of the SHG members are engaged in the collection and processing of minor forest products. These products include broom making, cashew, mahul, turmeric, tamarind, khalli (leaf plates), raw broom, amla, etc. Some of the members are engaged in individual businesses like preparing pickle, bodi, papad, haldi powder, wax, making bags, vegetable business, tailoring, pan shop, etc. They are also engaged in poultry, dairy and goatery business. Some are engaged in other activities. As there is a good demand for milk products, they are preparing sweets with milk, ghee, etc. and are getting good prices for these products. They have earned about Rs. 600/- to Rs. 1000/- per month through these activities.

Table 6: Loan support to SHGs from bank

Name of the Block	Total SHGs	Loan availed	Loan Repayment (%)
Minjur	10	Rs. 2,96,428	79.80
Villivakkam	10	Rs. 2,66,611	58.91
Puzhal	10	Rs. 2,00,000	52.28
Poonamallee	10	Rs. 1,30,000	73.50

Source: extracted from Annual Report of SGSY, 2003-04

Table 7: Benefits derived by SHG members (multiple responses)

Benefits	(per cent)					
	Minjur	Villivakkam	Puzhal	Poonamallee	Tiruvallur	Overall
Habit of Savings	75.44	79.11	68.22	76.66	80.66	76.00
Economic independence	70.00	70.00	65.00	66.80	65.00	67.36
Self-confidence	81.00	85.86	82.88	78.00	80.00	81.54
Social cohesion	70.00	80.88	71.11	68.88	85.00	75.17
Asset ownership	48.33	52.34	24.40	54.99	58.22	47.65
Freedom from debt	49.00	66.00	75.08	67.00	59.76	63.36
Additional employment	21.11	32.80	41.80	38.40	58.90	38.60

Source: Computed

Loan Management

There is a bank linkage programme established to SHGs. The SHG members opened their accounts in various nationalised banks. SHG members are getting both internal and external loans under the security of NGOs. They are paying Rs. 2/- as interest per Rs. 100/-. They are also maintaining cashbook, membership register, loan register, individual passbook register, etc. They are taking loans for both production and consumption purposes. Banks have advanced loan of Rs. 2,96,428/- under SGSY scheme to Minjur Block followed by Rs. 2,66,611/- to Villivakkam block. So far as loan repayment is concerned, the SHG members of Minjur Block have repaid 80 per cent of their loans followed by Poonamalle block with 74 per cent. But in Villivakkam and Puzhal

blocks, though they are urban based, the repayment position is not up to the mark. The members have repaid only 50 per cent of their loans in these two blocks.

Benefits Derived by SHG Members

Varieties of benefits are derived by the members of SHGs as presented in Table- 7. One of the outstanding benefits reported by all the members is the development of self-confidence (81.54 per cent) ranked first, followed by savings habit (76 per cent), economic independence (67.36 per cent), social cohesion (75.17 per cent), freedom from debt (63.36 per cent), asset ownership (47.65 per cent) and additional employment (38.60 per cent).

Summary Conclusion and Suggestions

The social profile of SHG members indicates that majority of members are tribal, i.e., their overall average is 66.2 per cent. The overall literacy rate is only 7.43 per cent as against the district tribal female literacy rate of 15.88 per cent. It is found that the operational efficiency and group dynamics of the SHG is not same in all blocks. This could be attributed to several factors like background of SHG formation, internal problem, support provided by the promoters, effective leadership, etc. It is observed that the average membership in SHG was around 16.26. Membership is highest in Puzhal block and lowest in Minjur block. This may be due to the urban-base of Puzhal in contrast to Minjur, where 90 per cent of members are scheduled cast. The members had joined the group in order to earn more income, promote savings habits and to develop collective economic and social activities. So far as the frequencies of group meetings are concerned, it is observed that fortnightly meetings were the most common. In Minjur, Villivakkam and Puzhal block the SHG members arrange their meetings twice in a month. But in Poonamallee and Tiruvallur, the meetings are held once in a month. The groups maintain cashbooks, passbooks and attendance registers. The member's in-charge of accounts is being given training in book keeping by the SGSY. But the member who looks after all this secretarial work is not paid any financial incentive.

70 per cent of SHG circulated thrift and their period of circulation was monthly. Accumulated savings by members to group funds per SHG were to the tune of Rs. 10,693/- against the loan disbursed amount of Rs. 12,345/-. The SHG have disbursed loans both for consumption and production purposes. Purpose-wise disbursement of credit by SHG indicates that domestic consumption received maximum share (30.33 per cent) followed by others (27.28 per cent). It is found that credit demanded for investment purpose is very low. The study also reveals that SHGs had set a new agenda for financial intermediation by banks in the form of micro-credit. It has infused dynamism among its members to climb up socio-economic ladder in the development process. Thus, SHGs have served an effective role for women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

In view of the findings, it has been suggested that literacy and numeric training is needed for the poor women to benefit from the micro-credit schemes. Training in legal literacy, rights and gender awareness are important complements to micro-credit for the empowerment of women. The members should be given necessary training and guidance for the successful operation of the group. The members of the SHG should be more active, enthusiastic and dynamic to mobilise their savings by group actions. In this process NGOs should act as a

facilitator and motivator. The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the Group.

The bank should advance adequate credit to the SHG according to their needs. Uniformity should be maintained in formation and extension of financial assistance in all blocks. The procedure of the banks in sanctioning credit to SHG should be simple and quick. Marketing facilities for the sale of products of SHG may be created. Periodical exhibitions at block-level may be organised where the products of SHG can be displayed. Meetings and Seminars may be organised where the members will get a chance to exchange their views and be able to develop their group strength by interactions. Active interventions by district administration, professional bodies and voluntary organisations are precondition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to market. Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro-finance sector which will make a real contribution for women empowerment.

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