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# Self-Help Group and Socio-Economic Empowerment of Women in Rural India

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#### **Abstract**

Background/Objective: The study focused on confirming the financial and social empowerment status of women belonging to various self-help groups in the country. Self-Help Group (SHG) is a village-based financial intermediary committee usually composed of 10–20 local women or men. In India, many SHGs are linked to banks for the delivery of micro-credit. Since literature review confirmed the positive attitudes per se of the self help group women, the financial facilities for sending their children to school and access to the day-to-day living amenities. It can be concluded that SHG have been successful in achieving both social & financial empowerment goals. **Analysis:** The secondary data analysis is made and it also confirms the steady growth on the membership level as number of self help groups in the country. **Findings:** Findings on social organizations have been presented. The key reasons for the success of SHGs are its link with the poor people, its innovative practices, its capacity to enable people's participation in development and trust building at different levels between stakeholders. SHGs also help in the financial status of the households. They have developed self-confidence and independence among rural women, which in turn increased the livelihood of the rural people.

**Keywords:** Self-help Group, Women Empowerment

#### 1. Introduction

Self-Help Group (SHG) is a small association of village people, preferably from the same socio-economic background. They join together for the purpose of solving their common problems. The SHG support in the financial status of its members. The SHG promotes small savings among its members and the savings are kept with a bank. Generally, the members in one SHG are restricted to 20. Mainly the SHG members are women. The SHG helps women in participating in their family affairs as well as in the society.

# 2. Purpose of the Study

The purpose of this study is to know the status of SHG in rural India and its impact on socio-economic development of women.

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# 3. Emergence and Growth of SHG's in India

India adopted Bangladesh's model of SHG after making changes, primarily with the purpose of reducing the poverty and to empower the rural women. In the early eighties, Government of India took serious steps in promoting the apex bank to take care of the financial needs of the poor, rural and informal sectors. Then, NABARD (National Bank for Agriculture and Rural Development) took initiatives and came out with alternative methods to fulfill the financial needs of the poor, rural and informal sectors. NABARD has played a phenomenal role in the rural development of India<sup>1</sup>.

SHG's have come a long way, since the establishment in 1992. SHGs have made a tremendous progress from a status of 500 groups in 1992 (Titus 2002) to some 16,18,456 groups that have taken loans from banks. Through SHGbank linkage programme 24.25 million poor households

have gained access to formal banking system. Ninety percent of these groups are 'only women' groups. About 400 women joins the SHG every hour and an NGO (Non-Government Organization) join the Micro-Finance Programme every day. Several agencies provide bulk funding to SHGs through NGOs. Nearly half a million of SHGs have been linked to banks over the years. Only a handful of states have been linked, mostly in South India for almost 60%. 42% in Andhra Pradesh, 12% in Tamil Nadu, 11% in Uttar Pradesh and 9% in Karnataka. Growth rate of SHGs are low in the states like Rajasthan, Bihar, Uttar Pradesh, Madhya Pradesh, Orissa and Union Territory of Andaman Nicobar Islands. SHGs have benefited its members in many ways like income, employment opportunities for the women and also have enhanced the equality of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

## 4. Objectives of SHGs

- Alleviate poverty
- Empowering women
- Developing leadership ability among rural women and
- Encouraging saving habits among rural women
- Motivating women for taking up the responsibilities

# 5. Socio-Economic Empowerment of Rural Women in India through SHGs

In Vedic period women enjoyed equal status and rights with the males. But in medieval India women became the inferior sex with the entrance of Muslims. During this period several evil practices like female infanticide, sati, Devadasi tradition and child marriage were in practice. In-spite of some great-women rulers, position of women in India did not change. Women status got slightly uplifted in the modern era, during the British period. They introduced education system for women, which made the emergence of various female writers (womenempowermentinindia.com).

Government of India had declared the year 2001 as the "Women's Empowerment Year", with focus of women's equal status with their partners. SHGs grew to become a powerful instrument in alleviating poverty and empowerment of women in rural economy. They created awareness in self-employment, entrepreneurial development and well-being of women.

A study held that the NGOs in India played an intermediary role to the Government in rural development<sup>2</sup> and many SHGs in rural areas have improved the socioeconomic conditions of the rural families. Banks with the help of NGOs and SHGs can reach out the needy with a small amount of credit as loans without having the fear of non-performing assets. Another study also confirm that SHGs through their network with commercial banks, co-operative banks, regional rural banks, NABARD and NGO's have improved the financial services to the poor and uplifted their status in the society. Thus SHGs are important to increase gainful employment3. A study about SHGs in India, observed that about 59% of the sample households registered an increase in assets and 47.9% moved above the poverty line from pre-to-post SHG situation. Thus Social empowerment was evident in terms of improvements in members' confidence level, treatment within the family, communication skills and other behavioral aspects<sup>4</sup>. Three dimensions of women empowerment namely economic, social and political was mentioned<sup>5</sup>. Women have lesser decision making power in their day to day life<sup>6</sup>. This situation is changing because of SHGs and its micro enterprises. Another studystates that 60% of the women take up economic activities related to agriculture and allied activities7. A systematic and planned approach in bringing the positive imagery of women in India was given in a study<sup>8</sup>. There was a huge improvement in women's control over their savings, credit and income. NGOs also play equal role with the government agencies in improving the facilities for women9. There is a positive function of banking habits through SHGs MF (Micro-Finance) programmes<sup>10</sup>. Development of saving habits among the rural people and poor, paving ways for better technology and access to various promotional assistance was identified11. Education and literacy rates of women contribute hugely, and help women reach their full potencies and become empowered<sup>12</sup>.

SHPIs (Self-Help Group Promoting Institutions) which primarily include NGOs, banks, and Government officials link poor with SHGs. This program arranges training, regular meetings, frequent loan repayment installments and savings. Healthcare, basic literacy, family planning, marketing and occupational skills are also included in this program<sup>13</sup>. Women are empowered and her bargaining

power of allocating resources within household is increased by increasing her monetary income and the value of time<sup>14</sup>. Increase in monetary income leads her to invest in education, housing and nutrition for children<sup>15</sup>. Frequent group meetings organized by SHGs give women an opportunity to break out of the daily routine and enable problem sharing among themselves. This paves way for analysing the root cause and go beyond the individual faults16. This group interaction creates a platform where personal problems are discussed as social patterns and the negative emotions may be blamed on the environment than the self<sup>17</sup>. The interaction with women both within and with the other members of the SHGs increases the confidence level and exposure to articulate and pursue her interests<sup>18</sup>. Better communication, improved networking and greater mobility also contributes for women empowerment<sup>19</sup>. Social pressure on women have high impact in her decision making. Interaction of SHPIs and SHGs encourages women to actively participate in public activities, strengthen their ability to pursue their interests in society and local politics<sup>20,21</sup>. Women are also empowered by the increase in female representation in local governments<sup>22</sup>. Women's empowerment is not just an outcome, but a process<sup>23,24</sup>.

Social status of women have changed and their economic status have also improved<sup>25</sup>. Economic activities like income, expenditure and savings of SHGs are quite successful<sup>26</sup>. Micro credit check through SHGs plays a major role in the overall development of rural women<sup>27</sup>. Women have creative ability, easy adaptability and ability to cope with setbacks.

## 6. SHGs Current Position in India

The SHGs progress is steady in number since the launch. The SHG programme in India is the world's largest microfinance programme. SHG Bank Linkage Programme (SHG-BLP) introduced by NABARD about two decades ago, started from a pilot of linking 500 SHGs of rural poor has crossed 8 million groups. This programme claims group savings of ₹37,000 crores and credit outstanding of ₹51,545 crores. Thus this model has emerged as the most successful model in the financial services. This saving model is a successful empowerment tool which has covered almost 10 crore households in the country. About 86% of the groups are exclusively women groups, which is a big impetus to women empowerment. The SHG members have also learnt to become a good customer of banks with the training given under this programme.

As per the Socio Economic and Caste Census out of more than 1794 lakh households in rural area, about 1337 lakh households are having a monthly income of the highest earning member of the households below ₹5,000. Which is about 75% of the total households. All these households seem to be in the economically backward and underprivileged category. These households constitute the potential segment of the SHG Bank Linkage Programme.

Table 1 gives the progress of SHGs from 2012-13 to 2014-15. During 2014-15 about 2.68 lakh new SHGs were added, and the number of SHGs saving has raised to 76.97 lakh. It is observed from the table that there is an increase of 3.59% in the number of savings linked over the previous years, after a dip in 2012-13. The number of loan outstanding has gone up by 20%, against a 6% decline in the previous year.

Table 2 gives the progress of Women SHGs from 2012-13 to 2014-15. The share of exclusive women SHGs in the total number of SHGs linked to banks grew from 84% to 86% (NABARD Report 2014-15).

Figure 1 represents that almost one half (48%) accounts to the Southern region, followed by 20% in Eastern region.

Overall Progress under SHG-Bank Linkage Programme (2012-2015)

(No. in Lakhs / Amt. in crore)

Particulars	2012-13		2013-14		2014-15		%Growth(2013-14)		%Growth(2014-15)	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Savings of SHGs with Bank	73.18	8217.25	74.30	9897.42	76.97	11059.84	1.53	20.45	3.59	11.74
Bank Loans Disbursed	12.20	20585.36	13.66	24017.36	16.26	27582.31	12.02	16.67	19.03	14.84
Bank Loans Outstanding	44.51	39375.30	41.97	42927.52	44.68	51545.46	-5.71	9.02	6.46	20.06

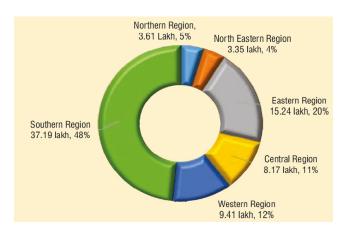
Source: State of microfinance in India (2014-15), NABARD

Table 2. Progress of Women SHGs (2012-2015)

(No. in Lakhs / Amt. in crore)

Particulars	2012-2013		2013-2014		2014-2015		%Growth(2013-2014)		%Growth(2014-2015)	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Savings of SHGs with Bank	59.38	6514.86	62.52	8012.89	66.51	9264.33	5.27	22.99	6.38	15.31
Bank Loans Disbursed	10.37	17854.31	11.52	21037.97	14.48	24419.75	11.02	17.83	25.69	16.07
Bank Loans Outstanding	37.57	32840.04	34.06	36151.58	38.58	45901.85	-9.34	10.08	13.27	26.97

Source: State of microfinance in India (2014-15), NABARD



**Figure 1.** Distributions of SHGs Across Regions of India 2014-15.

Source: State of microfinance in India (2014-15), NABARD

**Table 3.** Agency-wise Distribution of savings in 2014-15

Particulars	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total	
Total SHG	41.36 (54%)	21.61 (28%)	14.00 (18%)	76.97 (100%)	
Women SHG	36.02 (54%)	18.03 (27%)	12.37 (19%)	66.52 (100%)	

Source: State of microfinance in India (2014-15), NABARD

The report also states that among Southern region; Tamil Nadu has the maximum number (12.8%) of SHGs after the split of Andhra Pradesh.

Table 3 represents that the Commercial Banks with their large branch network have accounted for a major share of saving linked SHGs and Women SHGs. Commercial Banks had more than half of the total SHGs,

followed by RRBs. Cooperatives have about 18% of saving linked SHGs with them.

### 7. Conclusion

SHGs have identified ways for women empowerment and reduction of poverty. They have contributed by developing their social and economic status. They also empower women by increasing their income, expenditure and saving habits.

The key reasons for the success of SHGs are its link with the poor people, its innovative practices, its capacity to enable people's participation in development and trust building at different levels between stakeholders. SHGs also help in the financial status of the households. They have developed self-confidence and independence among rural women, which in turn increased the livelihood of the rural people.

# 8. Limitations and Scope for Future Study

A study on non-member women may be undertaken and a comparative study may be much useful. Demographic factors can be included for showing the differences in their performance. The study is limited to socio-economic in general, it can be further extended to individual factors. The study is based on the secondary data available, primary data is more helpful for further analysis.

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