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Self-Help Groups and Economic Empowerment of Rural Women: A Case Study

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Abstract:

For the last few years the subject 'Women Empowerment' is a matter of serious discussion. Ethically women as members of society should have their equal role. But throughout the world women occupy an inferior status rather than their male counter-parts. Efforts have been taken to empower women by launching various schemes and providing extra benefits for them. But in spite of considerable improvement in the status of women, they still comprise the largest section of deprived population. Lack of capital is a serious constraint to the development of women, particularly in rural areas, who find little or no access to credit. Credit can help women to take up farm-allied activities or small enterprises and enabling them to respond to the opportunities created by the process of economic development. In this situation micro-credit is emerging as a powerful instrument for overall development of rural women. In India, micro-credit is dominated by Self-Help Groups-(SHGs) bank linkage programme, aimed at providing a cost effective mechanism for providing financial services to the poor women. Thus the effective organisation of SHGs is a significant instrument in the process of economic empowerment of women. In this study I have tried to find out the role of Self-Help Groups towards the economic empowerment of women in Khejuri (Coastal Bay of Bengal), Purba Medinipur, W.B. In Khejuri the performance of SHGs is satisfactory. The study was conducted in 11 gram panchayats of Khejuri-I and Khejuri-II blocks. For the purpose of the study 110 women SHGs were selected randomly. SHG encourages women to form voluntary association and emerge as a group of saver-cum-borrowers. In fact, any financial assistance, if utilized properly generates gainful employment opportunities. Positive sign of employment generation was found in rural economy of Khejuri. Income has a favourable effect on consumption expenditure in general and on education, health, social and familial status of members in particular. Micro Credit extended to rural women opens up the scope to empower herself in the family set-up.

Keywords: Credit, Economic Empowerment of Women, Employment Generation, Self Help Groups

1. Introduction

For the last few years the subject 'Women Empowerment' is a matter of serious discussion. The subject became more popular after declaring 2001 as International Women Empowerment year. Empowerment is a multidimensional process, which should enable the individuals or a group of individuals to realize their full identity and powers in all spheres of life. It consists of greater access to knowledge and resources, greater autonomy in decision making to enable them to have greater ability to plan their lives, or have greater control over the circumstances that influence their lives and free them from the shackles imposed on them by custom, belief and practice. Empowerment of women may also mean equal status to the women opportunity and freedom to develop her. Empowering women socio-economically through increased awareness of their rights and duties as well as access to resources is a decisive step towards greater security for them.

Ethically women as members of society should have their equal role. But throughout the world women occupy a particular status which is significantly different from that of their male counter-parts. This difference is clearly evident in our society which is patriarchal and tradition-bound with poor socio-economic condition and low rate of literacy. Efforts have been taken to empower women by launching various schemes and providing extra benefits for them. But in spite of considerable improvement in the status of women, they still comprise the largest section of deprived population. It is widely recognized that the process of growth, economic transformation and development in particular has adversely affected women as a group. Lack of capital is a serious constraint to the development of women, particularly in rural areas, who find little or no access to credit. Credit can help women to take up farm-allied activities or small enterprises and enabling them to respond to the opportunities created by the process of economic development. In this situation micro-credit is emerging as a powerful instrument for overall development of rural women. In India, micro-credit is dominated by Self-Help Groups- (SHGs) bank linkage programme, aimed at providing a cost effective mechanism for providing financial services to the poor women. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only meeting peculiar needs of poor women, but also in strengthening their collective self-help capacities at local level, leading to their economic empowerment. In this study I

have tried to locate the role of Self-Help Groups towards the economic empowerment of women in Khejuri (Coastal Bay of Bengal), Purba Medinipur, W.B.

2. Concept Of Self-Help Group (SHG)

The concept of SHG was first initiated in Bangladesh in 1976 with the promise of providing credit to the poor without collateral, alleviating poverty and unleashing human creativity and endeavour of the poor people. Prof. Mohammad Yunus, Nobel laureate and eminent Bangladeshi economist, is credited with the concept of SHG over three decades ago. He developed 'Grameen Bank' in Bangladesh with the objective to empower poor people, especially poor women, through micro credit. In Sri Lanka, the thrift and credit movement was reviewed and revised in 1978 by Dr. P.A.Kiriwandeniya under the name 'SANSAN'. This institution has created a high social impact in reducing rural indebtedness and poverty from 1978 to 2003 and it has been successful in raising the living standards of the rural people of Sri Lanka. In India the Self Help Group concept was developed by Mysore Resettlement and Development Agency (MYRADA) in the late 1980s. In the late 1990s evaluation reports of the Integrated Rural Development Programme (IRDP), a major programme for creating self-employment opportunities in rural areas reflected the flaws in the implementation of the programme. This led the central government to announce a programme called Swarna-Jayanti Gram Swarozgar Yojana (SGSY). This programme was based on a group approach to rural development where the rural poor were organized into SHGs and took up viable economic activities on their own on a sustained basis with the support from government subsidy and bank credit. SHGs were also formed under Swayam Siddha, Mission Shakti, Rastriya Mahila Kosh, National Bank for Agriculture and Rural Development (NABARD) etc. But NABARD has taken actual initiative for SHG formation throughout India. Following the NABARD's path-way government has shown the real interest to form several SHGs with the help of different non-governmental organizations and social organizations for the socio-economic development of low income group, especially women.

SHG is a homogenous group of persons, usually not more than 20 persons, frequently women who join on a voluntary basis in order to undertake economic activities such as, thrift, credit, use of a common asset or a tool on the basis of equality and mutual trust. The group sets its own rules and sees to it that all members observe these rules. The rules may be flexible as to differential interest rate on loan according to capacity to repay. Economic Welfare of all members is the main aim of SHGs. Each and every member has his or her own duties and responsibilities. SHGs encourage women to form voluntary association and emerge as a group of saver cum borrowers. A typical group of 5 to 10 members gives group guarantee for loans to any individual member. It exerts social pressure on the members to repay, and has proved far more effective than legal pressures in formal bank loan. In SHGs peer pressure can be used to ensure proper utilization of credit and prompt repayment of loans. SHGs while aiming at promotion of savings and credit, work as pressure groups to address social issues such as education, health, lack of access to natural resources etc. Necessary training could be provided to the SHG members to create awareness on community health, traditional and modern agricultural practices, micro-credit, veterinary practices, water resource management, panchayati raj and other relevant issues that may be applicable to the area concerned. These trainings could be instrumental in increasing the abilities of the poor and confidence that may enable them for an effective contribution towards their own community development.

3. Status of SHGs in Khejuri

In Khejuri, the initiative to form SHGs by gram panchayat and panchayat samity was started from 1999. Though some SHGs were formed by one NGO, namely Ajaya Sarvodaya Sangha, in 1998, but they are poor in terms of number and activities of the group. So government promoted SHGs play a dominant role in Khejuri. Total number of members of a group varies from 9 to 15 persons. 55.45 per cent of the total SHGs consist of 10 members. The composition of the groups is more or less similar which consists of President, Secretary, Treasurer and general members. These groups developed a close linkage with bank for loan and other economic assistance. 58.18 per cent group members argued that their relationship with banks was good, whereas only 8.18 per cent responded negatively. Regarding performance of the groups it was found that 42.09 per cent belonged to second grading i.e. they were entitled to get loans for second time after successful repayment of first term loan. Still 16.36 per cent SHGs members failed to get bank loans due to administrative problems, lack of co-operation from bank and other problems.

When asked about reasons for joining SHG, members cited as many as seven reasons, such as to avail credit, developing savings habit, to get recognition in family and society, peer pressure, motivated by government officials and political leaders, exchange of ideas and experiences among group members and empowerment. Among the reasons economic benefit of the family and empowerment of the members are the prime reasons to join the SHGs. However, there are minor variations across various categories of women. Regular meetings, compulsory attendance and savings are the features of the SHGs. My study shows that the agenda items of such meetings include savings, flow of loan and its related problems, utilization of loan and its recovery, group problems, problems within the family circle, social issues etc.

4. Objectives of the Study

My present study primarily aims at examining the impact of SHG on economic empowerment of women. The objectives of the study are as follows:

- To find out the impact of SHG on employment generation among poor women in rural area.
- To trace out the impact of SHG on the additional income generation of poor women.
- To find out the impact of SHG on standard of living of rural women.
- To find out the role of economic emancipation on the social status of the rural women in the family.

5. Methodology

The study was conducted in Khejuri of Purba Medinipur district, W.B. Khejuri is located near coastal Bay of Bengal and is divided into Khejuri-I and Khejuri-II Blocks. There are 11 gram panchayats in two blocks where 698 SHGs have been formed. About 95 per cent of these groups cover women only. All these groups have been developed by the direct assistance of gram panchayat and panchayat samity. For the purpose of the study 110 women SHGs from 11 gram panchayats (taking 10 SHGs from each Panchayat) were selected randomly. For the purpose of the study stratified random sampling method was adopted. The criteria of stratification were status of education, income of family and family member. Care was taken to attach importance to their activity and group status. A well structured schedule was canvassed to them and interview method was adopted to record their opinions on the impact of SHGs on income and employment generation, social and familial status. Secondary data was also collected from different books and journals, state and district panchayat dept., NGOs and others.

6. SHGs and Economic Empowerment of Women

It is evident that government has continuously tried to allocate resources and formulated policies for the empowerment of women. But it has become strikingly clear that political and social forces that resist women's right in the name of religious, cultural or ethnic traditions have contributed to the process of marginalization and oppression of women. The basic issue that prevents women from paying full participatory role in nation building is the lack of economic independence. Planners and policy makers have been eagerly searching for certain alternatives. The participatory approach to development has emerged as a vital issue in development policies and programmes for women. SHGs are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women. It is an important institution for improving the life of women on various social components. The basic objective of an SHG is that it acts as the forum for members to provide space and support to each other. This group generally comprises very poor people who do not have access to formal financial institutions. It enables its members to learn, to cooperate and work in a group environment.

SHG encourages women to form voluntary association and emerge as a group of saver-cum-borrowers. These groups develop habit of savings for its members. My study shows that saving is made on monthly basis. Depending on the economic status of the group members, women save Rs. 30 to Rs. 100. The sources of income for savings were found different, such as income from new business or micro enterprises (52%), family income (36%) and others. Majority of the respondents (69.28%) are able to continue their monthly savings on regular basis, whereas 30.72 per cent have failed to do so. The major reasons of such failure are family's poor economic condition, utilization of bank loan for other purposes, lack of group coordination and so on. Generally after 6 months of operation members are entitled to get loan. Government provide same amount of subsidy as they save for 6 months. Finally bank provides loan which is 4 times of total savings of group members. But my study reveals that such type of rule is not maintained properly. Here the amount of loan and the number of loaners are decided by the members in their group meeting depending on total savings, need and urgency. Data show that 39 per cent of total loaners are given loan at least after 9 months of group formation. In some cases, particularly for second grading, the role of bank personnel is vital where they fix the amount of loan on the basis of performance of previous loan repayment.

Out of 1172 group members 976 persons (83.28%) are given loan at an interest rate between 8.5 per cent to 10.5 per cent per annum though it varies from time to time depending on amount of loan. The total amount of loan provided to SHG members is Rs. 60,44,850/- to take up economic and other activities. The average loan provided to each member works out to Rs.6,193/-. 49.34 per cent received loans are less than Rs. 5,000/-, 57 per cent received loans are in between Rs.5,000/- to 10,000/-, 9 per cent received loans are between 10,001/- to Rs.20,000/- from the bank. Repayment period of such loans is determined on the basis of joint consultation by bank and group members. In the study, it was found that a total amount of Rs.60,44,850/- was provided to 976 group members as loan and majority of them (82.68%) utilized the loan for productive purposes as shown in Table-1. The data show that the members of the group took loans for different purposes. 48.05 per cent of total members availed of loans for petty business and embroidery. They also received loan for farm-related activities like raising crops and other agricultural activities, dairying, goatary and poultry or duck farming. Except small business and embroidery, the members also received loans for non-farm activities like tailoring, telephone booth, tea shop and cloth business.

Sl. No	Purpose	No. of Members	Total Amount of Loan Received (Rs.)	Average Loan Amount per member (Rs.)
01.	Agriculture	118	11,32,800	9,600
02.	Dairying	98	6,49,250	6,625
03.	Goatary	87	4,43,700	5,100
04.	Poultry or Duck farming	99	6,33,600	6,400
05.	Tailoring	41	2,05,000	5,000
06.	Embroidery	162	11,66,400	7,200
07.	Petty Business	307	14,73,600	4,800
08.	Telephone Booth	23	1,61,000	7,000
09.	Tea Shop	23	80,500	3,500
10.	Cloth Business	18	99,000	5,500
Total		976	60,44,850	6,19,349

Table 1: Purpose-Wise Distribution Of Loan

In fact, any financial assistance, if utilized properly generates gainful employment opportunities. Positive sign of employment generation was found in rural economy of Khejuri. It was observed in the field survey that SHG members got gainful employment opportunities as shown in Table-2. The data show that on an average, the loans received, generated 170 person days of employment per member. In all 1, 65,929 person days of employment were generated for 976 selected members. It was noted that non-farm activities generated higher number of person days of employment than farm related activities. Telephone booth, tea shop, cloth business and small business generated 300, 240, 260 and 225 persons days of employment respectively. On the contrary, agriculture could generate 135 persons days of employment on an average per member followed by 88, 105 and 90 persons days of employment by dairying, goatary and poultry or duck-farming respectively. Actually, overall picture of Table-2 makes us infer that the loans provided by SHGs are productive and efficient in generation of employment to rural farm and non-farm workers in general.

Sl. No	Financing Activity	No. of Members	Total Employment Generated	Average Employment Generated (Person days)
01.	Agriculture	118	15,930	135
02.	Dairying	98	8,624	88
03.	Goatary	87	9,135	105
04.	Poultry or Duck farming	99	8,910	90
05.	Tailoring	41	7,995	195
06.	Embroidery	162	29,160	180
07.	Small Business	307	69,075	225
08.	Telephone Booth	23	6,900	300
09.	Tea Shop	23	5,520	240
10.	Cloth Business	18	4,680	260
TOTAL		976	1,65,929	170

Table 2: Impact On Employment Generation

There is a relationship between generation of income and employment opportunities and the potential of employment can be judged by the amount of income generated in any activity. Table- 3 makes an attempt to explain the impact of loans provided on generation of income. On an average each selected member could get an income of Rs. 10,885/- which is very important for the poor families and their members. No doubt, the income generation varies from activity to activity and each activity has its own capacity to generate income. The data presented in table-3 reveals this fact. Income generated in selected activities shows that it varies from Rs.6, 775/- per annum in case of tea shop to Rs. 17,135/- in case of agriculture. Highest amount of income generation is seen from agriculture. Embroidery activity proved an efficient one as it generated an average income of Rs.12,650/- per member, followed by Rs.12,300/- in dairying, Rs.11,600/- in telephone booth, Rs.10,400/- in tailoring and Rs.1,200/- in case of poultry or duck-farming. The members engaged in goatary and cloth business receive an average income of Rs.9,725/- and Rs.9,500/- respectively. The income generated in small business is not satisfactory where large number of members is engaged.

Sl. No	Financing Activity	No. of Members	Total Income Generated (Rs.)	Average Income Generated (Rs.)
01.	Agriculture	118	20,21,930	17,135
02.	Dairying	98	12,05,400	12,300
03.	Goatary	87	8,46,075	9,725
04.	Poultryor Duck farming	99	10,09,800	10,200
05.	Tailoring	41	4,26,400	10,400
06.	Embroidery	162	20,49,300	12,650
07.	Small Business	307	24,71,350	8,050
08.	Telephone Booth	23	2,66,800	11,600
09.	Tea Shop	23	1,55,825	6,775
10.	Cloth Business	18	1,71,000	9,500
	Total	976	1,06,23,880	10,885

Table 3: Impact On Generation Of Income

Thus, the field experiences reveal that the micro-finance provided by SHGs is productive enough and has a favourable effect on employment and income generation. Income has a favourable effect on consumption expenditure in general and on education, health, social and familial status of members in particular. Micro Credit extended to rural women opens up the scope to empower herself in the family set-up.

7. Conclusion

The field experiences reveal that the micro-finance provided to SHGs is productive enough and has a favourable effect on employment and income generation. Organized working of the women through SHGs has increased the income of the families involved. Most of them are now able to repay their old debts and have started asset building. Success of the SHGs has not only improved the economic status of women concerned but there is also a drastic change in their social status. The micro credit extended to rural women has a quality improving effect on the families of SHGs because majority of the women beneficiaries have utilized their additional income for improving the educational and health requirements. These expenditures have resulted in overall development of rural women. Now members of the SHGs have better say in their family matters and share major decisions of the family along with husband or other male members. To conclude we may say that the SHGs formed under various programmes provide a great scope for the economic empowerment of women. The groups while aiming at promotion of savings and credit work as a pressure group. Weekly meetings, discussions, thrift and credit operations, participation in planning and implementation process of development activities and social and cultural activities conducted under SHGs enhance the confidence and capacity of the poor women. Thus, the spirit of SHGs needs to be continuously nurtured.

8. Limitations of the Study

But the present study reveals some limitations of SHGs regarding their formation and day to day functions. One of the major problems is the mushrooming of SHGs in Khejuri. Considerable number of SHGs has developed without any planning and proper guidance, resulting abolition of these groups at immature stage. Ignorance of members about group mechanism and various information is another important problem. Even though the authorities take measures for creating awareness among the group members, still a section of them is not totally aware of schemes of assistance offered to SHGs. Due to lack of stability and unity among group members many groups become weak in terms of performance. It is found that in some cases, the return from their micro enterprises is not properly invested further and the funds divested for other personal or domestic purposes like construction or renovation of house, repayment of old dept, marriage etc. At the same time the return on investment is not attractive in certain groups due to inefficient management, high cost of production, absence of quality consciousness and problems of marketing. Inadequate financial assistance and non-cooperative attitude of the financial institutions are responsible for the non-utilization of micro credit in proper fashion. It is also found that the attitude of the government officials, facilitators and bank personnels is not encouraging. They are not well trained and interested to accept the challenges and equip the SHGs with self-reliance.

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