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# Self Help Group: A Hope for Women Empowerment in India

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## Abstract

SHG is a small group of rural poor, who have voluntarily come forward to form a group for improvement of the social and economic status of the members. SHGs are novel and innovative organizational setup in India for the women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. An SHG is an informal association of 10 to 20 poor women belonging to the same village and sharing a common socio-economic background. The group enables its members to gain their identity as individuals, while realizing – and utilizing – the immense power of mutual aid. It provides them with a platform from where they can access banks and public services, and spearhead changes that affect them as poor women. Though it is applicable to men in our country, but it has been more successful only among women and they can start economic activities through SHG movement. In India, this scheme is implemented with the help of NABARD as a main nodal agency in rural development. It is self employment generation scheme for especially rural women, who don't have their own assets So Women empowerment by self help group means making the woman self-dependent financially. The present study is an attempt to analyze the role and performance of SHGs in promoting women's empowerment in India.

**Keywords:** - Women Empowerment, NABARD, Poverty Alleviation, Self employment, SHG.

## 1. Introduction

The concept of Self Help Groups serves to underline the principle “for the people, by the people and of the people”. The Self Help Groups is the brain child of Grameen Bank of Bangladesh, which was founded by Prof. Mohammed Yunus of Chittagong University in the year 1975. The Self-Help Group (SHG) movement in India has been working in the right direction in empowering women and eradicating poverty in the rural and urban areas. Many women in India strongly believe in the movement and hold it responsible for improving their livelihoods. However, women are still not empowered as per the expectation. The first Prime Minister of Independent India, Pandit Jawaharlal Nehru, has rightly said that, “the women of India should play a vital role in building strong nation”. It is well known fact that the growth of women in turn develops her family, village and the nation in general. Since women constitute 48.46% of total population in India as per census 2011, it is very essential to employ this resource optimally in the interest of the nation in general and her family in particular.

## **2. Need and Importance of Self Help Group**

Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. A group become the basis for action and change. It also helps buildings of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural and urban poor women are fulfilled totally through the SHGs. SHGs enhance equality of status of women as participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The rural poor are in-capacitated due to various reasons such as; most of them are socially backward, illiterate, with low motivation and poor economic base. Individually, a poor is not weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process. However, in a group, they are empowered to overcome many of these weaknesses, hence there are needs for SHGs which is specific terms are as under:-

1. To mobilize the resources of the individual members for their collective economic development.
2. To uplift the living conditions of the poor.
3. To create a habit of savings, utilization of local resources.
4. To mobilize individual skills for group's interest.
5. To create awareness about right.
6. To assist the members financial at the time of need.
7. To identify problems, analyzing and finding solutions in the groups.
8. To act as a media for socio-economic development of village.
9. To organize training for skill development.
10. To gain mutual understanding, develop trust and self-confidence.
11. To use it as an effective delivery channel for rural credit.

## **3. Typology of SHG**

### **3.1. Model -I Self Help Groups Formed By NGOs and Linked to Banks**

In this model, NGOs would organize the poor into groups undertake training for awareness and understanding building, entrepreneurship and skill training help in arranging inputs, extension and marketing, introduce savings and internal lending, help in maintenance of accounts and link

them with the banks for credit requirements. Banks directly provide loans to SHGs with recommendation of NGOs. In this model, NGOs act as facilitators.

### **3.2. Model - II NGO Forms and Perform Financial Intermediation Role as a Lender to SHG After Sourcing Loans From Bank.**

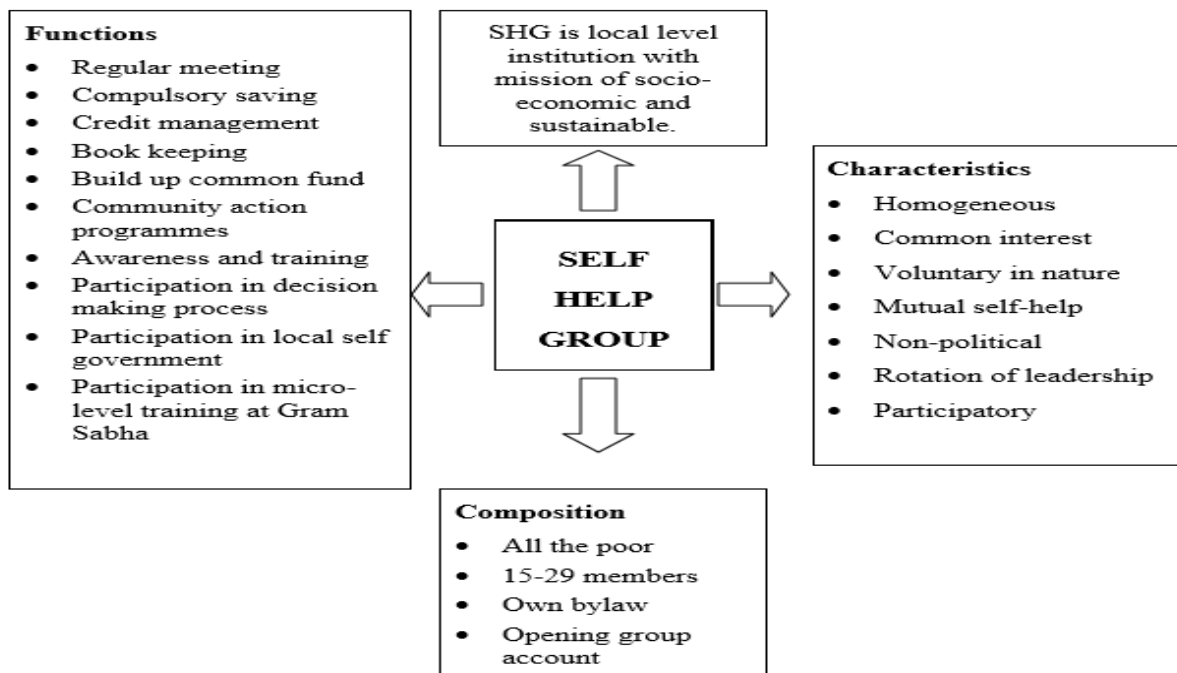
In this model, besides acting as facilitator, the NGO also works as financial intermediary. Here, the loan is given to NGO by the bank for on lending the SHGs. In this linkage model, NGO would be legally responsible for repayment and would bear the risk of non-payment. Involvement of NGOs in microcredit system would have positive influence as they are the grass root agencies with information about borrowers. Thus, adverse selection and production of recovery could be avoided. At the same time, NGO would be in a position to help the rural poor, particularly the women to bring them above poverty line create rural employment. The growth rate of SHGs and micro-credit have been phenomenal which certainly reveal that the rural people involved in their growth are able to improve their micro-entrepreneurial skills with the help of their own savings and additional bank credit, as required.

### **3.3. Model - III Bank - SHGs Association**

In this case, banks directly promote self help groups. Here, the bank assumes to play the role of NGOs and ensure linkage with SHGs. This SHG-NGO-Bank integration is very much essential to credit delivery for self-employment and other business activities, which could be an effective vaccine against poverty. But the ultimate goal of this linkage programme is not just promotion of SHGs. The challenge of poverty alleviation must come at the center stage. It is already an established fact that microcredit is an important means of poverty alleviation. The SHG route is one of the cost effective methods of credit flow to the poor who need most.

There are a variety of SHGs or peer groups the world over. For example, in the Grameen bank, a group consist of only five members. Out of these five, one is the president; one is secretary and one treasurer. Only two members are ordinary members. When the loan is available, the group gives it first of all to the ordinary member and only later to its office bearers. This implies many lessons, while some members hold position, others benefit by early loans.

In Grameen bank model, six groups i.e. 30 members form a center and a lending activity of the bank is done only in the branch offices. A branch office operates within 10 kms of all centers, weekly meetings of the groups are held. When they gather, the women first of all do some physical exercise and they recite the 16 principles for their social development. Thereafter, the repayments of loans are made and then regular savings are collected. These are considered subject to recommendations by the center. On another day, the borrower has to visit the branch office to collect the loan amount. For an SHG within the pattern of loose collective, there is a variation. The group may be a cooperative credit society or a federation of cooperative societies. In case, the groups are federations, the savings are collected by the group leader and brought to the federation office, which maintain detailed accounts of group savings.



### Performance Highlights: A Snapshot

SHG Model	2016	2015	
Total number of SHGs Linked	79.03 Lakh	77.12 Lakh	↑
Number of families reached	103 million	101 million	↑
Total saving of SHGs	Rs. 13691 Cr	Rs. 11307 Cr.	↑
Total number of SHGs Credit Linkage	18.32 Lakh	16.26 Lakh	↑
Gross loan outstanding	Rs. 57119 Cr.	Rs.51721 Cr.	↑
Total loan distributed	Rs. 37286 Cr.	Rs. 30334 Cr.	↑
Avg. Loan Distributed per SFG	Rs. 203526	Rs. 186556	↑
Avg. Loan Outstanding per SHG	Rs. 122258	Rs. 115759	↑
NPA	6.45%	7.40%	↓

\*Source: - The Bharat Microfinance Report 2016

#### 4. NABARD's 'SHG Bank Linkage' Program

Many self-help groups, especially in India, under NABARD's 'SHG Bank Linkage' program, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments.

This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest."<sup>1</sup>

NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra-Pradesh, Tamil Nadu, Kerala and Karnataka. These states accounted for 57% of the SHG credits linked during the financial year 2005–2006."

### 5. Agency-Wise Distribution of SHG-BLP

Commercial Banks by virtue of their vast network take the lead in SHG-BLP. More than half (41.40 lakh, 52.39%) of the SHGs in the country maintain their savings account with the Commercial Banks. During 2015-16, the share of Commercial Banks in terms of SHGs with savings linkage marginally declined, however, their share in quantum of savings outstanding increased from 60% in the previous year to almost two thirds during 2015-16 (Table 4.4). On the other hand, the share of RRBs increased both in terms of number of SHGs and savings balances. The cooperatives increased their share in number of SHGs but their share in savings outstanding declined. Bank-wise details of savings under SHG-BLP are given in Statement IA.

(Amount ₹ lakh)

Name of the Agency	Total Savings of SHGs with Banks as on 31 March 2016		Loans disbursed to SHGs by Banks during the year		Total Outstanding Bank Loans against SHGs		NPAs	
	No. of SHGs	Savings Amount	No. of SHGs	Loans dis-bursed	No. of SHGs	Loan Out-standing	Amount of Gross NPA	NPA (%)
Commercial Banks	4140111	903389	1132281	2518497	2626364	3714562	232140	6.25
% Share	52.6	66.0	61.8	67.5	56.2	65.0	62.98	
Regional Rural Banks	2256811	248428	470399	916493	1445476	1610935	106429	6.61
% Share	28.56	18.1	25.7	24.6	30.9	28.2	28.87	
Cooperative Banks	1506080	217322	229643	293700	600781	386426	30054	7.78
% Share	19.1	15.9	12.5	7.9	12.9	6.8	8.15	
<b>Total</b>	<b>7903002</b>	<b>1369139</b>	<b>1832323</b>	<b>3728690</b>	<b>4672621</b>	<b>5711923</b>	<b>368623</b>	<b>6.45</b>

Source: - NABARD report 2015-16

## **6. Literature Review**

Vasudeva Rao (2003) conducted a study on “Self Help Groups and Social change” with the objective to study the improved status and quality of life of poor women and children in the rural areas and the involvement of community in planning .To achieve the objectives of the study a sample of 1.5 percent, out of 2.19 lakh self help group in Andra Pradesh, was taken. It is observed that the self interest and self motivation would go a long way for the sustenance of the group. The share of women in decision making regarding important domestic matter is varying between districts and caste groups. The rate of illiteracy can be further reduced through the existing programmes.

Gudaganavar and Gudaganavar (2008) made an attempt to examine the empowerment of rural women through SHG. They highlighted the process of SHGs in India from 1992-93 to 2006-07. They also highlighted the region-wise progress of SHGs and employment of women through SHGs. They concluded that no development was possible without empowerment of women.

Sankaran (2009) made an attempt to analyse the trends and problems of rural women entrepreneurs in India. The study highlighted the conceptual aspects of trends and problems of rural women entrepreneurs in India. It concluded that women have creative ability, easy adaptability and ability to cope with setbacks.

Dr. Uma Narang (2012) in her study found that the Self Help Group concept has been mooted along the rural and semi urban women to improve their living conditions. Even though SHG concept is applicable to men also in our country, it has been more successful only among women. To reduce poverty by enabling the poor household to access gainful self employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihood on a sustainable basis, through building strong grass-root institutions of the poor (SHGs) is now the main motive of the most of the employment schemes. Thus SHGs have been showing the way ahead to alleviate the poverty of India along with women empowerment.

## **7. Research Methodology**

This study is descriptive in nature and compiled with the help of the secondary data. Secondary data have collected by different websites reports, Journals and Magazines.

## **8. Objective of the Study**

- 1- To analyse women empowerment through SHGs.
- 2- To analyse the economic gains derived by the members after joining the SHGs
- 3- To study the level of satisfaction of members in Self Help Group.
- 4- To find out the problems faced by the members in Self Help Groups.
- 5- To explore future strategies and to suggest measures for the better management of Self Help Groups.

## **9. Analysis and Findings**

From the above data and table it reveals that there has been a substantial increase of around 21 percent in the savings of SHGs in FY 2015-16 over the previous fiscal, which is great reflection of women empowerment and self dependence. The more savings we have the more financially empowered we are. Besides this the NPA figures have gone down by almost 1 percentage during the same period which shows that SHGs are not only helping the women for making them self dependent but also keeping them in a disciplined and sustainable life style. This is a good sign and a win-win situation for both, service provider and seeker.

The percentages of shares by different agencies are good sign for the condition of SHG in India. The commercial banks are playing a vital role to finance to SHG and making women more empowered. It indicates that SHGs during the year 2015-16 increased over previous year. Loan disbursed and loan amount outstanding of women SHGs as a percentage of amounts of total SHGs has been increased during that period. it shows a positive impact of SHGs on employment generation. Thus SHGs leads to the way through which the problem of unemployment can be solved and poverty can be removed in the Indian.

## **10. Suggestion**

- 1- Female literacy level should be increased to empower the women.
- 2- Capacity building and awareness programme should be conducted for the rural women.
- 3- To organize training for skill development by the government.
- 4- The group leader educates the entire team to manage the groups and maintain accounts and other record of the groups.
- 5- Since majority of the women are ignorant of their legal rights, legal literacy classes should be organized to enhance their awareness.
- 6- More schemes can be introduced by the government and it has not be communicated and advertised proper way to reach the Self Help Groups. So the Non-Government Organizations and other support agencies to deals with Self Help Group with periodical intervals. In the aspects, Self Help Group members more satisfied and benefited.

## **11. Conclusion**

The economic development of any country is depend on the productivity of male and female both. With the concept of Self Help Groups (SHGs) the women are now participating in all productive activities and are at par with men. The monthly income of the women is in the rising trend properly matching with their monthly expenditure. The self help group is important in re-strengthening and bringing together of the human race. In India Rural women play a significant role in the domestic and Socio-economic life of the society and therefore, holistic national development is not possible without developing this segment of the society. I may conclude that the economic activities of Self Help Group are quite successful and it is showing the way ahead to alleviate the poverty of India along with women empowerment.

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