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Role of Self-Help Groups in Socio-Economic Development of Women in India

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Abstract

The Self Help Group (SHG) method is used by the government, NGOs and others worldwide. Self Help Group (SHG) can act as an empowerment resource centers for women, percolating the benefits to the society in general. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self Help Groups. The Self Help Group (SHG) development strategy is one of the efforts which is a community owned and managed poverty alleviation programme designed to empower the poor in general and the poor women in particular.

Keywords: Self-help Group, women's Empowerment, Socio-economic Development

Introduction

Self Help Groups have been playing considerable role in participating various trainings such as: communication skills, self-confidence, decision making skills and etc. thanks to self-help groups, women's living conditions have considerably ameliorated. They started organizing themselves in small groups in order to enhance their socioeconomic conditions through the different loans either the internal loans or external ones. Internal means

through the group's saving, the group can grant loan to its members, whereas internal loan is the one from a bank. Any sustainable development requires women's participation especially in rural areas. Because they are the most vulnerable in terms of financial disempowerment and physical tiredness they come across in their respective places. SHG becomes a tool through which they start to breathe at all level. SHGs under ODP's interventions in Yaraganahalli Panchayat of Mysore district consisted of disempowered poor women, whom almost half of them were illiterate who shouldered the responsibility of earning an income for their families. Thanks to its interventions, women started new lifestyle by self-sufficiency. Likewise, social work is a profession that is concerned in helping underprivileged members of the society, enhancing the well-being of people within their social context and addressing the well-being of society as a whole. Such a resemblance of the two services calls for a close working relationship between them. Thus, Self Help Groups, as an empowerment approach, need a close collaboration with social work service provider organisations for the better benefit of their clients.

Self Help Groups (SHGs)

Sadhana Thakur (2012) defined the Self Help Group (SHG) as a group of rural poor who have volunteered to organise themselves into a group to eradicate poverty of the members. They agree to save regularly and convert their savings into a common fund known as the group corpus. Self Help Group (SHG) is a method of organizing the poor people and the marginalized to come together to solve their individual problems. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return, they receive an easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalised population in India are building their lives, their families and their society through Self Help Groups. Self Help



Group (SHG)-Bank Linkage Programme is emerging as a cost-effective mechanism for providing financial services to the “Unreached Poor” which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self-help capacities of the poor ,leading to their empowerment.

Self Help Group is defined as a “self-governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.” Today the SHG movement is increasingly accepted as an innovation in the field of rural credit in many developing countries including India to help the rural poor. It is considered as a vehicle to reach the disadvantaged and marginalized section of the people, which in the normal course cannot avail of credit facility from the formal financial institutions.

Principles of SHGs

According to Ghadoliya (2006 cited in Blay, 2011) and other studies the concept of SHGs is based on the following principles:

- a) Self Help Group supplemented with mutual help can be a powerful vehicle for the poor in their Socio-economic development;
- b) Participative, financial services management is more responsive and efficient;
- c) Poor need not only credit support, but also savings and other services;
- d) Flexible democratic system of working;
- e) Amounts loaned are small, frequent and for short duration and periodic meetings;
- f) development;
- g) Poor can save and are bankable and SHGs as clients, result in wider outreach lower transaction cost and much lower risk costs for the banks;
- h) Creation of a common fund by contributing small savings on a regular basis;

- i) Loaning is done mainly on trust with a bare documentation and without any security;
- j) Amounts loaned are small, frequent and for short duration;
- k) Defaults are rare mainly due to group pressure; and
- l) Periodic meetings non-traditional savings.

SHG approach helps members realize their potential and unleash it. As an individual, the poor are voiceless, powerless, and vulnerable but collectively they can stand for their social, economic, and political empowerment. Therefore, the SHG approach makes the poor realize their hidden potential and unleash it through a gradual attitudinal change supported by relevant capacity building inputs.

The Importance of SHGs

Self Help Groups as a new sustainable development strategy has been adopted by government and some development organizations in India recently. Several studies have been conducted by social scientists, and financial institutions, and agencies, which emphasize the impact of SHGs on empowerment, credit accessibility and social change.

SHGs highly contributed for the social transformation of the community such as child protection and rearing, women participation and improved relationship of men and women at community level. SHGs also contributed for the welfare of the society in issues related with HIV/AIDS, protecting their children from different evils around the community, active participation in local government offices and support in local institutions like.

The women also shared their knowledge and hand craft skills for some community members around them.

Self Help Group (SHG) is a small group of rural or urban poor, who have voluntarily come forward to form a group for improvement of the social and economic status of the members. It



can be formal (registered) or informal. Members of SHG agree to save regularly and contribute to a common fund. The members agree to use this common fund and such other funds (like granting loans from banks), which they may receive as a group, to give small loans to needy members as per the decision of the group.

The broad goals of a Self Help Group are to bring about personal and socioeconomic change for its members and society. Self Help Groups (SHGs) are becoming one of the important means for the empowerment of poor women in almost all the developing countries including India. Hence, poverty remains a chronic condition for almost more than 35% of India's rural population. Particularly poverty is very deep among the members of scheduled castes, tribes and women in the country's rural regions. In India more rural poverty prevails majority among Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, Chhattisgarh and Karnataka states. A major cause of poverty among India's rural people, both individuals and communities, is lack of access to productive assets and financial resources. Further, high level of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people.

Women in general are the most disadvantaged people in the rural regions of India. Even though women largely participate in economic activities, mainly agriculture, their work is not considered economic. Primarily poverty has lot of disadvantages on this group. There are few ways to eradicate rural poverty in India. Mainly providing economic support to the rural people, women in particular, has been proved very fruitful to reduce the poverty in rural India. Providing economic support or loans to the rural women help them to empower, not only economically but also socially, further this strengthens the whole society in general. The discrimination of women on gender basis is evidently found almost everywhere in every

stream. Particularly in rural India not only ordinary men but also governmental policies (such as credit schemes) had neglected the capacity of holding money by women.

Today, In India, Self Help Groups represent a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self-management and development for SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economically and socially. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social.

In India before 1990s, credit schemes for rural women were largely negligible. But in recent years the most significantly emerging system called Self Help Groups (SHGs) is a major breakthrough in improving lives of womenfolk and alleviating rural poverty. The concept of women's credit was born on the insistence by women oriented studies which highlighted the discrimination and struggle the women had in accessing credit. Earlier there were certain misconceptions about the rural poor people that they need loan at subsidized rates of interest on soft terms, and they neither have education nor skills, capacity to save and therefore they are not bankable. However, the significant success of several SHGs show that the rural poor indeed efficient to manage credit and finance. Hence the present study is placed in this context to examine the relationship between SHGs and socio-economic development of rural community in general and women in particular of Yaraganahalli Panchayat, Mysore district and also to suggest suitable measures for the effective improvement of functioning of SHGs in



improving the socio-economic conditions of the rural people.

One of the most essential features of development is the transformation of community, which embraces social progress from traditional relations, social norms, and traditional ways of health care, education and methods of production to more improved ones. Changes associated with development provide communities as well as individuals with more control and influence over their own destiny. Development enriches the lives of individuals by widening the horizons of choices and freedoms by reducing their sense of isolation. Hence, the development strategy that is planned to bring sustainable affirmative change into effect must be aimed at facilitating the transformation of society by identifying the potential catalysts and barriers to change. Experiences from various development attempts that have been made to minimize the effect of poverty so far has demonstrated that there are efforts to change the miserable life condition of many poor people in many parts of the globe but it is not easy to occur. In the so-called poor nations of the world, many development strategies experimented through various development agents/organizations, have not yielded the desired results. However, it is evident that few countries have benefited from such development efforts and have succeeded in rapid economic growth and poverty alleviation. To quote of Jawaharlal Nehru "You can tell the condition of a nation by looking at the status of its women". The main reason for considerable percentage of population below the poverty line and India still remaining a developing country with lot of problems is due to the human resources not being used at the optimum level. 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". Further, the Father of the Nation, Mahatma Gandhi has said, "the development of every village is nothing but the development of 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. In the past, women were not ready to undertake any work, job and business due to shyness, fear and male dominance in the society. However, of late, Indian women have come out of the four walls of the kitchen and shown their willingness to take up entrepreneurial activities. Women of today want more economic freedom. Further, many women have proved that they are more efficient than men in contributing to the growth of the economy. Just as we need two hands for the smooth functioning of our work, similarly, both men and women should involve in productive activities to build a strong nation. To mitigate the problem of unemployment and underemployment, the role of women should not only be confined to generate employment, but also to provide employment to others. They have to undertake entrepreneurial activities to create additional wealth for the nation and to solve the problem of unemployment and poverty. Entrepreneurship development among women, particularly among rural women, will strengthen the rural and national economy.

Empowerment of women has emerged as an important issue in recent times. The economic empowerment of women is being regarded these days as a Sine qua non of progress for a country; hence, the issue of economic empowerment of women is of paramount importance to political thinkers, social scientists and reformers. The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Women entrepreneurs need to be lauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizeable employment for others, and setting the trend for other women entrepreneurs in the organized sector.



While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are.

Abdul (2007) analyzed that women and SHGs in many parts of the country have achieved success in bringing the women to the main stream of decision making. The SHG in India has become a source of inspiration for women. Welfare formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHG is also a viable organized set up to disburse micro credit to the rural women and encouraging them together into entrepreneurial activities. To alleviate the poverty and to empower the women, the micro-finance, Self Help Groups (SHGs) and credit management groups have also started in India.

The purpose of the groups is enabling the group members to come together and combine their resource in order to access low-cost financial service with a process of self-management and development. They can be formed and organized by authorized institutions or sometimes they can be formed by the common interest of individuals living in the same life condition. The group members save a certain money together for some period of time that can be used as loan so that they can engage in different small business activities to improve their economic life and living conditions. Beyond this they help each other during stiff problems by establishing strong social network among the group members. Nevertheless, the vital purpose of the SHG programme is to pave the way to access credit in order to help the members to fight against poverty.

According to United Nation Industrial Development Organization, in 2003 women consist of three-fifths of the world's population. Their poverty level is worse than that of men as clear gender disparities in education, employment opportunities and decision making power exists. The need of women

empowerment is a requirement for sustainable development, pro poor growth and the achievement of all Millennium Development Goals. When women empowerment is put into practices it will allow women to have more equitable access to assets and services which in turn strengthen women's rights, increase agricultural productivity, reduce hunger and promote growth.

Most third world countries are developing various approaches to enhance their economic growth. The most common method is the bottom up approach where the community develops their own approach to empower themselves. In India SHG approach has been tapped by the government through the National Bank for Agriculture and Rural Development programme as it has strong grass root network.

Self Help Group (SHG) is usually formed with the ultimate goal of enhancing its members' economic empowerment process through recognizing and building its members capabilities.

The Self Help Group (SHG) is a development approach aimed at addressing socio-economically marginalized and destitute groups of the community. This approach is based on two basic principles. Every human being has tremendous, God given potential. This potential can be unleashed when conducive environment is created and as an individual the poor are voiceless, powerless and vulnerable. By bringing them together as a homogenous collective aware of their rights, they have tremendous strength.

Self Help Group agrees to save on a regular basis and convert their savings into a common fund known as 'group corpus'. Through SHG, banks can provide formal financial services to small rural depositors while paying them a market interest rate. SHG is started by nonprofit organizations and also by Government organizations that generally have broad poverty reduction agendas. SHG is seen as instruments for a variety of goals, including

giving control to women, increasing management ability among adverse people, increasing school enrollments, and improving diet and the use of family planning measures. SHG proves to be effective tools for poverty reductions and Capacity building of rural natives. It provides women an opportunity to become socially and economically self-sufficient. SHG provides them freedom express their views, feelings about the various societal and political concerns. SHG also helps to create knowledge among its members about social evils, the rights of women, about the laws and regulations of government in general. The empowerment of women is vital for the economic development of a nation and also plays a key role in building a base for societal change. To improve the socio-economic conditions of the population of any country, it has become a prerequisite to empower women

by enhancing and making certain their role to the optimal level.

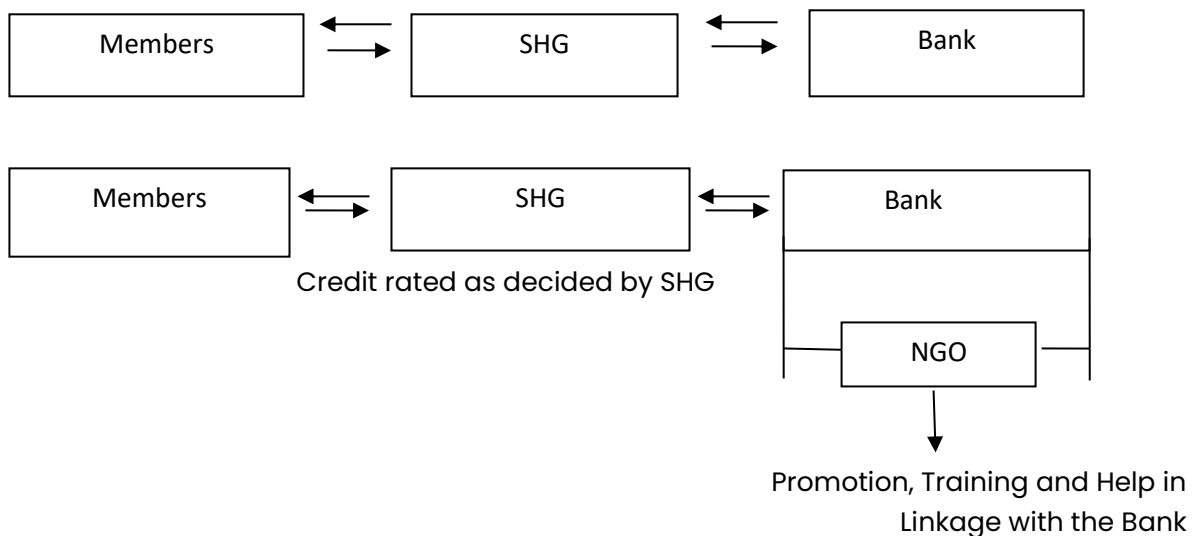
Different SHG Models of Linkage

There are 3 models of credit linkage of SHGs with banks that exist in India:

MODEL I: SHGs formed and Financed by Banks

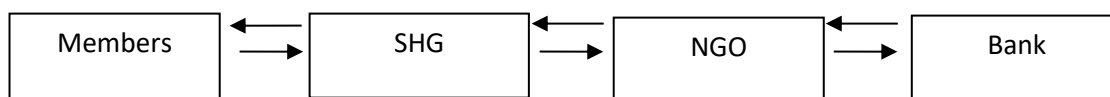
Under this model, banks themselves act as Self Help Promoting Institutions i.e. engaged in forming and nurturing the groups, opening their savings accounts and providing them bank loans. Group members act as collateral security. In this model the credit is generally made available to the group and members to be financed are identified by the group itself, which takes the responsibility of loan repayment.

Model II: SHGs Formed by NGOs and Formal Agencies, but Directly Financed by Banks



MODEL III: SGHs Financed by Banks using NGOs and other Agencies as Financial Intermediaries

In this model, NGOs take on the dual role of facilitators and financial intermediaries. They help in formation of SHGs, nurturing them, train them in thrift and credit management. Eventually the NGOs approach banks for bulk loan assistance for on-lending to these SHGs.



Features of Self Help Groups (SHGs)

- a. SHGs are well accepted and established by the government or NGOs.
- b. Self Help Group is a group of people from the same socio-economic background up to 20 members.



- c. SHGs are promoted by Government agencies or NGOs with the aim of solving the common problems of group members either financial or social through mutual help.
- d. They can open accounts in the bank in its own name, receive government grants and funds for various expansion activities.
- e. They perform various activities as social intermediaries and often involved in numerous social activities.
- f. They keep their own books of accounts. It is a structured body, including electives, Group President, Secretary, and Treasurer.
- g. They have the self-governing body. SHGs activate small saving and rotate it in a group.

Need of Self Help Groups (SHGs)

The rural poor are incapacitated due to various reasons, because most of them are socially backward, illiterate, with low motivation and poor economic base. Individually, a poor man is not only weak in socioeconomic 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 shortcomings. Hence, the role of SHGs is highly essential which in specific terms covers the following as under:

- a. To mobilize the resources of the individual members for their collective economic development and uplifting the living conditions of the poor.
- b. To create a habit of savings and utilization of local resources in form of utilizing individual skills for group interest.
- c. To create awareness about rights that help in financial assistance.
- d. To identify problems, analyzing and finding solutions in the group.
- e. To act as a media for socio-economic development of the village.
- f. To develop linkages with institutions of NGOs.

- g. To help in recovery of loans.
- h. To gain mutual understanding, develop trust and self-confidence.
- i. To build up teamwork.
- j. To develop leadership qualities.
- k. To use as an effective delivery channel for rural credit.

Challenges Faced by Self Help Groups

Mindaye (2014) explored the major challenges of SHGs which hindered them from achieving more were the illiteracy of some SHG members. According to this study the presence of illiteracy brought a negative effect in the leadership cycle of the system because SHGs and leaders have to be capable of writing and reading the record and report of their activities and for proper bookkeeping. These challenges forced the progress of empowerment and development of women to continue in slow pace.

Van Kempen (2009) analyzed some of capacity gaps facing SHG include both the internal factors which are within their control and also the external factors which are beyond their control. The most common internal factors are the management and the technical skills. The management skills include lack of governance structure, strategic plan, financial management, constitution, and poor monitoring and evaluation tools. The technical skills include poor marketing skills, accounting skills and financial planning skills.

A study conducted by Mukherjee and Purkayastha (2011) noted some of the group business, despite producing excellent quality products, suffered huge inventories due to poor marketing strategy as a result of lack of brand identity of their produce, and poor distribution network.

Some of the external factors include lack of control over policies making such as to gap exploitative markets, enable them have access to good roads, friendly bank lending rates. The greatest absurdity is that most government officials who make these policies are thousands



of miles away continually shaping new solution to problems they have never experienced for the people whom they have never consulted and thus some of the policies developed to alleviate the poor do not work.

Pattnaik (2003) in her study 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 constrain like gender inequality, exploitation, women torture for which various SHGs are not organized properly and effectively.

Das (2012) defines with the growing competition there is a need to equip Self Help Groups members with technical skills such as marketing, entrepreneurial, and financial planning to stand the test of time.

Self Help Group (SHG) has proved to be a good grass root approach to poverty eradication by the community. Most government and NGOs have notice this approach, and wants to override in these structures without undergoing necessary restructuring and re-orientation to suit the structure. For example some NGOs who want to supplement the group loan through aid end up burdening the group with a lot of paper work such as proposal, budget, work plans, prior approval of aid without building their capacity to on those areas. This may lead to delay which may not much community priorities.

The Concept of Self Help Groups (SHGs) in the context of third world scholars

Self Help Group (SHG) is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a common fund known as the Group Corpus.

NABARD (1997) defines SHGs as "small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be

lent to its members as per the group members' decision".

Ministry of Human Resource Development (1996) explained "SHG is a homogeneous group of 10 to 20 women each. These women select their own leader and also fix tenure for such leadership SHGs are extremely helpful in allowing the NGOs to be known to a large number of individuals intimately and to relate to them in a variety of ways including facilitating credit availability".

Shylendra (1998) analyzed which the concept of Self Help Groups gained significance, especially after 1975 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication by empowering poor women. Self Help Groups are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The benefits include mobilization of savings and credit facilities as a pursuit of group enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings, but it also helps them to get access to formal credit facilities. These groups by way of joint liability, enable the poor to overcome the problem of collateral security and thus frees them from the clutches of money lenders.

Desai and Namboodiri (2001) described some of the basic features of SHGs promoted by the NGOs/Banks as organizations composed generally of poor and weaker sections of rural people, particularly women, who were homogenous in the social and economic status, undertook common activities. The group democratically elected or unanimously selected a rotating leadership and met regularly.

Sandhu (2013) has pointed in India NABARD (National Bank for Agriculture and Rural Development) had initiated in 1985, and it



defined SHGs as “small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members’ decision”. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks.

Women’s empowerment can be measured by factors contributing to each of the following i.e. their personal, economic, familial, and political empowerment. Household and interfamilial relations are to be included which is believed to be a central locus of women’s dis-empowerment in India. To understand the change women undergo in becoming empowered we look at the above aspects. Various studies show that the women have been empowered based on factors such as income, households, political, decision making etc.

According to Zubair Meenai (2003) SHG is composed of about 10-20 members. Each homogenous group meets monthly or weekly close to members home. At the designated meeting, all members save a commonly agreed amount. The group then lends these savings to its members, stores them in a cashbox, or deposits them in a group bank account in order to leverage a group loan. In cases of emergency or need, members can access a loan quickly from their group’s fund. The basic philosophy lies in the fact that shortcomings and weaknesses at the individual level are overcome by the collective responsibility and security afforded by the formation of a group of such individuals. The collective coming together of individual members is also used for a number of purposes: education and awareness building, collective bargaining power and peer pressure, among others. As the group matures, income enhancement and entrepreneurial activities are initiated. These can be both individual as well as group activities. Groups also start connecting with other groups in the area and start the process of cluster formation, networking and federating, thus acquiring a larger status and

becoming a larger pressure group operating in an enhanced sphere.

According to Mohanan N. (1998) the Self-help scheme to benefit the poorest of the poor must be at the heart of the new strategy to combat poverty. To him, the SHGs route is one of the cost effective methods of delivery of credit to the poor for whom modern capital is inaccessible.

Manimekali and Rajeshwari (2001) have explained the role of SHGs in empowering women. The encouragement given by the SHGs help the organizers to form a group. They have suggested giving training, which is linked with some kind of credit delivery mechanism whether formal or informal.

Sadhana Thakur (2012) explored that the members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. Generally, a Self Help Group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and case of minor irrigation and disabled persons, this number may be from 5-20. Generally, all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and exceptional cases, where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL (below poverty line) families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural laborers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. A person should not be a member of more than one group.

G. Vidya S. R. (2015) pin-pointed which the group should be able to draw up an agenda for each meeting and take up discussions as



per the agenda. The members should build their corpus through regularly savings. The group should develop be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund. The group corpus fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, Repayment schedule and interest rates. The members in the group meetings should take all the loaning decisions through a participatory decision making process. The group should be able to priorities the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan instalments from the loaners. The group should operate a group account preferably in their services area bank branch, so as to deposit the balances amounts left with the group should maintain simple basic records such as Minutes book, Attendance and individual passbooks. 50% of the groups formed in each block should be exclusively for the women. The development of mutual aid within Self Help Groups appeared to be a part of a strengthening social action movement among women in rural area. Although the groups were originally encouraged by the grassroots non-governmental organization, which women can make largely autonomous local decisions about what events and enterprises they would support and to what extent. It appeared the Self Help Groups were having a significant impact on the empowerment of women in rural areas.

Self Help Groups provided opportunities for women to serve as models of leadership for the children that were often present in the background during group meetings. Girls and young women watched their mothers, aunts and grandmothers serve as decision makers and persons that were listened to by others. During the Self Help Groups meetings, women expressed problems that affect their livelihood.

Since the 1990's women have been identified as key agents of sustainable development and women's equality and empowerment are seen as central to a more holistic approach towards establishing new patterns and process of development that are sustainable.

The World Bank has suggested that empowerment of women should be a key aspect of all social development programmes. Although a considerable debate on what constitute empowerment exists, in this document we find it useful to rely on Kabeer's definition: "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them." For women in India, this suggests empowerment in several realms: personal, familial, economic and political.

Since the 1980's the government of India has shown increasing concern for women's issues through a variety of legislation promoting the education and political participation of women. International organizations like the World Bank and United Nation have focused on women's issues especially the empowerment of poor women in rural areas. In the late 1980s and early 1990s, non-governmental organizations have also taken on an increased role in the area of women's empowerment. NGO's, previously catering to women's health and educational needs, have moved beyond this traditional focus to addressing the underlying causes of deprivations through promoting the economic and social empowerment of women.

Women Empowerment

Concept of Women Empowerment is an active multidimensional process to enable women to realize their identity, position and power in all spheres of life. Empowerment provides a greater access to knowledge and resources, more autonomy in decision making, greater ability to plan lives, more control over the circumstances which influence lives, and freedom from customs, belief and practices. Empowerment demands a drastic and basic



change in the system of marriage and family, husband and wife relationship and attitude towards socialization and remarriage. Empowerment is a process that gives a person freedom in decision making. Women's empowerment is not a Northern concept. Women all over the world, including countries in the South, have been challenging and changing gender inequalities since the beginnings of history. These struggles have also been supported by many men who have been outraged at injustice against women and their consequences for the society.

Jaya (2002) analyzed the need to create a grassroots organizational base to enable poor women to come together, to analyze their issues and problems themselves, and to fulfill their needs was strongly advocated in countries like Indian, Bangladesh, and Pakistan. In these countries such group-based participatory programmes have made a significant improvement in the living conditions of poor women.

Self Help Group refers to a group of 10-20 people who come from similar socio-economic backgrounds for various development programmes or to solve common problems. Such groups are recognized by the governments and banks and can open bank accounts in the name of the SHG. These groups tend to be autonomous and tend to involve themselves in various activities, including social causes. So if a group of fifteen women in a village would like to apply for a loan start a small enterprise selling bags and cushions, they would be considered an SHG. These SHGs, by way of enterprise tend to create more employment opportunities and inspire others to get involved in small enterprises as well.

Varshney (1993) defined that Self Help Groups contributed a lot for the progressive empowerment of Indian's rural sector especially in relation to political and leadership skills of the community besides, in 1993, 40% of Indian

parliament had a rural background as opposed to about 20 per cent in the 1950s.

According to this study, the members of Self Help Groups are empowered economically and socially after joining SHG and the number of assisted group has increased from 35,000 between 1999 - 2000 to 1.15 million between 2007 and 2008. Accordingly, the members took control over their lives because their empowerment is self-generated. The study also found out that domestic violence reduced in 25 per cent especially due to reduction in economic difficulties and members' interaction with outsiders increased by 91 per cent while in the pre SHG period it was 25 percent.

Soni (2001) defines "empowerment as an active multidimensional process, which should enable women to realize their full identity and power in all spheres of life".

Soundari and Sudhir (2001) reveals that the SHGs engage not only in productive economic activities but also in social empowerment and capacity building of rural Dalit women.

Reddy (2012) has pointed out that for bridging gaps in gender inequality, women should be empowered by making them as active partners in decision-making, implementation and evaluation of all interventions initiated for energizing, organizing and sustaining their livelihood. According to him, empowerment is an ongoing process and not an end by itself. The processes involved in empowering are:

- a. Growth in people's awareness and confidence;
- b. Ability to articulate problems;
- c. Gaining access to resources and public facilities;
- d. Negotiating over relations between different social groups.

Seibel and Kumar (2002) revealed that SHGs in Karnataka paved the way for empowerment of women who are increasingly involved in community development programmes and local politics. SHGs have potential to prevent



social evils such as child marriage, child labour, and dowry and prevent harassment of women.

Pazhani (2004) has analyzed the socio-economic conditions of women participating in Panchayat Raj Institutions (PRIs) and the factors responsible for active participation of women in panchayat raj institutions. He suggested that the NGOs may be used in a better way to create social awareness among the rural population, especially women regarding panchayat raj institutions and also other things relating to their environment.

Perumal (2005) observed that women who join SHGs are strengthened in many ways apart from becoming economically empowered. They gain a say in family matters and their social status is enhanced.

Self Help Groups; Tools for Poverty Alleviation

According to World Bank (2001) economic growth is fundamental for generating resources for development and poverty alleviation. Such growth is aimed at also sustaining development, which can provide equal socio-economic access and opportunities to those who presently lack it, as well as for future generations. To achieve this, practical goals need to be translated, and development of programmes, and policies that focus on broadly based economic growth areas that ensure sustained improvements in the earnings of the poor are necessary.

Sharma (2001) in his review of the genesis and development of SHGs in India, revealed that in the situation where the existing formal financial institutions failed to provide finances to those who were landless, marginalized and disadvantaged groups, the establishment of SHGs has enabled many poor people to become involved in various income-generating activities through the small loans that they received from the groups.

Tasli (2007) stated that SHGs focuses primarily on poor women to enable them improve their economic status by increasing women's

employment opportunity and income-generation activities like skill training as well as their access to productive resources Hence, this concept is directly matches with the concept of SHG which promote women to mobilize their resource, take skill trainings and to change their economic status through those income generation activities (IGA).

Self Help Groups and Women Empowerment

Self Help Group (SHG) is a process by which a large group of women (10 – 20), with common objectives are facilitated to come together voluntarily to participate in the development activities such as saving, credit and income generation thereby ensuring economic independence. SHG phenomenon definitely brings group consciousness among women, sense of belongingness, adequate self-confidence. In fact, what she cannot achieve as an individual, can accomplish as a member of group with sufficient understanding about her own rights, roles, privileges and responsibilities as a dignified member of society in par with man. When she becomes a member of SHG, her sense of public participation, enlarged horizon of social activities, high self-esteem, self-respect and fulfillment in life expands and enhances the quality of status of women as participants, decision makers and beneficiaries in the democratic, economic social and cultural spheres of life. In other words, we can say that SHG is an effective instrument to empower women socially and economically which ultimately contributes in the overall development of the country like India wherein still large segment of women population are underprivileged, illiterate, exploited and deprived of basic rights of social and economic spectrum. As a group-oriented model, SHGs in India is a mechanism for women's development to bring in individual and collective empowerment through improvement in both condition and position of women. As it was explained earlier, empowerment is a process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied. Several recent



assessment studies have generally reported positive impacts of SHGs. As stated by Kabeer (2001) the ability to define one's goals and act upon them, awareness of gendered power structures, self-esteem, and self-confidence are the core elements of empowerment.

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 in the region-wise progress of SHGs and employment of women through SHGs. They concluded that no development was possible without empowerment of women.

Zaman (2001) studied the impact of Self Help Groups micro credit schemes in Bangladesh. Findings revealed that through asset creation, SHGs have played valuable roles in reducing the vulnerability of the poor, bring a balance to income and consumption, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge.

Ranadive (2004) stated that experiences from the developing countries show that improvements in women's education, health, employment opportunities, and social participation contributes to economic growth in developing economies. He further elaborates that investment in women not only benefits women themselves, but also has relatively high social returns reflected in an improvement in their children's welfare and a reduction of fertility, poverty and gender bias. This fact shows that women focused development strategies like SHGs have both social and economic return if they are handled wisely.

Vikrant and Sharma (2015) pointed out empowerment refers to increasing the economic, political, social, educational, gender, or spiritual strength of individuals and communities. It is the process by which one can take control and ownership of their choices. Empowerment is a process of awareness and

capacity building leading to greater participation, to greater decision making power and control and transformative action. Generally speaking empowerment can be classified as political, economic and social. These categories are explained below.

Political Empowerment and Contribution of SHGs

According to Brody, Dworkin, Dunbar, Murthy and Pascoe (2013) political empowerment is defined as the ability to participate in decision-making around access to resources, rights, and entitlements within communities. This can be measured using indicators such as awareness of rights or laws, political participation such as voting, the ability to legally own land, the ability to legally inherit property, and gain leadership positions in government.

According to Vikrant and Sharma (2015) Women's political empowerment, usually envisioned as political participation in elections and government, is necessary to give women a voice in the policies that affect their lives. Political empowerment allows women to take control of the policies that will benefit their economic standing. For instance in SHGs they can elect their own leader. They can also participate in the management of SHGs. Hence, by associating with each other in a group, women become part of civil society and can have a louder voice when advocating policies that will benefit their lives and their groups businesses.

According to Mindaye (2014) the poor women organized under SHG become confident and realized their inner potentials. They developed leadership skill and the quality of emotional intelligence which is one of the good qualities of leaders that help them to understand the real situation of their followers. Accordingly, SHG approach has empowered women not only to earn more income and decide on the use of their earnings at household level but also to participate at community and local administrative levels. Therefore, poor women



become group and cluster level association leaders and resource person after they joined in SHG programmes. The use of participatory and democratic leadership of SHGs and cluster level association helped the members to develop their leadership skill.

Gebre et al (2014) mentioned In addition SHGs empowered by taking training like facilitation and leadership skills, civil rights and advocacy are the major issues.

Kindernot hilfe (2014) stated the key principles of the political dimension of the SHG approach are independence and involvement Self Help Groups take up issues of concern in their neighborhood and work together towards a solution. They gain additional support to work on larger issues by linking together at the cluster level association level. These cluster level associations and Federations aim to function as a legitimate part of civil society to ensure that the voices of their members can be heard throughout the local, regional and national level governmental structures.

Social Empowerment and Contribution of SHGs

Self Help Groups have weekly meetings on which different social issues raised and discussed by the group members. These discussions help the members to be conscious about the social evils around the community and to take action to prevent those complications. In addition, SHG members establish a system which is comfortable for each particular group in order to help each other during Socio-economic problems. Further, they build strong social bond among the society in the process of mutual support and through the structural network of SHG which tie the local community in SHGs, and Federation. These social networks contribute for holistic development of the society.

According to Kebede (2011) Social networks of a particular community have different functions such as social, symbolic or ritual, economic spiritual or religious, political, and cultural or traditional function. The strong social network

are important for the process of bringing sustainable development. This shows the contributions of SHGs in building social bonded among the poor community in order to take advantage of the above functions.

Brody et al (2013) define social empowerment as the ability to exert control over decision making within the domestic sphere. So that measures can include women's mobility or freedom of movement, freedom from violence, negotiations, and discussion around sex, control over choosing spouse, control over age at marriage, family size decision-making, and access to education. Moreover, Vikrant and Sharma (2015) argued social empowerment is often achieved through public policy and education, liberates women from the mistreatment, exploitation, and oppression that inhibit women from reaching their full potential. Social empowerment reinforces the ability to participate economically and politically, which in turn reinforces women's standing in society.

They can get a secure place in society if they are socially empowered which can be achieved through SHGs. Besides boosting the meager financial economy of the poor households from bread winning to money making, SHGs have effectively contributed to positive social change for the quality of life for its members. Self Help Groups as a tool for social development, if managed and implemented properly, can undoubtedly play significant roles in empowering the poor and in transforming the social status of the marginalized poor.

Many researchers, who studied the benefits of SHGs, found out that SHGs provide considerable social protection and income opportunities to the members; and accordingly have acquired prominent status in maximizing social and financial returns. Puhazhendhi and Satyasai (2001) in their study attempted to evaluate the performance of SHGs with special reference to social and economic empowerment. Their findings indicate that SHGs, having institutional arrangements can positively contribute to the economic and social empowerment of the poor.



They also state that older groups have relatively more positive social impacts than younger groups, due to the maturation of experience.

Having the knowledge base about SHG from the preceding literature review, the major concern behind this study is to ascertain whether the above mentioned major social and economic benefits gained by being member of SHG exist in the situation of beneficiaries. Thus, study populations from which pertinent information regarding the benefit and performance of the SHG can be gathered were identified. Anitha and Revenkar (2007) made an attempt to study rural development through micro credit, the growth of SHGs from 1992-93 to 2003-04, and agency wise SHGs linked on March 31, 2004. They concluded that the success of SHGs not only improve the economic status of women, but also brought lot of changes in their social status.

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In addition, when women are trained to care for their children, to protect themselves from disease like STIs, HIV/AIDS, and to manage household finances, they are expected to use the loans toward the betterment of their household.

Kindernothilfe (2014) highlighted the key principles of the social dimension of the SHG approach are affinity, trust, participation and mutual responsibility. So, there is a special focus on individual and community level problem solving. In addition, the SHGs discuss problems in their private lives or in their community and develop solutions together in their meetings. The process is linked with the practical and financial support among the group members, and therefore provides a holistic approach to improving the lives of members and their communities.

Regarding significance of SHGs, Mindaye (2014) found that they highly contributed for the social transformation of the community such as child



protection and rearing, women participation and improved relationship of men and women at community level. SHGs also contributed for the welfare of the society in issues related with HIV/AIDS, protecting their children from different evils around the community, active participation in local government offices and support in local institutions.

According to Gebre Yntiso Deko et al (2014) the SHG approach focuses on establishing strong social bonds and fostering mutual support among members. In addition some of the social matters that SHG address include: rearing and protection of children, education of children, sickness and health, death of family member s, home management, psychological state of members, business activities of members, moments of happiness (birth, wedding, graduation, etc among others. In addition socially they empowered by training like home management, introduction to social insurance, awareness creation on HIV/AIDS, home-based care, family planning, environmental sanitation, literacy.

Entrepreneurship opportunities for women

Murugan and Begum (2008) made an attempt to examine the predominant barriers to women entrepreneurs. The study was based on the primary data collected from the sample 100 entrepreneurs of Chennai City. The study reveals that social and cultural barriers are prominent formidable block for the development of women entrepreneurs. The study concluded that entrepreneurs with ability to plan and run a business to deliver quality products.

Sankaran (2009) made an attempt to analyze 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.

Vasanthakumari (2008) made an attempt to examine the role of micro enterprises in empowering women in Kerela. The author took a sample of 328 micro entrepreneurs. The study revealed that these enterprises helped in empowering rural women economically, socially and individually. The study suggested giving priority to commercial viability of enterprises.

Vidya Sagar Reddy G (2015) explored that entrepreneurship has been considered the backbone of socio economic development of country. It has been well established that the level of economic growth of a region to a large extent, depends on the level of entrepreneurship activities in the region. One function of the Self Help Group is to promote new business developments for local women and their families. While this could logically be a sub theme of empowerment, the concept is sufficiency strong as to stand alone. "Women that understand the purpose of the group and participate in income generating programmes are starting small businesses and earning their own incomes." Further, individual groups can elect to participate in monthly regional meetings to "contribute observed Self Help Group members in rural northern India villages provide financial support for entrepreneurship opportunities such as the cow for selling milk, yarn for knitting scarves, bees for producing honey, and wax for making candles. Women from one village taught women from another village how to knit. The women developed their own wedding supply business. They loaned members money for family weddings and bartered goods amongst each other.

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