

## EMPOWERMENT OF WOMEN THROUGH SHGS IN INDIA

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### ABSTRACT:

Empowerment refers to the well being of a person which reflects on the freedom to lead different types of life showing the person's capability. Empowerment of women has emerged as an important tool to measure the progress of the country. Thus, this concept has gained paramount importance to political thinkers, social scientists and reformers. Empowerment is seen as a process by which power to control over their lives will be increasing. This involves ability to get what one wants and to influence others on our concerns. Economic Empowerment results in the women's ability to influence or take decision, increased self-confidence, better status and role in household etc. In India, Microfinance has emerged as a powerful instrument with the SHG-Bank Linkage Program for the upliftment of women.

The Self Help Groups (SHGs) have paved the way for economic independence of rural women. This was the most cost-effective instrument to meet the financial needs of the poor women and also helped in strengthening collective self help capacities of women, leading to their empowerment. The rapid progress of SHG formation in India has turned into an empowerment movement of women across the country. This paper puts forward how the formation and development of SHGs received a greater focus in the empowerment of women in India. This paper seeks to focus on the growth of number of SHGs, and its impact on various aspects of empowerment of women. This paper also puts efforts to suggest certain measures to enhance the empowerment of women.

**Key Words:** Women Empowerment, SHGs, Economic development, Micro finance, SHG-Bank Linkage.

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## **INTRODUCTION:**

Empowerment of women has emerged as a powerful tool to enhance the social and economic development of women and increases their status and power in the society. Women empowerment can be developed only when their self-esteem, self confidence, bargaining power, realization of their potential etc., can be increased. Empowerment is seen as a process by which power to control over their lives will be increasing. It involves power to, power with and power within, which means to attain control over material assets, intellectual resources and ideology. Self Help Groups are identified as the potential sources for the empowerment of women which develop participatory leadership and development initiatives among the poor and marginalized women in the society. Micro finance is an agenda for empowering the poor women. The delivery of microfinance through SHG to the poor is smooth and most cost effective method. These SHGs provide the cheapest finance to the poor and weaker sections of the society.

## **ORIGIN AND GROWTH OF SHGS IN INDIA:**

SHGs in India have gone a long way since 1992. Since then there has been a significant increase in the growth and expansion of SHGs in India. A Self Help Group (SHG) is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of their members. Self-Help Groups are the voluntary organizations which disburse micro credit to the members and facilitate them to enter into several employment avenues. In India, the Self-Help Groups are promoted by N.G.O.s, banks and co-operatives. The National Bank for Agriculture and Rural Development (NABARD) launched a pilot project for linking SHGs in February, 1992. The Reserve Bank of India advises the commercial banks to participate actively in the linkage program. Each Self-Help Group consists of 10-20 members. The members of SHGs meet once or twice a month. There is a president, a secretary and a treasurer in each SHG. The term of office bearers is on rotation basis, normally one year. All the groups maintain the records such as membership register, minute's book, cash book, savings ledger and the loan ledger. They prepare action plans after a detailed discussion of their proposed activities. Every member of the group gets an opportunity to put forth her views. Opinion of the majority is considered while arriving at important decisions. Thus the SHGs have achieved success in bringing women to the mainstream of decision making.

The SHGs have made a lasting impact on the lives of the women in the rural areas. Their quality of life has improved a lot. 1) They could develop their skills and abilities in various productive activities. 2) There is an increase in their income, savings and consumption expenditure. 3) Increased self-reliance and self confidence have improved the ability of women to mobilize various public services for their benefit. 4) They have become bold and can speak freely in front of a big crowd. 5) They can carry out any type of official work without any fear. 6) The social horizons of the members have also widened. They have made many friends and feel that now they are more popular and socially active. 7) The illiterate and semi-literate women have got a sense of satisfaction and wish fulfillment. Now they have become productive and the important members of the family. 8) They got high self esteem which enhances their capacity to work. 9) With improvements in women's economic opportunities and their ability to take collective action, there has been a significant decline in gender based problems such as domestic violence, dowry, polygamy etc. Interestingly, some of them are motivating other women to form SHGs so that they also can reap the benefits.

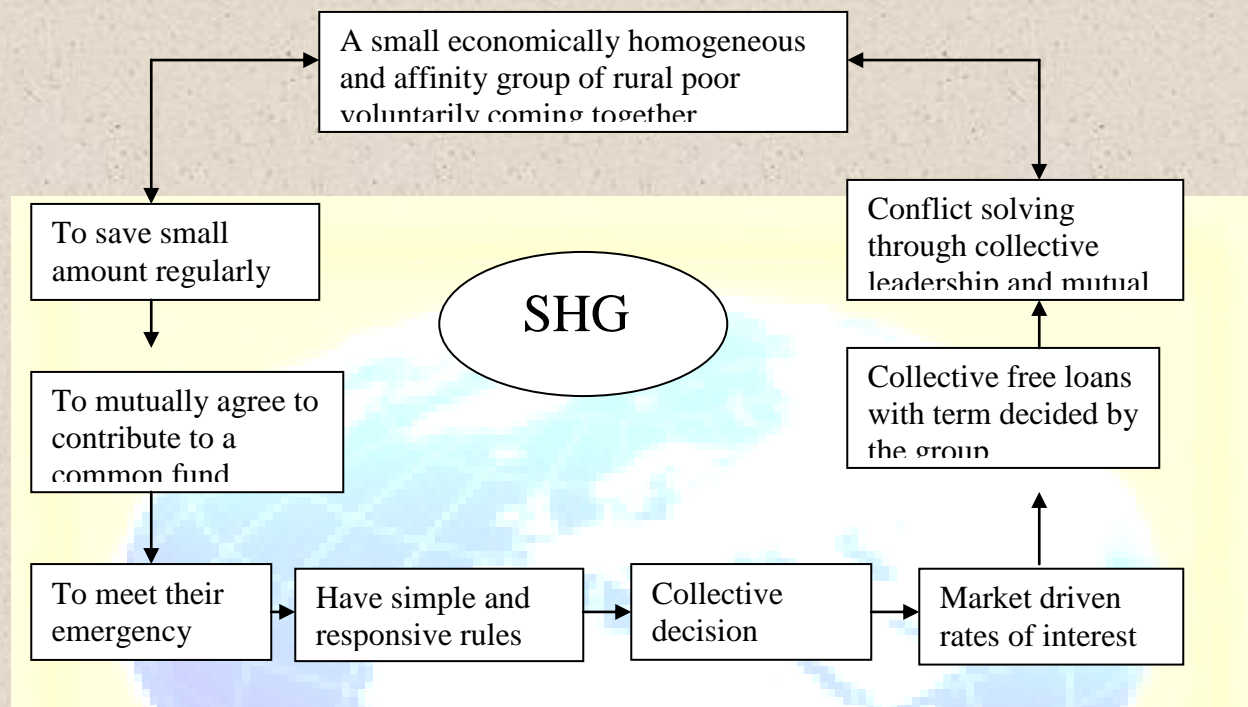
### **STRUCTURE OF SELF HELP GROUPS:**

A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They pooled financial resources to make small interest bearing loans to their members. This process creates an ethic that focuses on savings first. The setting of terms and conditions and accounting of the loan are done in the group by designated members.

### **SHG FEDERATION:**

As mentioned previously, SHGs have also federated into larger organizations. Typically, about 15 to 50 SHGs make up a Cluster / VO with either one or two representatives from each SHG. Depending on geography, several clusters or VOs come together to form an apex body or an SHG Federation. In Andhra Pradesh, the Village Organizations, SHG Clusters and SHG Federations are registered under the Mutually Aided Co-operative Society (MACS) Act 1995. At the cluster and federation level, there are inter-group borrowings, exchange of ideas, sharing of

costs and discussion of common interests. There are typically various subcommittees that deal with a variety of issues including loan collections, accounting and social issues.



The SHG Federations are seen as a key to the development of the SHG movement as they have less formal registration requirements from the bankers. An SHG Federation is a formal group of informal common-interest groups. It has poor capacity of self-governance, low quality managers, systems and process. To bridge these gaps few good quality NGOs have come forward to provide assistance to the SHG Federations.

### THE EFFECTIVENESS OF SELF-HELP GROUPS IN GLOBAL CONTEXT:

The emergence of self-help groups is seen as a response to the industrialization and the decline of the community towards human care. Currently increasing interest in providing services that are family-centered is also considered as a factor contributing to the increased number of self-help groups. In United States, self-help group participation amounted to 10 million in 1996 and

recently it was noted that most of the Americans try to change their health behavior through self-help groups than through any other form of professional program.

Cancer self-help groups are found to be prevalent in major cities of China. The proliferation of self-help groups in various countries can be seen as an initial indication of self-help group effectiveness, because groups will cease to exist without value. The self-help group movement is becoming a global phenomenon. In spite of rapid growth of self help groups in India, its full potential remains unutilized. The reasons for this are lack of knowledge and awareness about its impact on the empowerment of women in the society.

### **FUNCTIONS OF SHGS:**

1. Create a common fund by the members through their regular savings.
2. Flexible working system and pool the resources in a democratic way.
3. The decision making through group meeting.
4. The loan amount is small and reasonable. So that easy to repay in time.
5. The rate of interest is affordable, varying group to group and loan to loan owner.
6. It is little higher than the banks but lower than the money lenders.

### **SHG BANK LINKAGE:**

The SHG movement in India started with the launch of SHG-Bank Linkage Programme by NABARD in February 1992. With this for the first time SHGs were directly financed by the commercial banks. Since then the informal credit groups of poor were recognized as bankable clients. Later RBI advised the commercial banks to consider lending SHGs as a part of their rural credit operations through SHG Linkage programme. With the linking of the SHGs with the financial sector both the banks and the SHGs were benefited. Banks were able to get larger market and SHGs were able to increase their operations with more financing and access to more credit products. The table below shows the cumulative progress of the SHG- Bank Linkage in the period 1992-2010.

**Table: 1 SHG - Bank Linkage Cumulative Progress (1992- 2010)**

(Amt in Rs. Crores)

Up to end March	SHGs financed	Bank loan (Rs.million)
1992-99	32,995	571
1999-00	114,775	1,930
2000-01	263,835	4,809
2001-02	461,478	10,263
2002-03	717,360	20,487
2003-04	1,079,091	39,042
2004-05	1,618,456	68,985
2005-06	22, 38,565	1, 13, 975
2006-07	29, 24, 973	1, 80, 407
2007-08	50, 10, 000	3, 78, 539
2008-09	61, 21, 000	5, 54, 562
2009-10	69, 53, 000	6, 19, 871

Source: NABARD Annual report 2009-10.

The above Table:1 clearly shows the there is a tremendous growth in the number of SHGs financed and the amount of the bank loans sanction to them during the period 1992 to 2010.

### **MEASURING WOMEN EMPOWERMENT:**

Women empowerment can be measured through the following three basic elements economic, social and political empowerment. Empowering women is a challenge today. Women empowerment results into the development of the following capabilities among women.

#### 1. Economic empowerment

2. Improved standard of living
3. Self confidence
4. Enhance awareness
5. Sense of achievement
6. Increased social interaction
7. Engaged in political activities
8. Increased participation level in Gram Saba meeting
9. Improvement in leadership qualities
10. Involvement in solving problems related to women and community
11. Decision making capacity in family and community

### **ECONOMIC EMPOWERMENT:**

Economic empowerment means to have access and control over productive resources which ensures financial autonomy. Usually women work for longer hours and also have more than 50% of unpaid activities when compared to men. They also have responsibilities like caring the households, which involves cooking, cleaning, washing, fetching water etc.

To fulfill all these needs of women there is an urgent need of change in the mindset of the society. Thus changes in the development and fulfillment of the basic economic needs of women are the most urgent requirement. The main source of employment for women being the farm sector, which does not fulfill all their needs and leads them to indebtedness. Thus participation of women in SHGs has helped them in saving some money out of their daily expenses. They were able to avail loan with lower interest rates, which brought a little change in the society towards women.

### **SOCIAL EMPOWERMENT:**

The social empowerment means that the woman should get an important place in her family and society, and should have a right to enable her to make use of available resources. Man and Woman are treated equally in the constitution but in real practice woman are still in the secondary place. Inequalities with respect to birth rate, education and participation in financial and political matters explore these in reality. Many schemes have been implemented for right to education and equal opportunities of employment to provide equal rights to women. To some extent progress has been achieved in this respect with the increased presence of women in banks, Gram Panchayats, and various Government Committees etc. This has elevated the social status of women in the society. The members of SHGs mostly constitute of women, save money and invest in SHGs, which are used by them at the time of their needs. This has helped the women to be self dependent and increased their status in the family and society as well. This also resulted in developing self-confidence, self-esteem and self-respect.

### **POLITICAL EMPOWERMENT:**

Women have the capabilities to analyze, organize and mobilize the surrounding situations for social transformation. They have also developed leadership qualities as they are now participating in various social activities. In 1991 the Constitution of India has provided 33% reservation for women in Gram Panchayat. The process of participation of women in political activities has been changing at a faster pace in the recent years. SHGs enabled women to see the outside world and helped them in solving their local problems through political participation. SHGs provided women an opportunity to become leader of their groups. However SHGs played an important role in building leadership skills among rural women. Thus, SHGs proved to be successful in strengthening collective self help capacities of the poor and empowering the women.



## **IMPACT OF SHGS ON WOMEN EMPOWERMENT:**

SHGs have played a major role in the empowerment of women. Women acquired and developed certain capabilities with their increased participation as members in the SHGs. Some of their improved skills are stated below.

1. Women started coming together to think and solve their problems unitedly
2. They acquired courage to stand before the society
3. Their confidence levels have increased significantly
4. They acquired knowledge on the day-to-day worldly affairs
5. Their decision-making ability has increased
6. Their financial status has increased
7. Their status in their family and the society increased
8. Acquired greater participation in the social and political activities

## **CONCLUSION:**

The movement of SHGs is now about 20 years old and the process of women empowerment has started but is in a very slow pace. The prime aim of movement of SHG is to elevate the status of women economically and socially by fulfilling their financial needs. Rural women are facing several economic problems for which they obtain loans from the local moneylenders who charge high rates of interest on the loans. The movement of SHGs has provided answers to all these problems. With the participation of women in SHGs many financial needs of the women are solved. However the present pace of growth of SHGs is not sufficient for empowering women in all aspects. Thus some suggestions are given here towards social and economic empowerment of women.

### **SUGGESTIONS:**

SHGs have played an important role in the empowerment of women socially, economically and politically and are thus recognized as powerful means for the economic development of the country. Though the development is in a slow pace it has significant impact on the society. To enhance these development further government agencies should consider the following recommendations.

- i. Social changes need to brought
- ii. Training camps for the women in the SHGs on financial matters need to be provided
- iii. Leadership qualities among women need to be enhanced
- iv. Literacy camps need to be organized
- v. Training in entrepreneurship and marketing need to be undertaken
- vi. Training towards implementing the government schemes successfully should be imparted
- vii. Training camps on issues related to health and legal matters should be organized.
- viii. Vocational training to be provided for generating self employment opportunities.

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