

# Economic Empowerment of Women Through Self-Help Groups

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## **Introduction:**

At present women's movement focuses its attention on equality and empowerment. One of the programmes of women's movement is the formation of women Self-Help Groups. Self-Help Groups have been mainly started to boost up their income and standard of living. Self-Help Groups are getting much importance, as they create awareness about self-employment, savings, education, health and family welfare and thereby make people especially women more empowered. Throughout history, women have collectively struggled against direct and indirect barriers to their social, political and economic problems. By the end of the 19th century, women had begun to organize themselves. Gradually such organizations they took up a number of causes relevant to women such as education, working conditions, health, sanitation, housing and the habit of savings. Women's organizations began struggling for women's right in the early part of the 20th century.

## **Origin of Self-Help Groups**

The origin of self help group could be traced to mutual aid in Indian village community co-operatives which are formal bodies; whereas self help groups are informal. Self-Help Group was first started in 1975 in the streets of Dhaka, the grameen bank in Bangladesh, which was founded by Mohamed Yunus. In India NABARD initiated to start self help groups in 1986-1987. The Tamilnadu Women's Development Project was first introduced in Dharmapuri district in November 1989 and it was extended to Villupuram, Cuddalore and Salam districts during 1991-92 and then to Madurai, Theni and Ramanathapuram districts during 1993-94. The Indian Bank was the nodal bank for the project. The main objective of the project was the economic and social upliftment of women below poverty line, through formation of Self-Help Groups of poor women with active assistance and supervision of NGOs. But the real effort was made after 1991-92 by linking Self-Help Groups with the banks. Even though in

Tamilnadu Self-Help Group was started in the year 1992. Today, the Self-Help Groups are functioning in 29 countries in the world including India.

### **Concept of Self-Help Groups**

Self-Help Groups are voluntary groups formed to attain certain economic goals. Most of the members have similar social identity, heritage, caste or traditional occupations and they come together for a common cause and manage resources for the benefit of the group members. Self-Help Group is a collection of people who have common problems that cannot be solved individually and have therefore decided to form into group and take joint action to solve the common problems. These groups are called “Solidarity Groups” and provide monetary and moral support to individual members in times of distress and difficulties.

Self-Help Groups as a homogeneous group of the rural poor were voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund from which to lend members for productive and emergent credit needs. They aim at providing awareness among the poor about the on-going development Self-Help Groups also take up gender-linked issues like wife battering, child marriages and harassment by employees. It also takes up general community issues. Dayanandan also says that the formation of self help groups is not ultimately a micro credit project but an important concept of empowering women and thus uplifting their families above the poverty line. It is a gradual process resulting from interaction with group members through awareness and capacity building.

### **Formation of Self-Help Groups**

The formation of self help groups among the rural poor helps them to save, collect and manage their funds, and help one another, The self help groups have come up primarily for taking up economic activities such as savings, loans, income generating activities and the training programmes. As creation of awareness and non formal education are integral to the activities of any voluntary agency, self help groups not only provide the members with an opportunity to carry out economic activities but also discuss and analyse their social and economic situation to arrive at the root causes of their problems and improve their skills and capacities to manage resources.

**Size of the Group:**

Self-Help Group will be availing of loan from the banks with a view to developing and ameliorating the socio-economic condition of individual members and their respective families. The groups would be covered by the provision under section 11(2) of the companies act and such association would not to be recognized by law and it cannot sue to recover any debt or other property nor can be sued to recover money lent to it to carry out its object. As such, it would be advisable to have Self-Help Group with not more than 20 persons for the linkage activities. After formation of the groups at the end of six months, grading exercise of group is initiated in order to identify the weakness of groups and take remedial measures to make them good groups. The Groups performance, to a large extent, is dependent on the promoting agency like NGO's in the initial stages, and in the long run on the resources that its members generate and accumulate for the group, size of the group, ability and performance of the members, group cohesiveness level of conflict and internal pressure on members to conform to the groups should guide the branches in the right way and sort out the operational issues.

**Linkage with Bank**

The RBI through its circular dated April 2nd, 1996 have permitted banks to include their loans under the category of priority sector advances, which they grant to Self-Help Group under their general loaning programmes. NABARD started a pilot project in February, 1992 with the purpose of introducing innovation in bank lending by forging flexibility, easy operation and follow-up virtues of informal lending system with the virtues of technical and administrative capabilities and efficiencies and adequate availability of financial resources of formal lending mechanism of commercial banks. This project was extended later on co-operative banks and Regional Rural Banks (RRBs). Now, this project has been extended to the whole country and the linkage programme for Self-Help Group has also started.

The Self Help Group-Bank Linkage Programme, in the past eighteen years, has become a well known tool for bankers, developmental agencies and even for corporate houses. Self-Help Groups, in many ways, have gone beyond the means of delivering the financial services as a channel and turned out to be focal point for purveying various services to the poor. The programme, over a period, has become the common vehicle in the development process, converging important development programmes. With a humble small beginning as Pilot Programme launched by NABARD by linking 255 Self-Help Groups

with banks in 1992, the programme has reached to linking of 69.5 lakh saving-linked Self-Help Groups and 48.5 lakh credit linked Self-Help Groups and thus about 9.7 crore households are covered under the programme, envisaging synthesis of formal financial system and informal sector. Periodical training programmes for key, middle, junior level officers of the bank on Self-Help Group programme should be planned. The training opportunities are provided by NABARD.

### **Performance Approach**

The Self-Help Groups – bank linkage programme has emerged as the major micro finance programme in the country and is being implemented by the commercial banks, RRBs and cooperative banks. As on 31st March 2018, 4.2 million Self-Help Groups were operating with an outstanding bank credit of Rs. 22,800 crore up by 34 per cent over March 2018. During 2018-19, banks financed 1.6 million Self-Help Groups including repeat loans to existing Self-Help Groups to the tune of Rs.12, 254 crores. There were 6.1 million savings accounts with banks as on March 31st 2019, with a total deposits amounting to Rs. 5,546 crores. The role of Micro Finance Institutions in providing financial services to the poor is growing in importance. The banking sector has been extending loans to Micro Finance Institutions for lending to Self-Help Groups.

During 2018-'19, Banks loan amounting to Rs. 3,732 crores were disbursed to 581 Micro Finance Institutions, increasing the total outstanding loans to Rs.5,009 crore to 1915 Micro Finance Institutions as on March 31<sup>st</sup> 2019. Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households. Financial institutions in the country continued to play a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum.

### **Empowerment of Women**

The empowerment of women covers both individual and collective transformation. It strengthens their innate ability through acquiring knowledge, power and experience. The empowerment of women through self-help groups would lead to benefit not only the individual woman but also the family and

community as a whole through collective action for development. The self-help groups provide credit, and also empower women socially, politically and economically. They encourage women to participate in decision making in the household, community and local democratic sector and prepare women to take up leadership positions. Empowerment is a multidimensional process, which enables the individual or a group to realize their full identity and potential in all spheres of life. It consists of greater access to knowledge and resources, greater autonomy in decision making which enable them to have greater ability to plan their lives, greater control over the circumstances that influence their lives and free them from the shackles imposed on them by custom, belief and practice. 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.

A National Plan of Action for the Empowerment of Women with measurable goals to be achieved in a time frame of 10 years is being formulated in consultation with the state governments and various ministries and departments of governments of India. The government of India had declared the year 2001 as the year of women's empowerment. The movement was formally launched by the prime minister in a function held at Vegan Bhavan on 4th January, 2001 when he also awarded the first "Sthree Shakti Puraskars" to five distinguished women from the grassroots who had made outstanding services for the social, educational and economic empowerment of women in remote and difficult areas. Thus empowerment is a process of awareness and capacity, leading to greater participation, greater decision-making, power and control of the transformative action.

### **Empowerment of Women in India:**

In India, women constitute a sizeable section of rural work force. Women are considered an important and equal partner in the development process. In the ninth plan a special thrust has been given an expeditious adoption of the national policy for empowerment of women and towards raising their status. Over the decades of planned development, the changed emphasis of women programs from the purely welfare and development – oriented one, has recognized women as productive workers and contributors to the country's economy, to some extent in the upper social and economic strata of society. The national commission on self-employment of women has focused on the tremendous contribution of women in various walks of life.

Women development corporations set up in several states are also making serious efforts towards improving the condition of women by upgrading their skills through training programmes and offering greater employment opportunities to them in schemes like public distribution, dairy development, food preservation, social forestry and rural marketing. Thus higher productivity, higher profitability, greater acceptability, greater stability and sustainability are the basic characteristics of improved technology which could lead to real development through an integrated approach. However, for the empowerment of rural women, it is essential to involve her at every step in the production – consumption chain. Against all odds and big challenges, tremendous efforts are required for women's empowerment process in the spheres of education, health care, sanitation, food security, population education, employment opportunities and domestic resource mobilization.

### **Economic Empowerment**

Improvement in economic status is a more visible indicator of women empowerment. Women economic empowerment requires bold and sustained action to advance women's opportunities and rights and to ensure that women can participate and be heard. To increase their economic opportunities, women need access to more and better jobs, a business climate that supports them in starting and doing business, a financial sector that gives them access to financial services tailored to their needs, and greater livelihood security in times of food and fuel crises. This is especially true for women living in rural areas and vulnerable environments.

### **Social Empowerment**

In India, women are usually kept under certain specified boundaries beyond which they are not encouraged to venture forth. However as members of Self-Help Groups trying to resolve their own individual problems women will often undertake activities that they have not done before. This is because the women who need to solve their problems will be required them to develop relationship which may be unusual for them because this relationship will not always be family based.

### **Political Empowerment**

Self-Help Group is an excellent tool to improve governance and strengthen our democracy. It is particularly powerful for generating and enhancing political awareness among the women. 73rd Constitutional Amendment Act has no doubt, brought a million women in to public space for the first time. Experiences from the field show that majority of these elected women representatives have limited

knowledge of their authority and responsibilities. This naturally gets reflected in improvement in social, political and cultural status of women. Self – confidence and self-esteem of women proceed simultaneously with their empowerment. In brief, all indicators can be classified into two broad categories namely, visible and invisible indicators. Amongst visible indicators, mention could be made of women’s representation in parliaments. Thirty percent of total women parliamentarians in the world come from just seven countries.

### **Transforming Rural Economy**

The rural poor require small but regular and urgent loans whereas their options are restricted to programmes designed and approved by the government, which do not cater to their needs. To bridge the gap between demand and supply of fund in the lower rungs of the rural economy the microfinance scheme of NABARD has made a smooth foray in to the rural economy and generated self-reliance and self-sufficiency in the Indian rural scenario. Micro finance provides credit to poor with no collateral obligations. It encourages savings and promotes income generating activities. Loans are provided at the market rate of interest and pressure is used in repayment. Microfinance is carried out through self-help groups where the poor come together in the range of 10 to 20 by weekly, fortnightly and monthly meetings through their savings and loans. It is hoped that through such interventions hitherto uncovered groups are covered with credit and in the process get empowered.

Self Help groups encourage savings and promote income generating activities through small loans. The experience available in the country and elsewhere suggests that self-help group are sustainable, have reliability, stimulate savings and in the process help borrowers to come out of the vicious circle of poverty. The Indian microfinance is donated by Self-Help groups and their linkage to banks, with the launching of NABARD pilot schemes gained concept like self-reliance, self sufficiency and self-help and its care. Loans under micro finance programmes are very small, in hundreds of rupees of Indian standards; Microfinance continues to target the rural and urban households, with emphasis on women borrowers. Credit follows thrift. The first stage is the formation of groups by individual themselves, followed by the mobilization of petty savings and recycling this by lending to group members. The repayment period is generally very short. The amount increases based on the borrower’s repayment history.

## Conclusion

People usually seek secure and long-term employment, such as government jobs and the jobs of organized sectors. In India women have entrepreneurial capacity. However the society and government are not very encouraging towards women employment. To a large extent, the Indian society is risk averse. Social attitudes, lack of capital, inadequate physical infrastructure and lack of government support are major factors of hindrance for women in achieving their target. Also, women members at the grass-root level need support in the form of education and training; access to mentoring, business plans and understanding markets and other such enabling services. It's not an easy path for them. They face several challenges like access to finance, social barriers, lack of institutions both public and private that support them and of course the inherent risk element involved in setting up business units. Despite that, one sees a whole lot of rural women turning entrepreneurs through Self Help Group movements. The major reason behind this is social empowerment, the fact that they can change their and others' for the better.

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