

# Economic Empowerment of Women through Self Help Groups in India

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## **Abstract**

*Empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a woman's life through which she increases her ability to shape her life and environment. It is an active, multidimensional process which should enable women to realize their full identity and power in all spheres of life. The rural poor with the assistance from NGOs and various microfinance institutions have demonstrated their potential for self-help group to secure economic and financial strength. Various case studies prove that the credit availability has impact on women's empowerment. Thrift is a very important indicator of a group's success because consistent growth in thrift is a clear indication of the growing confidence of the members in the group. Collection of thrift is a major activity of the SHGs. The poor who need money for purchase of various consumption goods quite often meet their contingencies by borrowing from professional money-lenders and others at high rates of interest. SHGs have been extremely effective in creating the habit of savings among the rural poor and mobilizing it for common good. Government and NGOs should look beyond credit and follow the 'credit with social development' approach. Policy implications and programme attributes are to be framed to achieve better results in reducing poverty and empowering women.*

**Keywords:** *Economic Empowerment, SHG's, Impact, Rural Women.*

## **Introduction**

Women's 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. Securing women's legal rights, especially to land and other property, and ensuring that women's voices and priorities are heard and acted on are vital components of empowerment - securing women's land rights has a direct impact on their ability to access finance, for example. Empowering women - the third of eight Millennium Development Goals (MDGs) - also helps to speed progress toward other MDGs.

Economic empowerment is the capacity of women and men to participate in, contribute to and benefit from growth processes in ways that recognise the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth. Economic empowerment increases

women's access to economic resources and opportunities including jobs, financial services, property and other productive assets, skills development and market information. Women's economic empowerment is a prerequisite for sustainable development and for achieving the Millennium Development Goals. And economic empowerment is also a right. There is no quick fix: women's economic empowerment takes sound public policies, a holistic approach and long-term commitment from all development actors.

### Objectives

The objectives of the study stated as following

- To study the origin and growth of Self Help Groups in India.
- To study the functions of SHGs in India.
- To study the impact of Self Help Groups on Indian Economy.

### Methodology

The Present study is descriptive in nature and mainly emphasis on economic empowerment of women through SHGs in Indian Economy. The study used secondary source of data, which were collected through various Annual reports and economic survey. Some information collected from the sources of Journals, Periodicals, Books and Website.

### Self Help Groups

The successful working of MahilaMandals has resulted in the formation of a large number of self-help groups. In 1990 with the help from RASS, 30 self-help groups were formed involving 10-15 women members. Within a year, there were 123 self-help groups with a total membership of 1559 women. A significant feature of this system was that a large number of women shifted their borrowing from traditional moneylenders to self-help groups at reasonable rates of interest. Moreover, RASS has linked with RashthriyaMahilaKosh (RMK) and NABARD to mobilize funds.

UNDP advances women's economic empowerment by:

- Advocating for increased recognition, reduction and redistribution of women's unpaid care work;
- Supporting research of customary law to help women gain access to land and participate in decision-making form;
- Supporting women's entrepreneurship through training in production skills and techniques, business management and functional literacy;
- Helping to certify businesses that adhere to equality standards in the workplace;
- Supporting efforts to strengthen women's legal rights to property.

### Emergence of Self-Help Groups as an effective strategy

Ninety percent of self-help groups are women; they have proven to be the better savers, borrowers and investors. Most of them are from the lowest castes and disadvantaged groups. The self-help groups mobilize their own savings, transform them into loans to members and plough their earnings from interest income back into equity. On that basis, self-help groups and banks enter into commercial relations of mutual benefit, with low bank and client transaction costs and negligible risks. In the absence of interest rate restrictions and with repayment rates greater than 99 per cent, self-help groups banking is highly profitable- a message that

has convinced hesitant bank managers in increasing numbers. Self-help groups are now forming local networks with their own cooperative financial institutions. The programme has turned into a social movement, with high growth rates in recent years. Fuelled by competence and enthusiasm at all stakeholder levels, it expands rapidly throughout India, including marginal and tribal areas. It is probably the world's largest and most successful microfinance programme for the rural poor-outstanding for its emphasis on to reach 100 million of India's rural poor with savings and credit by 2008 (NABARD 2001).

The group approach is becoming more and more acceptable as evidenced by the recognition accorded by the Government of India in the on- going income generating programmes. The selfhelp groups have become the focal point of the development. Schemes under the unified poverty alleviation programme "Swarnajayanthi Gram SwarozagarYojana" (SGSY) launched in April 1999 by the Government of India. NABARD's commiment to empower at least 100 million rural poor through self-help groups by the year 2008 would further increase the emphasis on group approach among the rural poor, especially women (Ibid). Further, reduction in transaction cost while lending to the rural poor through self-help groups when compared to the normal institutions (Puhazhendhi et al 1999). Hence, there is a greater potential for the group approach in future while conceptualizing and implementing any programme for the rural poor, especially women. Through selfhelp groups women are empowered to act against social evils and address social backwardness and overcome gender discrimination, inequality and exploitation.

#### **Objectives of SHG's:**

1. To inculcate the savings and banking habits among members.
2. To secure them from financial, technical and moral strengths.
3. To enable availing of loan for productive purposes.
4. To gain economic prosperity through loan/credit.
5. To gain from collective wisdom in organising and managing their own finance and distributing the benefits among themselves.
6. To sensitize women of target area for the need of SHG and its relevance in their empowerment.
7. To create group feeling among women.
8. To enhance the confidence and capabilities of women.
9. To develop collective decision making among women.
10. To encourage habit of saving among women and facilitate the accumulation of their own capital resource base.
11. To motivate women taking up social responsibilities particularly related to women development.
12. It acts as the forum for members to provide space and support to each other.

SHGs are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women, SHG is a group of people that meets regularly to discuss issues of interest to them and to look at solutions of commonly experienced problems. The group may or may not be promoted by Government or non-Government institutions.

## Impact of Self-Help Group in Indian economy

**Saving and Financial Decision Making:** One of the primary benefits of participation in a SHG is the opportunity to save regularly, access formal savings institutions and participate in the management of these savings. They save regularly, have their own bank accounts and make deposits into these accounts. SHG is having a good impact on members, in their ability to save their hard earned money. Access to credit A corollary of participation in SHGs is an improvement in a woman's access to credit. Since the project is perhaps too early in its implementation to directly improve women's access to credit. The financial mobility due to participation in the SHG has led to an improvement in the quality of life, according to some of the successful groups. Overall, many families were able to address their basic needs better than before. Some of NGOs reports have shown that the record on the repayment of loans by women was often better than that of men, and that women were also more likely to spend the income earned, on their families, leading to improved health and nutrition of the poor population and for improving the quality of their lives.

**Employment:** The implementation of SHG has generated Self-employment opportunities for the rural poor. The progress of the program since inception assisted in formation of 35.7 lakh SHGs; assisted 1.24 Cr. Swarozgaris in establishing their own micro-enterprises. The Government of India released Rs.11, 486 Crore under the program; bank credit mobilization is Rs.19, 017; Total subsidy provided is Rs.9, 318 Cr. The program helped many participants in improving their economic conditions. After joining the self help group the women are economically and socially empowered. This empowerment cannot be transformed or delivered it must be self generated such that it enables those who are empowered to take control over their lives.

**Decision-making within the household:** The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organisations, increased access to such organisations, increased expenditure on Health and Marriage events, there is a Change in the attitude of male members of the families, now they are convinced about the concept of SHG and encourage women to participate in the meetings and women reported that they have savings in their name and it gives them confidence and increased selfrespect. Within family the respect and status of women has increased. Children Education has improved significantly. Especially girl education was very low but now SHG members are sending their children including girls to school. The Sanitation in members' households has improved and it has led to better health in members' families. Now women are taking treatment from qualified doctors, even if they have to travel to nearby towns. Members are now confident enough to raise social status.

**Participation in local government:** Because of SHG, women know about their local political institutions such as the Gram Panchayats and have better knowledge of where to report certain types of grievances. As part of the political empowerment process, it is a pertinent fact that many women have not only been elected to the Grama Panchayats but have become the role holders too. In a majority of the cases, the women perceived themselves as now having some influence over decisions in the political life of village, and in a smaller number of cases, the women named their participation and influence in village political life as an important and note-worthy change. However, in general, the opportunities available to the women to participate in village life were limited, as most of the village processes were still being male-dominated and

patriarchal. Though the SHGs generate positive impact on the rural economy through empowering women and enhancing the rural income of those participant households, the issue of group size has been of long standing concern. **Communication Level of Members:** Microfinance movement is having a good impact on members, in their ability to express their feelings and has made people more confident to express themselves.

**Self Confidence among Members:** The group formation brought out the hidden talent and leadership qualities among the members. Therefore, it can be concluded that after joining the SHG the members have improved their status in family, become helpful in family finance and sometimes helped others too. Now, most of the SHG people feel that they get more respect; not only in the village, but our own family members treated us more respectfully. People of the village now invite us for social and community functions. Now our family members value our opinions whereas earlier they had no use for it. They encourage us and support us in our activities". "Now they get respected in the village society and have a definite identity in society. Family members think of them as a working woman and encourage them in their work". Improve their knowledge of banking, of how to undertake the different banking transactions, as also of dealing with government officials. They now feel confident about these things. They too feel an improvement in their social status. Family members changed their attitudes towards them after they started participating in the SHG. They now regard them brave women. The people of the village too give much more respect than before". Family members seek her opinion in many of the family decisions. Moreover, people from the society in general respect

**Change in Family Violence** Involvement with SHG has reduced this violence in 25 per cent cases especially due to reduction in economic difficulties. In most of cases the members revealed that their husbands should also be involved in SHGs.

**Frequency of Interaction:** with Outsiders Members generally, got lesser opportunity to interact with bankers, Government officials, NGOs and others in the Pre-SHG period. It can be seen that in the Pre SHG period 25 per cent of the members were not interacting with officials whereas after associating with SHGs, 91 per cent members had interacted with the outsiders and out of total 44 per cent have interacted more than 4 times with outsiders. This interaction helped them to articulate their problems and improved their self-confidence. **Community Participation:** SHG members undertook a lot of community activities which they earlier could not have imagined themselves to have done. They distributed school uniforms to poor students; they undertook a plantation drive, distributed pen and notebook sets to poor students and donated some money to a charity during a national calamity. They participated in several social initiatives like the "Clean Village Drive" and other such social upliftment programmes since their involvement in the SHG. They organized a small function on India's Republic day. Perspective of the Social Worker Women who have participated in this have benefited economically. They are now able to buy household goods like televisions, furniture, telephones, jewellery and most importantly are able to save for the future. "Now they are much more confident in their dealings with government officials, bank officials, electricity board officials, Medical officers, the revenue officer, health scheme officials etc. They also participate in elections. Moreover, they make use of the various government welfare schemes available"

### Findings and Suggestions

- Women's economic empowerment is a prerequisite for sustainable development, pro-poor growth and the achievement of all the MDGs. At the same time it is about rights and equitable societies.
- Achieving women's economic empowerment is not a "quick fix". It will take sound public policies, a holistic approach and long-term commitment from all development actors.
- Start with women by integrating gender-specific perspectives at the design stage of policy and programming.
- More equitable access to assets and services - land, water, technology, innovation and credit, banking and financial services - will strengthen women's rights, increase agricultural productivity, reduce hunger and promote economic growth.
- Infrastructure programmes should be designed to maximise poor women's and men's access to the benefits of roads, transportation services, telecommunications, energy and water.
- Women experience barriers in almost every aspect of work. Employment opportunities need to be improved. At the same time women perform the bulk of unpaid care work. This is an area for greater attention by development actors through increased recognition and valuing of the ways in which care work supports thriving economies.
- Innovative approaches and partnerships are needed to scale up women's economic empowerment.

### Conclusion

Empowerment of women is unavoidable process to seek the holistic empowerment of nation. Empowerment includes the social, political and economic aspects. Government of India has been framing up different schemes for the upliftment of poor with special reference to women and the program of SHG's formation is one of the potent initiate to seek sustainable development of nation. After attaining the membership of any SHG, members show a significant improvement in their social, economic, political and health status and also upgrade their confidence level. It is an effective tool to create employment opportunities for women through micro-credit with concerned banks in their respective areas. SHG's provide support to its members to control their personal and public life. Various programs have been launched by Government for development of women but due to lack of awareness they have failed to seek the full advantage of such services. In this situation, mobilization and formalization of SHG's of women will prove a better option to take benefit by utilizing group efforts. Mobilization of females into SHG's acts as a solution for various local problems through group and collective approach by getting awareness about different schemes and services provided by the Government and Non Governmental Organizations. In short, it is a vehicle of change for the society as a whole.

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