



## EMPOWERING RURAL WOMEN THROUGH SELF HELP GROUPS

(A study with special reference to Madurai District)

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**Abstract:** *Empowerment is a multi-dimensional social process that helps people gain control over their own lives, communities and in their society by acting on issues that they define as important. Empowerment occurs within sociological, Psychological, economic spheres and at various levels. Empowering women puts the spotlight on education and employment which are an essential element to sustainable development. Micro finance is a financial service of small quantity, provided by financial institutions to the poor. These financial services may include savings, credit, insurance, leasing, money transfer, equity transaction, etc. that is, any type of financial services, provided to customers to meet their normal financial needs: life cycle, economic opportunity and emergency. The failure of formal institutions in the world to serve the rural poor effectively led to a review of the informal financial systems. But it was observed from very beginning that the informal financial system is very exploitative and charging very high rate of interest from the poor. Microfinance through SHGs has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally. Linked with micro finance approach, the SHG movement has now been accepted as an effective intervention strategy for poverty alleviation, generating income, empowering the poor and reducing unemployment. Considering the vast number of poor, discriminated and underprivileged women and the need of financial services, there is tremendous scope for micro financing through Women SHGs in India. In order to achieve the objective of poverty eradication, every person should have access to credit for starting small economic activities based on local resources. Conducive environment is needed to be created in the country to give boost to women SHGs. Formal financial system still is averse to provide financial services to women. Empowerment of women can be promoted through socio-economic activities at grass root level. Confidence built up by SHGs helps women members to fight against injustice and secure their rights.*

**Keywords:** *Empowerment, Microfinance, Microcredit, Formal finance and Informal finance*

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## **INTRODUCTION**

Empowerment implies expansion of assets and capabilities of people to influence, control and hold accountable institutions that affect their lives (World Bank Resource Book). Empowerment is the process of enabling or authorizing an individual to think, behaves, take action and control work in an autonomous way and take control of one's own destiny. It includes both control over resources (Physical, Human, Intellectual and Financial) and over ideology (Belief, values and attitudes) (Batwala, 1994). Empowerment can be viewed as a means of creating a social environment in which one can take decisions and make choices either individually or collectively for social transformation. It strengthens one innate ability by way of acquiring knowledge power and experience.

Empowerment is a multi-dimensional social process that helps people gain control over their own lives, communities and in their society by citing on issues that they define as important. Empowerment occurs within sociological, Psychological, economic spheres and at various levels. Empowering women puts the spotlight on education and employment which are an essential element to sustainable development.

Since women's empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of government. The Ministry of Rural development has special components for women in its programmes. Funds are earmarked as "Women's component" to ensure flow of adequate resources for the same. Besides Swarnajayanthi Grameen Swarozgar yojana (SGSY), Ministry of Rural Development is implementing other scheme having women's components. They are the Indira Awas Yojana (IAJ), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme, Accelerated Rural Water Supply Programme (ASWSP) the (erstwhile) Integrated Rural Development Programme (IRDP), the (erstwhile) development of Women and Children in Rural Areas (DWCRA) and the Jowhar Rozgar Yojana (JRY).

Now-a-days, the biggest challenge to any developed or developing countries are poverty, unemployment and pollution. The unemployment problem in developing countries specially India sharply differs from that which prevails in developed nations. Unemployment in developed countries is generally cyclical unemployment. Although in India, more serious is under employment or disguised unemployment than cyclical unemployment. There are a



number of possible routes to the promotion of employment. Self-help groups (SHG) are one of them. They provide the benefits of economics of scale, cost effective alternative for different financial services, collective learning, democratic and participatory culture, affirm base and platform for dialogue and co-operation. It appears that government and non government schemes are perhaps not potent enough to cop up with the voluminous employment problem in India. So it is important to add here dynamic quotations of greatest Economist Chankya. "Self realizations and self initiative are the two most powerful weapons to wash poverty and unemployment out from the world map." This is translated in one word that is SHG (Self Help Group). Self - help group is a small voluntary association of poor people preferably from the same socio economic background. They come together for the purpose of solving their common problems through Self-Help Group. The number of members in one SHG does not exceed 20. The groups have been recommended to be informal to keep them away from bureaucracy, corruption, unnecessary administrative expenditure and profit motive. Size of SHG is 20 because any group larger than this would need to be registered under the Indian legal system. These groups are expected to foster true democratic culture where all the members participate actively by taking part in the debate and decision making process, which is possible only in small groups. Groups are expected to be homogeneous so that the members do not have conflicting interest and all the members can participate freely without any fear.

### **NEED FOR THE STUDY**

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

Every household, irrespective of its rural/urban status or its economic status has a set of consumption and investment needs. Consumption is any spending. All their spending is to keep them going for another day such that they can look forward for income only for that day. The only set of needs that the poorer sections may not have would be luxury/leisure related expenditure, but that too is open to question given the (relatively) large sums of money that have been seen spent by the poor on the purchase of items like radio, television



sets, cosmetics or on festivals, melas (fairs) etc., Nevertheless, the need for funds that typically arise in a poor family is as follows:

**Life cycle needs:** Marriage, other family events, birth, death, education, house construction, old age, widowhood, festivals, etc.,

**Emergency needs:** Medical emergencies, natural calamities, theft, accidents, etc.,

**Investment needs :** Asset purchase, small business.

### **Raising Funds to Meet Needs**

All the above listed needs/occasions call for access to funds, which could be often substantial. It is rare that the poor family has enough funds available to it when many of these occasions arise. There are a variety of ways through which the poor try to meet these needs :

- They use their saving
- They borrow
- They resort to sales/mortgage of assets like land, livestock, and valuables.

The first and second mechanisms – savings and credit – represent the two major facets/areas of financial services that are attended to by MFIs. The main reason for the incapability of the poor to raise funds is income volatility. Volatility means that the stream of income is not stable and foreseeable, but rather unstable and uncertain. The income is prone to risk. This combination results in vulnerability. Lack of marketing knowledge, lack of capital, higher interest rate and family commitments are the main harsh towards women. This study focuses on the Psychological, Economical and Social development of rural SHGs members through the Formal and informal financial institutions, NGOs and their SHGs.

### **OBJECTIVES OF THE STUDY**

#### **The study is embarked on the following objectives**

- To analyse the services received from the financial institutions by the rural women through the SHGs.
- To analyze the services expected from the Government for doing business within the group.
- To analyse the empowerment of the women psychologically economically and sociologically.
- To know the economic impact of SHGs through microfinance.



## **METHODOLOGY**

### **Data sources**

Primary and secondary data were collected for the study. Primary data were obtained through the use of structured schedule. The detailed information relating to secondary data was obtained from the research papers, journals, Status of Microfinance in India reports published by NABARD, and various organization like Banks, Village Grama Sabha of respective villages in the study area.

### **Sample Design**

The study is based on sample survey method. Women SHGs were selected at random from Panchayat Union in Madurai District by using simple random sampling. The women in these 431 village panchayats have chosen stratified on the basis of the number of SHGs, activities and functions of the SHGs. Microfinance is the only successful model reaching the poor to uplift them by providing easy loan to build their business and other practices of self sufficiency, where regular financial services couldn't reach.

### **Statistical tools for data analysis**

To fulfill the specific objectives of the study, the data generated were subjected to statistical analysis using the following analytical tools and techniques

- Tabular presentation
- Chi-Square test
- ANOVA
- Friedman test
- Duncan Multiple range test (DMRT)
- Paired t test
- F test

## **LIMITATION OF THE STUDY**

The study is certified with the rural women of Madurai District. Hence the results may not be applicable to urban area women SHG members.

## **FINDINGS FROM THE PRIMARY DATA**

The data collected from 477 questioners distributed to respondents. The collected data have been compiled and analysed using relevant tools. The analysis revealed many hidden facts. The various findings of the analysis are listed below:



### **Age**

A perceptible proportion of 32.3 percentages of samples belonged to the age group of 31 – 40 years.

### **Educational status**

The education wise analysis brings to the forefront that SHGs belong to the primary school level members constituting a maximum of 50.1 percentage.

### **Occupation**

A significant majority of 58.28 percentage of sample respondents were employed as a wage earners.

### **Marital status**

Marital status of the women indicated that 92.9 percentage of the women got married probably because most of the women belonged to the age group of above 18 years.

### **Individual income**

The monthly income of 49.05 percentage of the sample respondents ranged between Rs.3000-5000 per month.

### **Family Income**

The monthly income of 52 percentage of the sample respondents' families ranged between Rs.2000-4500.

### **Respondents' savings**

The investigation unveils that 46.55 percentage respondents saved between Rs.200-500 per month.

### **Loan Pattern**

It is interesting to note that all the sample respondents have raised loan through jewel and from the SHGs.

### **Purposes of the loan**

A perceptible proportion (64.6 percentage) of the respondents were brought loan for the purpose of meeting household expenses.

### **Interest Pattern**

A striking relevant of the study is that a majority of the (68.1 percentage) respondents have received loan from the financial institutions at a interest rate ranging between 15-20 percentage.



### Respondents status in employment - before availing loan in SHGs

The survey reveals that a perceptible proportion of 60.8percentage respondents remained unemployed.

## INFERENCE FINDINGS

### HYPOTHESIS I

Null Hypothesis: There is no significant difference between the mean ranks regarding the satisfactory level and services of the lending institution.

TABLE 1

FRIEDMAN ranks test – for respondents satisfactory levels towards the lending institutions

S.No.	Attributes	Mean rank	Chi- square	P value
1	Loan amount	7.90	1577.975	0.000**
2	Interest rate	6.21		
3	Number of installments	3.47		
4	Lending period	3.47		
5	Securities	3.39		
6	Guarantee	7.15		
7	Procedures	5.01		
8	Services	5.01		
9	Approaches of the officials	6.65		
10	waiting period	6.75		

Note: 1. \*\* denotes significant level at 1% level

Since P value is less than the 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that there is significant difference between the mean ranks between satisfactory levels of respondents regarding the lending institution. Based on the mean rank loan amount (7.90) is most important factor ranked as the first, followed by Guarantee demanded by the financial institution and approaches of the officials.

### HYPOTHESIS II

Null Hypothesis: There is no significant difference between the mean ranks regarding satisfactory level of services provided by the SHGs



**TABLE 2**  
**FRIEDMAN RANKS TEST –**  
**RESPONDENTS OPINION ABOUT SATISFACTORY LEVEL OF SERVICES PROVIDED BY THE**  
**SHGS**

S.No.	Attributes	Mean Rank	Chi-square value	P value
1	Loan amount	10.21	4359.961	.000**
2	Interest rate	10.45		
3	Number of installments	9.89		
4	Flexible rules	7.56		
5	Marketing assistance	2.19		
6	Quality assistance	2.19		
7	Accounting transparency	10.71		
8	Approaches of the leader	7.81		
9	Relationship with the members	9.85		
10	Timely assistance from the group	7.35		
11	Possibility of healthy business partners	7.50		
12	Political interference	7.19		
13	Modernization in work	2.19		
14	Awareness about the various development schemes	9.89		

Note: 1. \*\* denotes significant level at 1% level

Since P value is less than the 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that there is significant difference in the mean ranks regarding satisfactory level of services provided by the SHGs. Based on the mean rank, accounting transparency (10.71) is the most important factor for respondents satisfaction which is ranked as the first, where as interest rate ranked as second, while loan amount ranked as third rank.





### HYPOTHESIS III

Null Hypothesis: There is no significant difference between educational qualifications of respondents with respect to expectations from the Government to strengthen the Group business

**TABLE 3**

**ANOVA test for respondents expectation from Government to strengthen the group business**

S.No.	Education	N	Mean	SD	F value	P value
1	Illiterate	58	20.64	2.375	.914	.434
2	Primary	239	20.85	2.094		
3	Middle	112	20.83	2.309		
4	High School	68	20.38	2.179		

Since P value is greater than the .05, the null hypothesis is accepted. Hence there is no significant difference between education levels of respondents with respect to expectations from the Government to strengthen the Group business. Based on the mean value all the sample respondents expect support from the Government to strengthen the SHGs group business.

### HYPOTHESIS IV

Null Hypothesis: There is no significant difference between income of respondents before and after joining the SHG

**TABLE 4**

**Student t test for the significant difference between incomes of the respondent before after joining the SHG**

S.No.	Variable	Mean	SD	t value	P value
1	Income - Before availing loan in SHG	2608.46	3494.375	12.820	.000**
2	Income - After availing loan in SHG	4003.32	3323.200		

Note: \*\* denotes significant at 1% level



Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence there is a significant difference between income of the respondents before and after joining the SHG.

The respondent before joining the SHG the mean value of income was 2608.46, while after joining the SHG, the income of the respondent has become 4003.32.

More over it is also contributed in graduating respondents from the state of unemployed to employed. These findings enlighten the fact that microfinance loan and its productive utilization will improve the income earnings of the respondents. Economic independency strengthens and boost up women empowerment level. The study observed that self help group participation improved the income level of the respondents.

The probable reason for majority of the respondents having medium family income may be that the family did not consider earlier women as breadwinners, but now as the SHGs members, they are contributing significantly for their family.

#### HYPOTHESIS V

Null Hypothesis: There is no association between employment before and after availing loan in the SHGs

**TABLE 5**

**Chi-square test for association between employment - before and after availing loan in SHGs**

S.No.	Employment- Before availing loan in SHG	Employment- After		Total	Chi- square value	P value
		availing loan in SHG Yes	No			
1	Yes	187 (100.0%) [56.5%]	0 (.0%) [.0%]	187	135.67	.000**
2	No	144 (49.75%) [43.5%]	146 (50.3%) [100.0%]	290		
	Total	331	146	477		

Note: 1. \*\* denotes significant at 1% level

2. The value within ( ) refers to Row Percentage



3. The value within [ ] refers to Column Percentage

Since P value is less than the 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that there is significant difference in savings before and after joining the SHG. The study has examined critically the impact of SHG on employment generation. It was found that employment generation with the help of SHGs it is indicating that SHGs generate employment. Majority of beneficiaries accepted the improvement in economic condition after joining SHG. It shows the positive impact of SHG on employment generation. Majority of beneficiaries of all SHG accepted expansion in employment after getting loans. It has positive impact on employment generation. In this way, it is concluded that Self Help Group has the capability of generating employment. It may be one of the ways through which the problem of unemployment can be removed from the entire society. And the procedure of growth and development can be achieved.

### **SUGGESTIONS FOR EMPOWERING WOMEN THROUGH MICRO CREDIT**

Education plays a very crucial role in the social and economic development of women. Respondents who were literates, studied only up to the primary level, middle and secondary level. This situation may be due to the poor educational facilities in rural areas, restrictions in the family for girls to be inside the four walls of the house and absence of schools in the village and nearby villages. It might also be a result of the common belief that poor women do not require education because education is too costly and that education is meant only for men and people from the elite class.

Short-term training programmes and literacy campaigns can be arranged at the Panchayat level so that illiterate and inefficient women can become competent.

Marketing the SHGs' products is an important issue. Low involvement in group business and lack of entrepreneurial activities are the main reasons for the SHGs. For better sales, the Government has to purchase the products of the SHGs through its departments or to extend subsidies on all the products of the SHGs.

One of the advantages reported by 24 percent of the respondents is that they can take their own decisions and stand on their own feet. The reason is because once a woman is economically independent and socially bold, she need not depend on others, she can take her own decision and stand on her own feet.



Majority of the respondents expressed the overall benefits that SHGs have become a dais for women to express their feelings followed easy availability of loan during emergency.

## **CONCLUSION**

Considering the vast number of poor, discriminated and underprivileged women and the need of financial services, there is tremendous scope for micro financing through Women SHGs in India. In order to achieve the objective of poverty eradication, every person should have access to credit for starting small economic activities based on local resources. Conducive environment is needed to be created in the country to give boost to women SHGs. Formal financial system still is averse to provide financial services to women. Empowerment of women can be promoted through socio-economic activities at grass root level. Confidence built up by SHGs helps women members to fight against injustice and secure their rights.

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