

# IMPACT OF SELF HELP GROUPS ON WOMEN EMPOWERMENT: A STUDY WITH REFERENCE TO WOMEN SELF HELP GROUPS IN OSMANABAD DISTRICT

## ABSTRACT

Microfinance is the most experimented philosophy in today's era. It has infact become a strategic tool for financial inclusion as well. The quantitative growth of microfinance in India mainly through Self Help Groups is quiet evident from various studies and reports. Self Help Groups are emerging as a popular vehicle of microfinance. Substantial majority of these groups are women SHGs. In India of more than 61 lakhs of SHGs formed under the NABARD's SHG-Bank Linkage programme, almost 83% are women SHGs. They are used largely for poverty alleviation. However, various studies reveal that SHGs can supplement empowerment equally. SHGs are providing financial orientation and benefits to the participants. Obviously, this leads to economic empowerment of the members. In addition the group mechanism is assumed to be useful for social empowerment also. The dynamics of this philosophy is studied recently with some positive results.

An attempt is made to understand the concept of empowerment specially in case of women and the impact of SHGs on women empowerment.

**Key words:** Microfinance, Self Help Groups, Women Empowerment.

## INTRODUCTION

Microfinance is the most experimented philosophy in today's era. It has infact become a strategic tool for financial inclusion as well. The quantitative growth of microfinance in India mainly through Self Help Groups is quiet evident from various studies and reports. Microfinance is paving it's ways through a lot of challenges. Reaching the target population in the appropriate perspective is one such challenge.

Gender equality and gender empowerment seem to be the key words of any development activity in today's date. Since independence, India has come a long way. Life of Indian population especially the female population seems to be witnessing positive change in recent decades. Hence it was felt necessary to assess the impact of Self Help Groups in the empowerment of women. With this objective the researcher undertook a study in Osmanabad district of Marathwada.

## I. SELF HELP GROUPS

### According to NABARD:

"Self Help Group (SHG) is a small voluntary association of poor people, preferably from the same economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the Self Help Group. Usually, the number of members in one SHG does not exceed twenty".

The SHG system propagates the principle of self-help first and then mutual help as well. It attracts the individuals because it shows the ability of developing self initially. In addition when working in group it also provides for help to others. It is commonly observed that the SHGs are formed initially on areas of common interest that enable the group members to direct their efforts for their development. They function on the principle of co-operation and provide for a forum for members to extend support to each other. The important benefit of SHGs is that they provide for savings mechanism, which brings the group together in the initial phase. They also provide a cost effective delivery mechanism for small credit to its members.

The Self Help Groups are associations of people formed initially with economic goal but subsequently leading to a platform for meeting social and political goals as well. The Self Help Group members being poor cannot take risk neither can they offer anything as guarantee against loans from formal financial institutions. However, micro savings, internal lending, external credit and income generating activities have emerged as the major contributions of the Self Help Groups.

## II. STATEMENT OF PROBLEM

As per the Human Development Report of Maharashtra (2002), Marathwada is observed to be lacking on women empowerment aspects. On the other hand, microfinance is observed to be an important contribution towards poverty alleviation. At the same time it is also considered to be having the potential of empowering the participants. However, the extent to which it can empower the participants especially women is assumed to depend on certain related factors (influencers). An attempt is made to identify the ability of SHGs in empowering women and the factors influencing empowerment.

## III. REVIEW OF LITERATURE

There are various studies in the field of microfinance. Some significant studies referred for the research are:

- Manimekalai and Rajeshwari (2002) in their study of SHGs in Tamilnadu found that the women members of SHGs who started their own small businesses like tailoring, animal husbandry, petty shop etc. were contributing more than fifty percent of their earnings to their households. They further observed that though women were supporting the families financially, their voices were not heard in core family decisions like education and weddings of their children, purchasing assets etc.
- Lalitha and Nagarajan observed in 2002 that in India, microcredit studies done on self help groups dealing with income generating activities have noted positive profit levels and short payback periods for loans. Earnings generated from such undertakings have been instrumental in increasing the physical wellbeing of the household.
- In 1998 Naila Kabeer observed the effectiveness of credit in addressing the needs and priorities of the poor as well as in empowering women. The study reveals the impact of participation in micro enterprise services of the SEWA bank in Ahmedabad. The study also provides preliminary indications of the nature and magnitude of benefits resulting from participation.
- Kapoor Pramilla (2001) in her study tried to discuss, analyse and answer the challenging questions as to why despite all the efforts and progress made, still there continues to be so much of gender discrimination and what strategies, actions and measures to be undertaken to achieve the expected goal of empowerment. She opined that women's empowerment is much more likely to be achieved if women have total control over their own organisations, which they can sustain both financially and managerially without direct dependence on others.

## IV. OBJECTIVES OF STUDY

The study was undertaken with the following objectives:



- To examine the effectiveness of SHG- as a tool for empowerment.

- To suggest measures for effective and planned empowerment of women.

## V. SAMPLING DESIGN

The study is based on sampling technique. The whole of Osmanabad district is included in the study. A sample of 124 SHG members from among the functioning SHGs of Osmanabad district (both urban and rural belts) has been chosen. Due care is taken to ensure representation of entire population. The sampling method hence chosen was random sampling based on convenience to certain extent.

## VI. TOOLS FOR DATA COLLECTION AND ANALYSIS

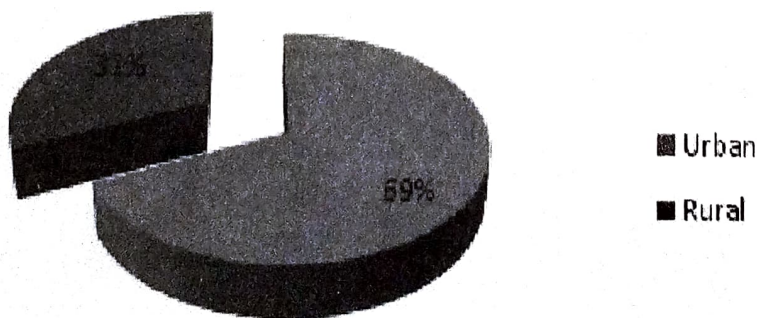
The present study is based on survey method. It involves collection of primary data from the SHG-members. The secondary data was collected from various books and articles published in various journals and magazines. In addition different websites were also used for relevant secondary data. The data from the respondents was collected with the help of a structured questionnaire. The pre-post methodology was used to analyse the change in empowerment levels of the sample. After collection of the questionnaires, the data was tabulated and analyzed with the help of SPSS, the statistical package. The statistical tools like percentage analysis, cross-factor analysis were applied.

### SECTION I

- The area (Urban/Rural) based distribution of respondents is presented in Chart No.1:

CHART NO.1

### Area based distribution



## VII. MEASUREMENT OF VARIABLES

The researcher, after a thorough review of studies, has identified four major parameters that indicate empowerment of women as an outcome of SHG-participation. These parameters are then tested through twelve distinct variables. The change is determined using pre-post methodology. The following are the four parameters considered by the researcher:

1. General Awareness
2. Mobility
3. Decision making
4. Access to resources

## VIII. LIMITATIONS OF THE STUDY

The following are the specific limitations of the study:

- The study was conducted only in the Osmanabad district and the sample size was limited to 124. Consequently the results cannot be expected to achieve optimum accuracy
- Time and cost constraints were the other limitations of the study.
- The limitations applicable to the questionnaire method affect this study also.

## IX. DATA ANALYSIS

The data collected by the researcher was encoded and

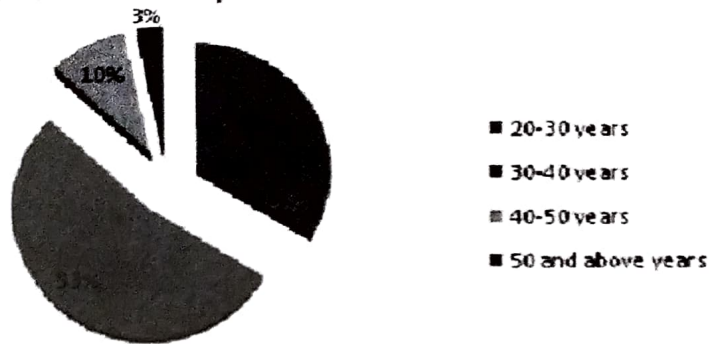
### Source: Primary Data

It is clear from chart no.1 that of the total 124 respondents 69% are from urban areas of Osmanabad and 31% of the respondents are from rural areas of Osmanabad.

- The classification of respondents on the basis of their age is given in chart no.2:

CHART NO.2

### Age based respondent distribution



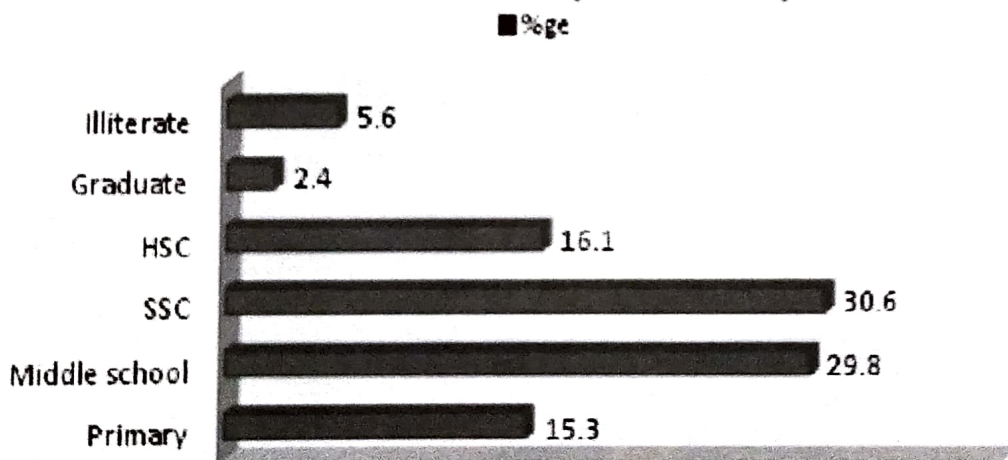
### Source: Primary Data

It is observed from chart no. 2 that 53% of respondents belong to age group 30-40 yrs., 34% belong to 20-30 yrs., 10% belong to 40-50 yrs. and 3% belong to 50 yrs. and above. The sample thus holds to it's credit a larger representation of 20-40 years age group (87%).

- The Educational levels of respondents are given in chart no. 3 below:

CHART NO.3

### Education based respondent profile



### Source: Primary Data

Chart no.3 given above shows that only 5.6% of the respondents are illiterate. 15.3% respondents have primary education while 29.8% respondents are educated upto middle school. 30.6% and 16.1% of the respondents are SSC and HSC respectively. Only 2.4% respondents are graduate. It is clearly noticed that larger proportion of the respondents is sparsely literate (45%).

tabulated. It was further exposed to statistical tools like percentage analysis and chi-square analysis. The results obtained thereof are as summarized below:



The distribution of respondents based on marital status is provided in chart no.4 below:

CHART NO.4

### Marital Status based respondent classification

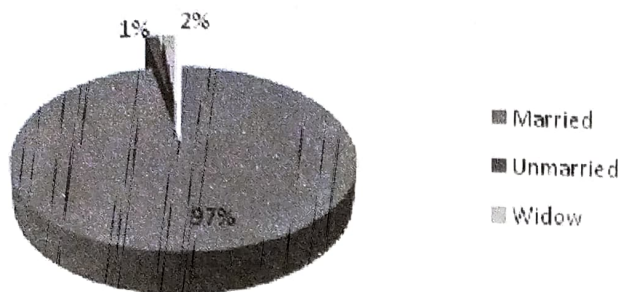


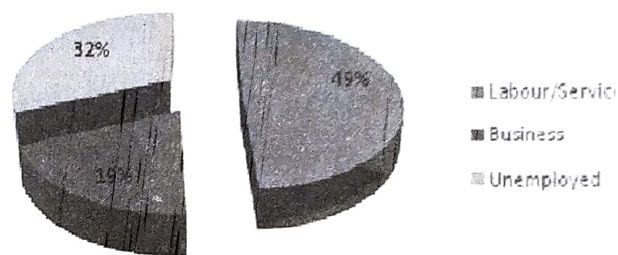
Chart no.4 above shows that majority of the SHG participants are married. It further reflects the participation of widows as well. Though less, unmarried women (girls) also form to be a part of the respondent base.

Source: Primary Data

The distribution of respondents based on occupation is presented in chart no.5 below:

CHART NO.5

### Respondent profile based on Occupation



Source: Primary Data

The chart above states that a substantial portion of the respondents (49%) is occupied with service or labour. 19% women respondents are doing business while 32% are unemployed.

## SECTION II

The respondents are tested on selected parameters for empowerment and the change in empowerment within pre-joining and post joining phases is identified.

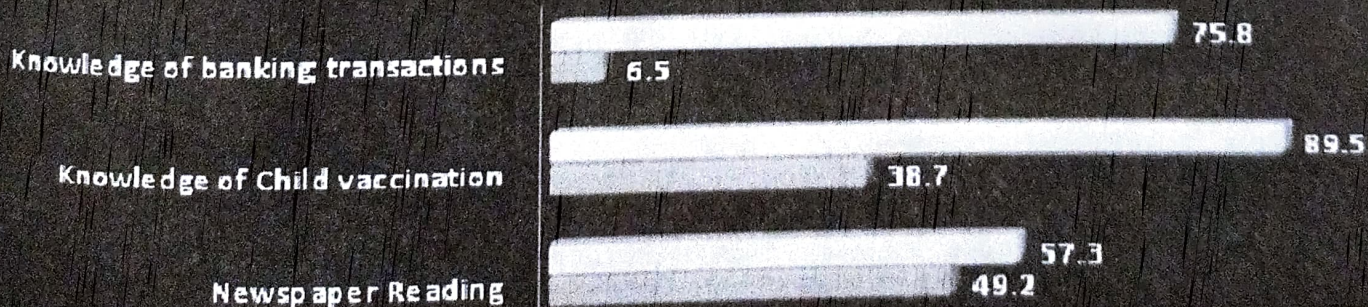
### CHANGE IN GENERAL AWARENESS

The general awareness of respondents is assumed to be an important factor contributing to the woman's empowerment. The level of general awareness is

CHART NO.6

### Change in General Awareness

■ Post-SHG(%ge) ■ Pre-SHG(%ge)

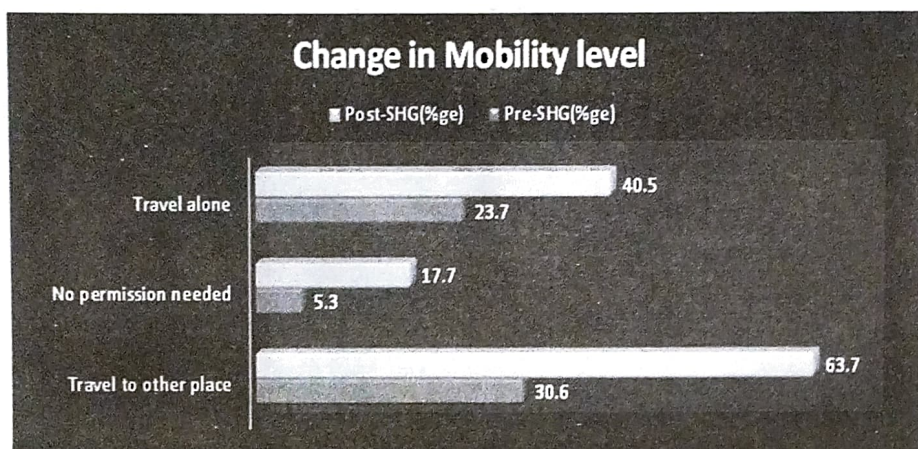


Source: Primary Data



Chart no.6 gives a clear picture about the changes in the state of general awareness of the women respondents after joining SHGs. In connection with the newspaper reading habit of the respondents, before joining SHG 49.2% of respondents were actively reading newspapers. After joining SHG this percentage increased by almost 8% to 57.3%. In the pre-SHG phase only 38.7% women were aware of child vaccination. After joining the SHGs, almost 90% of the respondents reported of having knowledge of child vaccination. The chart further states that the respondents under study were in a poor state as far as the knowledge of banking transactions was concerned with merely 6.5% reporting of having knowledge of basic banking transactions. With the membership of SHGs a substantial rise is observed in this proportion, to the extent of 75.8% of respondents having knowledge of the basic banking transactions.

CHART NO.7



Source: Primary Data

• CHANGE IN MOBILITY

The second parameter chosen for study was the mobility of the respondents. Again three indicators were selected for assessing the change in mobility; whether the respondent had travelled to another city, town or village, whether she needed permission for travelling and whether she had the ability to travel alone. A comparative analysis of pre-SHG and post-SHG phases is given in chart no.7 below:

The above given chart shows that only 30.6% of the 124 sample respondents were used to travelling out to other city, town or village before being members of SHGs. However after SHG-membership this percentage increased to 63.7%. In the pre-SHG phase, of the respondents who travelled to other places, there were only 5.3% respondents who could move without seeking permission. In the post-SHG phase there is an increase, though marginal (17.7%), in the number of respondents not needing to take permission to travel. The ability of the respondents to travel alone is also on increase from 23.7% in pre-SHG phase to 40.5% in post-SHG phase. Thus, a positive change in the mobility of the respondents is evident.

• CHANGE IN HOUSEHOLD DECISION MAKING

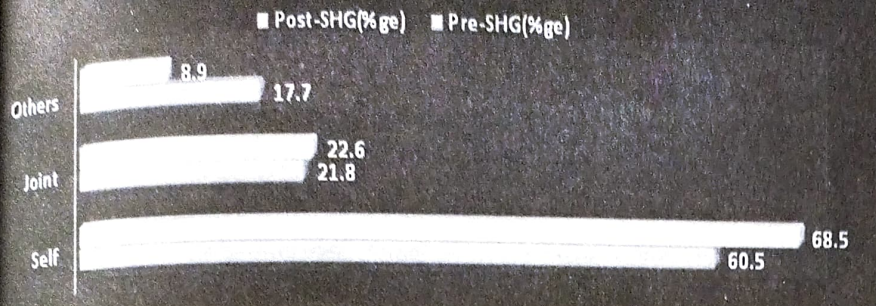
The role of a woman in decision making is another significant indicator of her empowerment. Her opinion being of some value in itself infuses confidence in her. It holds a great deal of psychological impact on the woman. To assess the change in role of respondents in household decision making three indicators were used; decisions about small purchases, large purchases and children education. An attempt was made to find out the pattern of decision making followed by the respondents. The responses were gathered on three options, whether decisions were made by self, jointly or by others (husband or in-laws or others). The responses recorded for each of the indicators are presented in chart no.8, 9 and 10 below:





CHART NO.8

### Change in Small Purchase Decision making

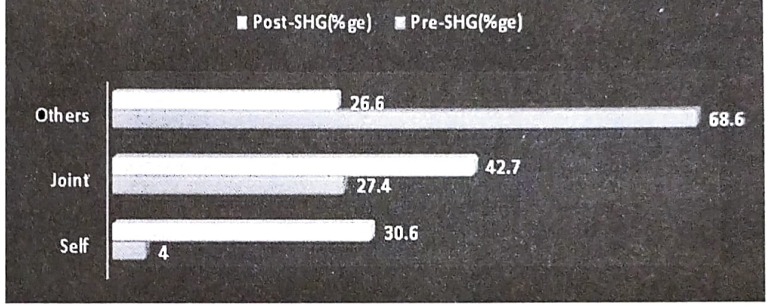


Source: Primary Data

The change in role of respondents in small purchase decisions like purchase of vegetables, groceries etc. is observed in chart no.8 above. The respondents have fared well with almost 60.5% making self decisions before joining the groups. There is an increase by 8% in the post SHG period.

CHART NO.9

### Change in Large Purchase Decision making

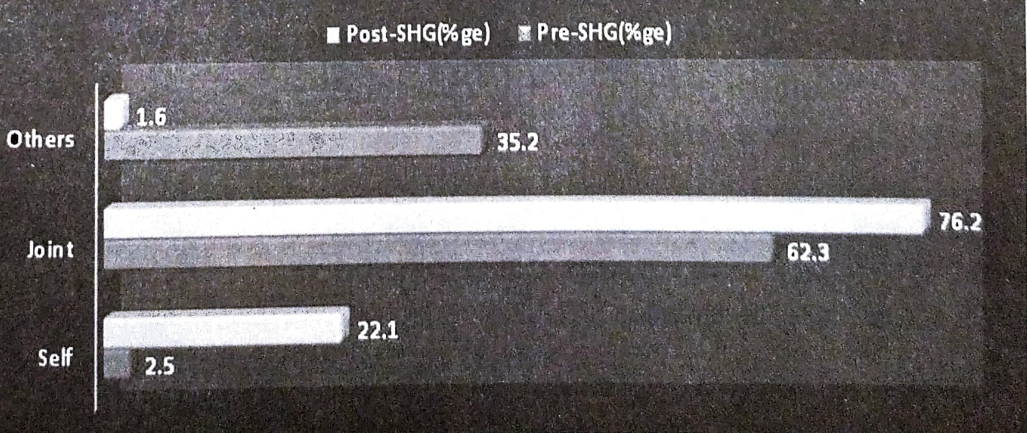


Source: Primary Data

The change in large purchase decision making is visible from chart no.9 above. Prior to joining SHGs only 4% of the respondents could make decisions on their own or rather enjoyed the liberty of deciding independently, while 27.4% enjoyed voice in joint decision making. After joining SHGs a better picture is registered with a substantial rise of almost 26% in self decision making (30.6%). Similarly the consideration of respondent opinion in large purchase decisions is increased to 42.7%. Thus the dictation of others in large purchase decisions has reduced substantially from 68.6% in pre-SHG phase to 26.6% in post-SHG phase.

CHART NO.10

### Change in Decision making about Children Education



Source: Primary Data

Note: Percentages calculated after excluding respondents without children and unmarried

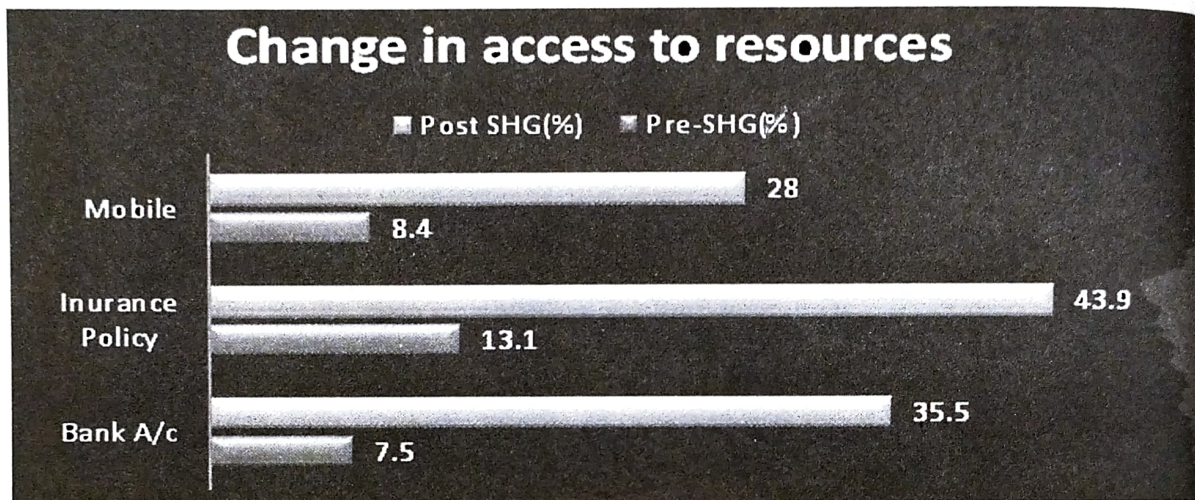


The role of respondents in decisions about children education is given in chart no.10 above. It can be observed that the self decision making has increased from meager 2.5% in pre-SHG phase to 22.1% in post-SHG phase. Joint decision making is favored both in pre-SHG and post-SHG phases.

• **CHANGE IN ACCESS TO RESOURCES**

The fourth parameter is the access to resources. It is believed that empowerment is also governed to a marked extent by an individual's access to resources. The three indicators used are having a bank account (in her own name), having an insurance policy and possessing and using mobile.

**CHART NO.11**



**Source: Primary Data**

The above given chart clearly shows a substantial increase in the number of respondents with a bank account from a meager 7.5% in pre-SHG stage to 35.5% in the post-SHG phase. Similarly, only 13% of the respondents were aware about the value of their lives and had themselves insured in the Pre-SHG phase. This awareness is observed to have increased by almost 30% after joining SHGs. Usage of mobile is also seen to have increased with 28% respondents now confident enough to have their mobiles as against only 8.4% in the pre-SHG phase.

It is thus evident from the analysis given in section II, that participation in SHGs has been beneficial to the respondents. Almost on every indicator they have excelled in their empowerment. The change clearly indicates that SHG-participation is one of the important reasons for change in empowerment of women respondents.

analysed on the basis of three indicators; habit of reading newspaper, knowledge of child vaccination and knowledge of basic banking transactions. The change therein is depicted in the chart no.6 given below:

**FINDINGS OF STUDY**

The findings of the study are presented as follows:

- It is well understood that the concept of Self Help Groups is spread in both rural as well as urban areas.
- Women from all age groups find representation in the SHGs. It may be noted that majority of the women participating in SHGs are middle aged ranging between 20-40 years.



The group mechanism is not restricted only to literate class of the society. Instead the illiterate women form to be an important component of these SHGs. However, the well educated women need be motivated to form such groups and reap the benefits thereof.

It is also seen that majority of the respondents are married (88%). It must be appreciated that though in sparse proportion, widows and divorcees are also becoming members of SHGs. Infact; such women are more disempowered on the grounds of the circumstances and hence are in need of group support. This surely is an encouraging trend.

SHGs are not a domain of employed women alone. Both employed and unemployed women are members of SHGs. This in itself speaks of the benefits of SHGs attracting the non-earning women.

By means of joining SHGs, the women have developed habit of reading newspaper. This keeps them better informed about the developments taking place in the surrounding world.

Knowledge of child vaccination is also found to have spread largely through SHG-participation. It is thus creating health awareness among the women.

The main purpose of SHGs is meeting the financial needs of the members and extending banking services to the unbanked population. This purpose is being served to a large extent. The number of respondents having knowledge of basic banking transactions has increased substantially by almost eleven times in the post-joining phase.

Women in general and rural women in particular face restrictions in their mobility. It is also observed that if they are mobile it is with permission of others (like husband, in-laws etc.). However, after becoming a member of SHG, the respondents

have reported positive changes in the mobility related aspects. The percentage of women needing permission to travel has reduced considerably. Also the women have become more confident and are now travelling alone.

- Women have shared a relatively negligible space in decision making within the households. For making small purchases, considerable number of respondents made decisions on their own before joining SHGs. This percentage however did increase after joining SHGs. In case of large purchase decisions however, husbands and other members of the family dominated largely. Only 4% of the sample respondents did enjoy the freedom of making large purchases on their own in the pre-SHG phase. This percentage increased to almost 30.6% in the post SHG phase. Also women participated in joint decision making largely after joining SHGs. This shows that after joining SHGs the women attained a better say in their household decisions.

- Commendable increase (almost five times) is observed in the percentage of respondents having bank accounts after joining SHGs. This shows that the women are shedding away their shyness and are accessing the benefits of banking services.

- It is being realized by the respondents that their life is equally valuable as of their husbands and children. This is clear from the increase in the percentage of respondents (30%) having insurance policies.

- These respondents are making use of modern technology in the form of mobile phones. This is making the members more confident.

## RECOMMENDATIONS

- Based on the study following recommendations are made:



- Benefits of SHG participation should be brought to light to motivate the non-participants.
- Proper orientation of the family members of the SHG-members shall act as a support for their participation.
- Sustainability of the groups should be a point of focus of the promoting agencies.
- The SHG activities should explore the entrepreneurial potential of the members.
- Self Help Groups should be converted into Self Enterprising Groups.
- Education shall surely add to the empowerment of women. Hence through SHGs education should be provided to the women.
- The insurance companies should design specialized need based insurance products for these women.
- The banks must motivate the women members to have direct linkage with them.

## CONCLUSION

On the basis of the study it may be concluded that Self Help Groups are providing a viable platform for empowerment of women. The SHG-participants under study are benefitted to a visible extent from the group philosophy. However, the sustainability of the groups need be focussed for better empowerment. Self Help Groups do have the potential of acting as change agents.

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