

EFFECTIVENESS OF THE SHG IN IMPROVING THE ECONOMIC CONDITION OF WOMEN ENTREPRENEURS IN KANPUR

Anubhav Singh* and Vijay Srivasatva*

Abstract: A lot of research has been carried out and are being carried out to make micro finance sector contribute to the growth of women with the overall growth of the nation. This research paper tries to examine the effectiveness of the Self Help Groups in improving the economic condition of women entrepreneurs in Kanpur district. The paper has been divided into twelve sections: the first section outlays the introduction. The second section deals with the literature review. The third section deals with the problem statement. The fourth section deals with the objectives of the research paper. The fifth section deals with the hypothesis statements that are formulated to achieve the objectives of the study. The sixth section explains the detailed research methodology adopted to carry out the study. The research design is descriptive and exploratory in nature and used non-probability - quota sampling technique for selecting the samples, and the researcher has used various statistical tools for the analysis of primary data using SPSS package v/s20.0. The seventh section deals with the analysis of primary data collected from the Kanpur district of Uttar Pradesh, which examine the effectiveness of the Self Help Groups in improving the economic condition of women entrepreneurs. The eighth section presents the findings of the research attempted for the study. The ninth section deals with the concluding remarks and would enlighten us to understand the reality of the initiatives. The tenth section offers the suggestions & recommendations and the final section deals with the limitation of the study.

Keywords: Economic condition, Empowerment, Women Entrepreneurship , Rural Development, SHG

INTRODUCTION

Today, in most of the developing countries, more and more emphasis is laid on the need for the development of women and their active participation in the main stream of development process. It is widely recognized that women in India had been kept in dark in the name of custom, tradition and religious faith. The prospects for development had been given the opportunity. Education was alien to her. Involvement in social and political activities was totally banned. This alienation and suppression of the weaker sex promoted the union government of India to try

* Assistant Professor, Lovely Professional University, Jalandhar, India, E-mail-
singhanubhav05@gmail.com; vijaygunjan1986@gmail.com

to provide 33 percent reservation for women; through they comprise nearly 50 percent of the population. Keeping this in mind the government of India introduced the National Policy for Empowerment of Women, and declared 2001 as Women's Empowerment year. The government of India said that "Our vision in the new century of a nation where women are equal partners with men". By empowerment, women would be able to develop self - esteem, confidence, realize their potential and enhance their collective bargaining power. In light of this, research in women empowerment has been adequate but research in women empowerment through SHGs is inadequate. Hence, due to paucity of research in the concerned field this research paper was designed to examine the effectiveness of the Self Help Groups in improving the economic condition of women entrepreneurs in Kanpur district of Uttar Pradesh to achieve the objective of the nation.

LITERATURE REVIEW

The National Bank for Agriculture and Rural Development (NABARD, 2000) conducted a study on the impact of Micro Finance (MF) on the living standard of SHG members. The study aimed to find out how far the SHG bank linkage programme had lightened the burden of life for the average member of a SHG and to analyze the betterment of household by gaining access to micro finance. The study covered 560 SHG member households from 223 SHGs spread over 11 states. It showed positive results. There were perceptible and wholesome changes in the living standards of the SHG members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and income levels. The study revealed that almost all the members developed saving habits in the post SHG situation as against 23 per cent of households who had this habit earlier and the average borrowings per year per household increased from Rs 4,282 to Rs 8,341. The study concluded that the involvement in the group significantly contributed in improving the self- confidence of the members. The feelings of self-worth and communication with others improved after association with the SHGs and the members were relatively more assertive in confronting social evils and problem situation. As a result, there was a fall in the incidents of family violence.

Gaonkar (2001) studied the impact of SHGs on women in Goa and observed that individual loans were mostly for productive purposes with cent percent recovery. Monthly interest rate charged is high with 24 per cent to 36 per cent but it goes to group fund. SHGs made a lasting impact on the lives of the poor and the quality of life of the family is improved in terms of increase in income, savings, consumption expenditure, gaining self-confidence, productive use of free time, getting opportunity to improve hidden talents. It has contributed to address poverty and unemployment and able to bring social transformation through economic development and social change.

Banerjee and Chatterjee (2009) his paper makes an effort to estimate the impact of SHGs created under SGSY programme of Government of India on the basis of primary survey undertaken in the district of north 24 parganas of West Bengal during September 2005 to March 2006. Data was collected from group members as well as from non-group members. It has been observed that income generation through group activities has improved the average income of group members but the inequality of distribution of income is high among the group members than that of the non-group members. Secondly, there has been a significant decline in the medical expenditure and school dropout rate in the families of group members than that of non-group members.

STATEMENT OF THE PROBLEM

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered equal partners in progress with men. Empowerment of women is essential to harness the women labor in the main stream of economic development. Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers social, political, economic and social aspects. Out of all these facets of women s development, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society. The economic impact of the SHGs on the members has been analyzed in terms of their income generation, amount of borrowing from moneylenders, amount of borrowing from SHGs and the level of savings. In light of economic empowerment of women entrepreneurs, the overall aim of the research is **“to study the role of SHGs in improving the economic condition of women entrepreneurs in Kanpur district”**.

OBJECTIVES OF THE STUDY

The objective of the present study is to examine the effectiveness of the Self Help Groups in improving the economic condition of women entrepreneurs in Kanpur district of eastern Uttar Pradesh.

HYPOTHESIS FORMULATION

In order to examine the effectiveness of SHGs in improving the economic condition of women entrepreneurs below mentioned four null hypothesis H_{0_1} , H_{0_2} , H_{0_3} and H_{0_4} were formulated.

1.1. Comparison of annual income of women entrepreneurs before and after joining the SHGs.

H_{0_1} : “There is no significant difference between the annual income of women entrepreneurs before and after joining the SHGs.”

μ_B Income = μ_A Income

1.2. Comparison of annual liability of women entrepreneurs towards money lenders before and after joining the SHGs.

H0₂ "There is no significant difference between the annual liability of women entrepreneurs towards money lenders before and after joining the SHGs."

$$\mu_B \text{ Liability}_1 = \mu_A \text{ Liability}_1$$

1.3. Comparison of annual liability of women entrepreneurs towards SHGs before and after receiving the revolving fund amount.

H0₃ "There is no significant difference between the annual liability of women entrepreneurs towards SHGs before and after receiving the revolving fund amount."

$$\mu_B \text{ Liability}_2 = \mu_A \text{ Liability}_2$$

1.4. Comparison of annual savings of women entrepreneurs before and after joining the SHGs.

H0₄ "There is no significant difference between the annual saving of women entrepreneurs before and after joining the SHGs."

$$\mu_B \text{ Savings} = \mu_A \text{ Savings}$$

METHODOLOGY

- **Research design:** Descriptive and Exploratory research design
- **Sampling design:** Non-Probability - Quota Sampling was used.
- **Coverage:** The study is conducted in Kanpur district of eastern U.P. The total active female members of SHG in 8 blocks of coverage area were 8478 and were considered as a universe for the study.
- **Sample Size:** The sample size of SHG members was determined by using the following formula:

$$\begin{aligned} n &= N / (1 + Ne^2) \\ &= 8478 / (1 + 8478 * 0.05^2) \\ &= 382 \end{aligned}$$

Where, "N" is the size of the population which is 8478 and "e" is the standard error which is 5% or 0.05. Substituting the values in the equation, the size of the sample was found to be 381.9 approximated on the higher side as 390.

390 female members of SHGs were selected for collecting primary data. After preliminary examination, 324 female members of SHGs out of 390 members were

found completed and valid. Thus 324 women entrepreneurs were selected for collecting primary data.

- **Data analysis Tools**

A pre-structured and pre-tested interview schedule was used for data collection, keeping the objectives of the study in the mind. The various statistical analytical tools were used in accordance with the objectives of the study.

- **Data Analysis**

Obtained responses were coded and transferred with the help of SPSS software. The analysis has been done with SPSS 20 version. The various statistical tools were used depending upon the data and requirement for the analysis like Mean, Standard Deviation, Paired Sample t - test and Correlation.

RESULT AND DISCUSSION

In order to examine the effectiveness of the SHGs in improving the economic condition of women entrepreneurs in Kanpur district paired sample t- test were used to test below mentioned null hypothesis H_{0_1} , H_{0_2} , H_{0_3} and H_{0_4} .

1.1. Comparison of annual income of women entrepreneurs before and after joining the SHGs.

Table 1
Paired Samples Statistics

		<i>Mean</i>	<i>N</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>
Pair 1	Income Pre-SHG	3852.78	324	3975.32	220.85
	Income Post-SHG	10804.94	324	5046.07	280.34

The annual income of women entrepreneurs before joining the SHGs was rupees 3853. After joining SHGs, the annual income increased up to rupees 10805. It represent that SHG is an effective model in improving the economic condition of women entrepreneurs on the basis of income.

Table 2
Paired Samples Correlations

	<i>N</i>	<i>Correlation</i>	<i>Sig.</i>
Income Pre-SHG & Income Post-SHG	324	.659	.000

Above table 2 represent the strong correlation between the income of SHG women entrepreneurs of pre and post SHG period.

H_{01} : "There is no significant difference between the annual income of women entrepreneurs before and after joining the SHGs."

$$\mu_B \text{ Income} = \mu_A \text{ Income}$$

Table 3
Paired Samples Test

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)
			Std. Error Mean	95% Confidence Interval of the Difference Lower Upper			
Income Pre-and Post-SHG	-6952.16	3848.26	213.8	-7372.76 -6531.56	-32.52	323	.000

The p - value 0.00 which is lower than the alpha value 0.05 at 95% confidence interval. Thus null hypothesis is rejected and it can be concluded that there is a statistical difference between the annual income of women entrepreneurs before and after joining the SHGs. It is further inferred that the SHG model have helped the women entrepreneurs in raising their income.

1.2. Comparison of annual liability of women entrepreneurs towards money lenders before and after joining the SHGs

Table 4
Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Liability 1 Amount Pre-SHG	3229.63	324	3973.3	220.74
	Liability1 Amount Post-SHG	677.47	324	535.45	29.75

The annual liability of women entrepreneurs towards moneylenders before joining the SHGs were rupees 3230. After joining SHGs, the annual liability of women entrepreneurs towards moneylenders decreased to rupees 677.47. It

Table 5
Paired Samples Correlations

	N	Correlation	Sig.
Liability1 Amount Pre-SHG & Liability1 Amount Post-SHG	324	.868	.000

represent that SHG is an effective model and help in reducing the dependency of SHG members on moneylenders.

Above table 5 represent the strong correlation between the liability towards moneylenders of pre and post SHG period.

H₀2: "There is no significant difference between the annual liability of women entrepreneurs towards money lenders before and after joining the SHGs."

$$\mu_B \text{ Liability1} = \mu_A \text{ Liability1}$$

Table 6
Paired Samples Test

	Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Liability1 Amount Pre and Post-SHG	2552.16	3518.87	195.50	2167.57	2936.76	13.06	323	.000

The significance value 0.00 is lower than the default value 0.05 at 95% confidence interval. Thus null hypothesis is rejected and it can be concluded that there is a statistical difference between the annual liability of women entrepreneurs towards money lenders before and after joining the SHGs. It is further inferred that the governmental programme of SHG have helped the women entrepreneurs in reducing their liability (amount of borrowing) towards money lenders.

1.3. Comparison of annual liability of women entrepreneurs towards SHG before and after receiving the revolving fund amount.

Table 7
Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Liability 2 Amount Pre	1053.08	324	1327.92	73.78
	Liability 2 Amount Post	4416.98	324	4482.45	249.02

The annual liability of women entrepreneurs towards SHGs before receiving the revolving fund amount were rupees 1053. After receiving the revolving fund amount, the annual liability of women entrepreneurs towards SHGs increased to rupees 4417.

Table 8
Paired Samples Correlations

	<i>N</i>	<i>Correlation</i>	<i>Sig.</i>
Liability 2 Amount Pre & Liability 2 Amount Post	324	.411	.000

Above table 8 represent the moderate correlation between the liability towards SHGs before and after receiving the revolving fund amount.

H₀₃: "There is no significant difference between the annual liability of women entrepreneurs towards SHGs before and after receiving the revolving fund amount."

$$\mu_B \text{ Liability}_2 = \mu_A \text{ Liability}_2$$

Table 9
Paired Samples Test

	<i>Paired Differences</i>							
	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>	<i>95% Confidence Interval of the Difference</i>		<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
				<i>Lower</i>	<i>Upper</i>			
Liability 2 Amount Pre and Post	-3363.89	4118.60	228.82	-3814.04	-2913.74	-14.7	323	.000

The significance value 0.00 is lower than the default value 0.05 at 95% confidence interval. Thus null hypothesis is rejected and it can be concluded that there is a significant difference between the annual liability of women entrepreneurs towards SHGs before and after receiving the revolving fund amount. It is further inferred that the SHG model have helped the women entrepreneurs in raising their liability (amount of borrowing) towards SHGs after receiving the revolving fund amount.

1.4. Comparison of annual savings of women entrepreneurs before and after joining the SHGs.

Table 10
Paired Samples Statistics

		<i>Mean</i>	<i>N</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>
Pair 1	Savings Pre- SHG	422.53	324	218.18	12.12
	Savings Post -SHG	552.85	324	95.13	5.29

The annual savings of women entrepreneurs before joining the SHGs were rupees 422.53. After joining the group, the annual savings of women entrepreneurs increased to rupees 555. It represent that SHG is an effective model in improving the economic condition of women entrepreneurs on the basis of savings.

Table 11
Paired Samples Correlations

	<i>N</i>	<i>Correlation</i>	<i>Sig.</i>
Savings Pre- SHG & Savings Post -SHG	324	.791	.000

Above table 11 represent the strong correlation between the savings of women entrepreneurs of pre and post SHG period.

H₀₄: "There is no significant difference between the annual saving of women entrepreneurs before and after joining the SHGs."

$$\mu_B \text{ Savings} = \mu_A \text{ Savings}$$

Table 12
Paired Samples Test

	<i>Paired Differences</i>							
	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>	<i>95% Confidence Interval of the Difference</i>		<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
			<i>Lower</i>	<i>Upper</i>				
Savings Pre- and Post -SHG	-130.31	154.31	8.58	-147.18	-113.45	-15.20	323	.000

The p- value is 0.00 which is lower than the alpha value i.e. 0.05 at 95% confidence interval. Thus null hypothesis is rejected and it can be concluded that there is a statistical difference between the annual savings of women entrepreneurs of pre and post SHG period. It is further inferred that the NRLM scheme has helped the women entrepreneurs in raising their savings habits and is an effective scheme of government.

I. FINDINGS

Based on the data analysis and interpretation presented in the above section, following findings has been drawn and it is presented below-

- The annual income of women entrepreneurs before joining the SHGs was rupees 3853. After joining SHGs, the annual income increased up to rupees 10805.

- The strong correlation was found between the income of SHG women entrepreneurs of pre and post SHG period.
- Significant difference was found between the annual income of women entrepreneurs before and after joining the SHGs.
- The annual liability of women entrepreneurs towards moneylenders before joining the SHGs were rupees 3230. After joining SHGs, the annual liability of women entrepreneurs towards moneylenders decreased to rupees 677.47.
- The strong correlation was found between the liability towards moneylenders of pre and post SHG period.
- Significant difference was found between the annual liability of women entrepreneurs towards money lenders before and after joining the SHGs.
- The annual liability of women entrepreneurs towards SHGs before receiving the revolving fund amount were rupees 1053. After receiving the revolving fund amount, the annual liability of women entrepreneurs towards SHGs increased to rupees 4417.
- The moderate correlation was found between the liability towards SHGs before and after receiving the revolving fund amount.
- Significant difference was found between the annual liability of women entrepreneurs towards SHGs before and after receiving the revolving fund amount.
- The annual savings of women entrepreneurs before joining the SHGs were rupees 422.53. After joining the group, the annual savings of women entrepreneurs increased to rupees 555.
- The strong correlation was found between the savings of women entrepreneurs of pre and post SHG period.
- Significant difference was found between the annual saving of women entrepreneurs before and after joining the SHGs.

CONCLUSIONS

On the basis of the above findings following conclusions are drawn:

SHG model appears to be a very effective tool for empowerment of the women to become self sufficient and self-reliant. The results of the paired sample t - test presented in figure 1 confirmed the significance of economic empowerment of women entrepreneurs after joining the SHGs in improving their economic status by increasing their income, reducing the dependency on moneylenders, increasing the dependency on SHGs and increasing the habit of savings. The result is in line with the previous studies by **Nabard (2000) and Gaonkar (2001)**.

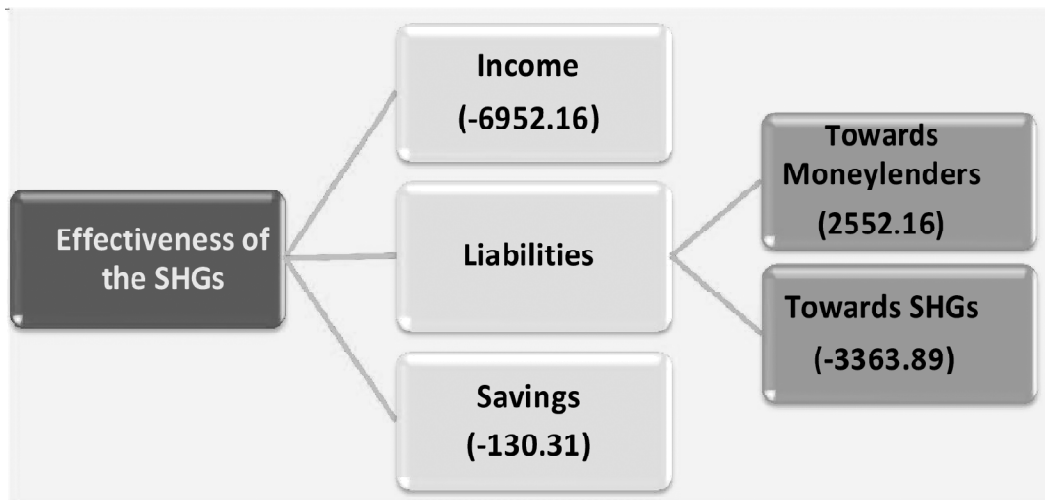


Figure 1: Effectiveness of SHGs in Improving the Economic Condition of Women

RECOMMENDATIONS/SUGGESTIONS

It emerges from the foregoing discussion that-

1. As the study reveals dependence on money lenders by some of the respondents for insufficient capital, it is suggested that quantum of loan under SHG-Bank Linkage should be enhanced by the government facilitators so as to meet the requirements of the women SHG members.
2. As well as there is a need of proper training & guidance from the sponsoring agencies or the facilitators resulting in taking up income generation activities.

LIMITATIONS

- The study is only confined to Kanpur districts belonging to women specially and hence cannot be generalized for others.
 - Unwillingness of respondents
 - Time and budget constraint
- The above analyzed data is not sufficient to study about the economic empowerment of women entrepreneurs through self help groups in Kanpur districts.

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