

EFFECTIVENESS OF SELF HELP GROUPS TOWARDS THE EMPOWERMENT OF WOMEN IN VELLORE DISTRICT, TAMIL NADU

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Abstract: SELF HELP GROUPS (SHG) plays a significant role in alleviating poverty in India. The National Bank for Agriculture and Rural Development (NABARD) launched its pilot phase of the Self Help Group (SHG) in February 1992 in Indiato help the poor rural people in providing credit. SHGs are small groups formed by a group of rural women informally to generate support and economic benefit, sense of responsibility among themselves and these groups not only create the financial inclusion but also up bring the social participation of women which in turn increase the empowerment of women and decrease the social exclusion at a larger extent. Thus, this research paper focuses on the Women Self Help Groups which serves for the empowerment of women through the Micro Finance and Income Generating activities in the rural areas of Vellore, India.

Keywords: SHG, Microfinance, Empowerment.

INTRODUCTION

Self Help Groups (SHGs) play a major role in alleviating poverty in rural India. The members of SHG are from different parts of India especially women and they participate in the savings, income generation and other activities of SHG. The origin of SHG is the brainchild of Mohammed Yunus, founder of Grameen Bank of Bangladesh. SHGs were started and formed in 1975. In India, it was initiated by NABARD in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks. (NABARD, 2001)

Empowerment is a multi-faceted, multidimensional and multi-layered concept. Empowerment of women is a multidimensional concept as well as a process where in large share of women can get accessed to knowledge, resources and to other intellectual aspects and gain a control over their decision in their family, community and at large nation as well.

SHG has a major role to play in empowering women in our society. The general objectives of SHG programme in India relate to social empowerment (equal status, participation in decision making), economic empowerment (access to and control over resources, reduced vulnerability, and increase in income), and capacity building (increased skills, knowledge, self and mutual help, and leadership

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roles) (TNCDW, 2000¹). Thus the research focuses on the role of self-help groups in empowering women.

The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. It is extensively acknowledged that the SHGs of the poor will be the driving force for India to march towards the super economic power in the forthcoming decade.

CONCEPT OF SELF HELP GROUPS

SHG is a small grouping of people mostly women from a similar background. They join together to solve their common problems through the groups. This paves the way for small savings among its members. The savings are deposited in the SHG account in the bank. This common fund is in the name of the SHG.

The SHGs are small groups having to a maximum of 20 members each. There is a drastic increase in the number of SHG over the years. In 1997, there were only 3,841 SHGs which has increased drastically to 81,780 in 2000. Similarly number of financial institutions extending credit also increased from 120 to 266 respectively. SHGs are found in almost in all the districts and Union territories of India (Dasgupta 2001²).

A study by NABARD with analysing SHGs in 11 states found favourable scores on the effect of SHG on the rural poor and a holistic development in women life with respect to her living standards in terms of income generation, thrift savings and capacity building. (NABARD, 2002³).

SHG Bank Linkage – 2009-2013

Five Year Data Trends

TABLE 1

<i>Year</i>	<i>Savings Balance (in lakhs)</i>	<i>Loan Disbursed (in lakhs)</i>	<i>Loan Outstanding (in lakhs)</i>
2008-09	5546	12254	22680
2009-10	6199	14453	28038
2010-11	7016	14548	31221
2011-12	6551	16535	36340
2012-13	8217	20585	39375

Source: (Secondary data) NABARD Annual reports and SHG Bank Linkage Data of Different Years.

¹ Tamil Nadu Corporation for Development of Women (TNCDW)

² Dasgupta.R, "An Informal Journey through SHG's", Indian Journal of Agricultural Economics, Vol. 56(3), July-Sep 2001.

³ National Bank for Rural Development (www.nabard.org)

The SHGs in India have come a long way, since its inception in 1992. The decadal growth of SHGs in India is shown in the Table 1.

SHGs in Vellore District

Vellore District is distinct and unique as far the population combination is concerned as well as income generation in relation to the population. Though there are similar studies carried out in this district but studies related to effectiveness of micro finance in Vellore district are almost non-existent. This study referring to all levels to empowerment is a new kind of research in the study area and the results can be applicable to the neighbouring district that has a similar socio economic background.

REVIEW OF LITERATURE

For the purpose of this research, review were collected from books, reports from NABARD, DRDA and other Non Governmental organizations, secondary data from Census of India, articles published in the reputed national and international journals in order to understand the concept and its research domains.

- A SHG is a group of women who join voluntarily together and deposit a small amount of money regularly and use within themselves for their contingency needs (AbhaskumarJha 2000). This tool has been seen by people as a monetary tool that can lend them credit for their urgent needs (V.M. Rao 2002) SHGs develop the equality in the status of women and it enhances the women role in all spheres of life. (Ritu Jain 2003). The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, sprit of thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training capacity building and empowerment (N. Lalitha).
- Vinayamoorthy and Pithoda (2007)selected a sample from three districts of Tamilnadu i.e., from Vellore, Thiruvannamallai and Dhramapuri districts of the state. The study focused to analyze the income, expenditure and the savings pattern of the members after joining SHGs and the role of SHGs in providing microcredit and concluded that economic activities of SHGs proved to be quite successful.
- Kumararaja (2009) highlighted the progress of SHGs in India and in Tamil Nadu. The study concentrated on the gradual development in the number of SHG and the amount of loan sanctioned for the SHG and analyzed the growth pattern of SHG over the years. It is found through the study that

continuous and consistent monitoring will lead to the steady growth of SHG leading to a overall development of rural women.

- Dhavamani (2010) objectives were to enumerate the growth of self-help groups and to analyze the empowerment of the women through SHGs in Sattur Taluk in Tamilnadu under 3 NGOs. He founds from his study that SHG is a viable alternative to achieve the objectives of rural development and specially women empowerment. Through the SHG, the micro credit is disbursed to rural women for the purposes of making them to establish an enterprise and utilizing the loan provided for the entrepreneurial activities. The habit of savings helps the members to get away from the clutches of money lenders.
- Prasadarao and Radhika (2011) in their research paper made a clear analysis on the impact of SHGs on the knowledge and attitudes, Skills, resources, family life and community participation and found that SHGs has created a tremendous change in their life in all aspects. No doubt, SHGs have set a new empowerment agenda for financial intermediation by banks and has become a potential tool for the empowerment of women, social solidarity and socio-economic betterment of the poor but the substantiality lies on the peoples mind sets which are the biggest road block in the success of any programme. Thus they concluded that regular monitoring and proper awareness and training are essential to make the programme successful and sustainable.
- Nachimuthu & Gunatharan (2012) made the analysis on entrepreneurship of women in Tamilnadu and tried to find the strength of SHGs and the different forms of enterprises in empowering the women. They also found that the women who established the income generation activity has empowered more than the other and also the SHG entrepreneurs are better than other (Non SHG) entrepreneurs. Kirankere & Subrahmanya (2013) in their study found that the SHGs success can be credited to the micro credit facilities and the empowerment of women through entrepreneurial finance that had made the women as a rural woman entrepreneur and created major impact on social and economic life of rural women.
- Manashi & Marjina (2015) analysed the requirement for exclusive design for the promotion of women empowerment and found some important aspects of women empowerment through micro entrepreneurship development and SHGs. The aspects include status of women SHGs, advantages of micro enterprise in building women empowerment, scope of micro enterprise development etc. Considering the above aspects, a designed self-employment programme can empower women better.

Similarly there are huge number of researchers have been carried out in the area of Women empowerment and SHGs, but the present study is unique and exclusive with respect to the study area.

METHODOLOGY

SHG is undoubtedly a social design in which people participate by making themselves socially and economically accountable to each other. Therefore the present research attempted to bring out the effectiveness of SHG in Women Empowerment at all levels, i.e., Social, Economic, health and Political aspects. The study aims to focus on all the aspects of SHG and its role on empowering women. With the parameters used in the present study, the researcher tries to identify the role of SHG in empowerment of Women in Vellore District.

Objectives of the Study

- To identify the Socio-Economic and Living Conditions of the SHG members.
- To bring out the extent of empowerment of the SHG members.

Hypotheses of the Study

H₀₁: There is no significant difference in the living conditions of the respondents after joining to the SHG.

H₀₂: There is no significant relationship between the loan amount acquired and the extent of empowerment of Women in SHG.

Research Methodology

The research design used in this study is explorative and descriptive in nature. It attempts to explore the overall empowerment of women SHG members in the study area and to describe the constitution and functioning of SHG formed by the Government and the Nongovernmental organizations. It also tries to explain the effectiveness of SHG in improving the status of women in the study area.

The sample of the study included members of various SHGs in the rural area of Vellore district. A well-structured questionnaire was framed and was distributed to about 400 members across various SHGs in Vellore district (rural). Multi stage purposive and random sampling has been adopted for the present study. . As per the District Classification, the Vellore District was stratified in to 20 blocks. Among the 20 blocks, 4 blocks are selected based on the no of SHGs in the respective blocks namely Vellore Block (1427), Gudiyatam block (724). K.V.Kuppam block (377), Katpadi Block (268), and respondents will be selected at random from these four blocks.

- To determine the sample size Taro Yamane (1967) formula has been applied.
- Formula

$$n = \frac{N}{1 + Na(e)^2}$$

n = size of sample group

N = size of total population

e = the miss adjusting rate in random sampling at level 0.05

$$\begin{aligned} n &= \frac{47532}{1 + (47532(0.05)^2)} \\ &= \frac{47532}{1 + 118.83} \\ &= 396.663 \end{aligned}$$

Sample size of **400** respondents will be used for this study. From the selected four blocks, 100 members from each block will be selected randomly. Chi-square test and one way ANOVA is applied to find the significance of the difference in the responses.

Analytical Framework

The present study focuses on the effectiveness of SHG on the empowerment of women in Vellore, Tamilnadu.

1. Age Distribution of the Respondents

<i>S.No.</i>	<i>Age In Years</i>	<i>Frequency</i>	<i>Percentage</i>
1	Below 25	77	19.25
2	25 – 30 yrs.	156	39
3	31 – 35 yrs.	115	28.75
4	36 – 40 yrs.	38	9.5
5	40 & Above	14	3.5
6	Total	400	100

(Primary data)

In analysing the age distribution of the respondents, it is clearly found that, more than 85% of the respondents are less than 35 years that proves the possibility of active participation in the group and there are few (10%) of the women above 40 years who are capable of managing and resolving problems when they arise.

2. Educational Qualification of the Respondents

<i>S.No.</i>	<i>Educational Qualification</i>	<i>Frequency</i>	<i>Percentage</i>
1	Up to 5th STD	84	21.0
2	6th to 10 th STD	261	65.2
3	HSC	29	7.2
4	Under graduation	26	6.5
5	Total	400	100.0

(Primary data)

The above table explains that majority (65.2%) of the respondents has pursued education between 6th to 10thstd, whereas there are very few respondents (6.5%) has completed a degree. This clearly states the educational qualification of the respondents and the need for involvement of SHG in creating awareness in different aspects.

3. Occupation of the Respondent

<i>S.No.</i>	<i>Occupation</i>	<i>Frequency</i>	<i>Percentage</i>
1	Unskilled Labour	123	30.8
2	Self Employed	110	27.5
3	Skilled Labour	101	25.2
4	Agriculture	66	16.5
5	Total	400	100.0

(Primary data)

The occupations of the respondents are little distributed. The SHG women are working in different works, skilled, unskilled and also self-employed.

4. Income Distribution of the Respondents

<i>S.No.</i>	<i>Income</i>	<i>Frequency</i>	<i>Percentage</i>
1	Less than 5000	77	19.25
2	5000 to 10000	186	46.5
3	10001 to 15000	111	27.75
4	15001 to 20000	26	6.5
	Total	400	100

(Primary data)

The above table describes the income distribution of the respondents. More than 50% of the respondents earn income less that 10000 per month and involvement in SHG help them to run their family in contingency

5. Reasons for Joining SHG

<i>S.No.</i>	<i>Reasons</i>	<i>Frequency</i>	<i>Percentage</i>
1	Financial Support	292	73.0
2	Friends	26	6.5
3	Income Generation activity	82	20.5
4	Total	400	100.0

(Primary data)

As stated above in Table 5, SHG helps the members in situations of contingency, thus majority number of respondents (73%) has joined the SHG for the financial support and the rest because of their friends and to establish income generation activity.

6. Time of Association with SHG and Effect on Living Standard of Respondents

<i>Period</i>	<i>Effect on SHG members (%)</i>			
	<i>Increase in monthly savings</i>	<i>Increase in monthly expenditure</i>	<i>Ownership of Land</i>	<i>Basic water and sanitation facilities at home</i>
< 1 year	76 (19%)	112 (28%)	12 (3%)	67 (16.75)
1 – 2 years	114 (28.5%)	207 (51.75%)	38 (9.5%)	267 (66.5%)
2 – 3 years	297 (74.25%)	339 (84.75%)	90 (22.5%)	345 (86.25%)
> 3 years	313 (78.25%)	375 (93.75%)	97 (24.25%)	367 (91.75%)

(Primary data)

The above table illustrate the time of association of women with SHG and its impact on their living standards. As the time of association of members with SHG increases its impact can be seen in the increase in monthly savings, expenditure, ownership of land and increase in basic facilities.

7. Loan Acquired Through SHG and its Effect on Economic Empowerment

<i>Loan Acquired</i>	<i>Economic Empowerment</i>		
	<i>Self-Employment</i>	<i>Increase in Living Standards</i>	<i>Ownership of Property</i>
Revolving Fund	76 (19%)	258 (64.5%)	11 (2.75%)
Income Generation Loans	279 (69.8%)	313 (78.25%)	97 (24.25%)

(Primary data)

From the Table 8, it can be understood that major share of respondents (64.5%) has utilized their revolving fund to improve their basic living standard and when

they acquire the income generation loan, it is equally used for improving their standards, simultaneously to establish some Income Generation activity.

8. Time of Association and Involvement in Social Activities

<i>Period</i>	<i>Participations</i>			
	<i>Increase in Social Awareness</i>	<i>Involvement in Social activities</i>	<i>Increase in Social relation</i>	<i>Increase in social Mobility</i>
< 1 year	56 (14%)	11 (.75%)	78 (19.5%)	23 (5.75%)
1 – 2 years	167 (41.75%)	67 (16.75%)	156 (39%)	113 (28.25%)
2 – 3 years	250 (62.5%)	117 (29.25%)	247 (61.75%)	134 (33.5%)
> 3 years	313 (78.25%)	187 (46.75%)	289 (72.25%)	146 (36.5%)

(Primary data)

The Table 9 clearly depicts the participations of women in society with respect to the time of association with SHG. It is a significant fact that the time of association of women with SHG has increased the participations in society at a large extent.

9. Impact of SHG on Social Empowerment

<i>Impact</i>	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
Self-Decision making	119 (29.75%)	117 (29.25%)	86 (21.5%)	56 (14%)	22 (5.5%)	400 (100%)
Speaking in Public Meeting	131 (32.8%)	156 (39%)	58 (14.5%)	32 (8%)	23 (5.7%)	400 (100%)
Taking up leadership positions	26 (6.5%)	82 (20.5%)	26 (6.5%)	76 (19%)	190 (47.5%)	400 (100%)
Talking with Government officials	158 (39.5%)	53 (13.2%)	123 (30.8%)	29 (7.2%)	37 (9.2%)	400 (100%)
Confidence to live independently	131 (32.8%)	156 (39%)	58 (14.5%)	32 (8%)	23 (5.7%)	400 (100%)
Increase in one's self image and overcoming stigma	119 (29.75%)	117 (29.25%)	86 (21.5%)	56 (14%)	22 (5.5%)	400 (100%)
Understanding the rights	97 (24.2%)	122 (30.5%)	101 (25.2)	44 (11%)	36 (9%)	400 (100%)
Effective change in one's life and community	195 (48.7%)	99 (24.7%)	71 (17.75%)	23 (5.75%)	12 (3%)	400 (100%)

(Primary data)

The above table by and large describes the factors associated to the social empowerment. It expresses significant change in her confidence, decision making skills, leadership skills, social relations and able to deal with difficult situations.

10. Impact of SHG on the Living Conditions of the Respondents

<i>After Joining SHG</i>	<i>Calculated Chi - Square Value</i>	<i>Df</i>	<i>Accept/ Reject</i>
Increase in Monthly income and Expenditure	62.410	1	Reject
Change in Living conditions	112.360	1	Reject

(Primary data)

The Table 11 explains that null hypothesis is rejected with respect to increase in monthly income and expenditure and changes in living conditions of the respondents after joining SHG. Since the calculated value is greater than the table value, thus it depicts that there is a significant change in living conditions of the respondents after joining SHG.

11. Impact of SHG on the Extent of Empowerment

DECISION MAKING POWER OF THE RESPONDENT

<i>ANOVA</i>					
<i>Decision making power of the respondent</i>					
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	54.465	1	54.465	31.459	.000
Within Groups	689.045	398	1.731		
Total	743.510	399			

(Primary data)

The Table 12 also describes that null hypothesis is rejected with respect to the decision making power of the respondents after joining SHG. In applying one way ANOVA, since the calculated value is greater than the table value, thus it depicts that there is a significant change in decision making power after joining SHG.

12. Economic Empowerment

<i>ANOVA</i>					
<i>Economic Empowerment</i>					
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	12.130	1	12.130	34.592	.000
Within Groups	139.567	398	.351		
Total	151.698	399			

(Primary data)

From the Table 13, null hypothesis is rejected with respect to increase in economic aspects like monthly income and expenditure and changes in living

conditions of the respondents after joining SHG. Applying One way ANOVA , the calculated value is greater than the table value, thus it depicts that there is a significant change in social empowerment after joining SHG.

FINDINGS

- Most of the SHG women are belonging to the young age category
- The Educational qualification of the respondents expresses the need for involvement of SHG in creating awareness in different aspects.
- It is surprising that, 27.5% of the respondents have their business those are self-employed, in that majority are managing their own petty shops.
- More than 50% of the respondents earn income less that 10000 per month and involvement in SHG help them to run their family in contingency.
- (73%) has joined the SHG for the financial support and the rest because of their friends and to establish income generation activity.
- It is significant that when the women becomes the member of SHG, first the monthly expenditure and acquirement of basic facilities raises to meet the family commitments and demands which is followed by the monthly savings and ownership of land.
- As the year of association with SHG increases, the member participations in the social activities, increase in social awareness and social relations also takes place.
- It clearly states the impact of SHG on the individual women and her transformation towards social skills and relations.
- The Chisquare analysis explains the significant change in living conditions of the respondents after joining SHG.
- There is a significant change in decision making power and in social empowerment after joining SHG through the application of one way ANOVA

SUMMARY

SHG has created a remarkable change in the living conditions of the respondents by increasing their monthly savings, expenditure, ownership of property and other basic facilities. Also, time of association of members with SHG has significant change in the extent of empowerment of women. Greater the time of association with SHG and greater the benefits acquired. All the loans acquired were utilized either to improve the standard of living or to establish some income generation activity. After joining the group, the women felt empowered at different levels. This resulted in Self decision making, ability to deal with difficult situations and confidence to live independent. Thus the null hypothesis is rejected and there is

significant difference in the living conditions of the respondents after joining to the SHG. Similarly, there is significant relationship between the loan amount acquired over the period of years and the extent of empowerment is found among Women in SHG. This is proved through the Analysis of variance and CHI Square.

CONCLUSION

SHG has proved itself as an effective and powerful tool to support and empower the rural women. Empowerment is not just meeting their financial needs, but also more of a holistic development. SHG targets the women, reaches, educates, empower and benefit not only the women but also the family at large the community and society which she belongs too. From the present study, it is proven that the loans procured and the money earned from income generation activity drastically improved her living conditions of the SHG member. The rural women after becoming the SHG member, enhance economically, empower socially and enrich her with knowledge, decision making skills. Further researches can be concentrated to measure the extent of empowerment at every level and proper steps to be taken for monitoring the SHG. The empowerment can be assessed and proper suggestions can be directed to the policy makers and a standard empowerment index can be established which can be followed by the forthcoming groups.

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