

Role of self-help group in life of rural women

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ABSTRACT

Microfinance has evolved over the past quarter century across India into various operating forms and to a varying degree of success. One such form of microfinance has been the development of the self-help movement. Based on the concept of “self-help,” small groups of women have formed into groups of ten to twenty and operate a savings-first business model whereby the member’s savings are used to fund loans. The results from these self-help groups (SHGs) are promising and have become a focus of intense examination as it is proving to be an effective method of poverty reduction. This paper examines how SHG is formed, how group meeting is organised, no of groups of which women are member, reasons for joining self-help group, the problem faced by the self-help group women, become self employed or not, whether quality of life has improved, the satisfaction level of self-help group members in SHG activities.

INTRODUCTION

A self-help group (SHG) is a village-based financial intermediary usually composed of 10–20 local women. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and South-east Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are ‘linked’ to banks for the delivery of microcredit.

A significant development in recent years has been the mushrooming of community-based organizations and initiatives at the local level for women. Reports indicate that self-help programmers, often in the form

of savings and credit or microcredit schemes, have succeeded in changing the lives of poor women, enhancing incomes and generating positive externalities such as increased self-esteem.² However, in recent years, counter-arguments have also been advanced, suggesting that there could be negative effects or that the results have not been as encouraging as previously reported. This paper addresses the challenging issue of whether self-help microcredit programmers are tools for empowering poor women. The observations made and conclusions drawn are based mainly on field missions undertaken by the author while reviewing gender-mainstreaming projects in Asia funded by the International Fund for Agricultural Development (IFAD), field visits to community development projects and documented studies (Krishnaraj and Kay, 2002).

How are groups formed? :

When you speak to families in a locality, you will find that some kind of mutual liking already exists between many of them. Some known reasons for mutual affinities are: Similar experience of poverty, Similar living conditions, Same kind of livelihood, Same community or caste, Same place of origin. It will be easy at this stage to find out which families are likely to get together Better.

How are group meetings organized? :

Before self-help groups are formed, hold a meeting of the community leaders and elders of the village. Explain to them your plan to form SHGs. You will get support from them. This is very important.

- This is called community participation.
- This will also give acceptance to your work in the village.

This is the right time to tell everyone that the meetings are not for “giving” anything, but to “enable” the poor families to come together and help each other. It will be very useful if you explain the basic principles of self-help group in this meeting.

How do SHGs take shape? :

After meeting the elders and community leaders, you are now ready to call SHG members for a meeting. You can get one member from each of the identified families to come for a meeting on a convenient day. This can be called “a start up meeting”.

During the meeting, you will get a lot of questions. Your answers will help them slowly understand the concept further. Please allow sufficient time for the members to understand the different aspects of group formation.

- The process of forming groups normally takes five to six months.
- Once the group is formed, it takes one to one and a half years to settle to a stable pattern.

Structure of SHG :

A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They pooled financial resources to make small interest bearing loans to their members. This process creates an ethic that focuses on savings first. The setting of terms and conditions and accounting of the loan are done in the

group by designated members.

Membership :

During the initial meetings, following things may happen:

- Some members leave
- Some new members come in
- The members slowly learn to decide subjects for meetings
- They learn to conduct meetings
- They understand the value of records and documents
- They want to remain together and help each other

These are normal stages. This will give you the confidence that you are moving in the right direction.

Previous work :

Jain (2003) found that micro credit helps the women to achieve social and economic status through involvement of SHGs. The SHG is an available tool for rural development and the promotion of community participation in rural development programs as well as a vehicle for disbursing micro-credit to women and encouraging them to enter into entrepreneurial activities. Baskar and Sundar (2012) who have assessed the study of the social impact of the SHG on its members in Kanchipuram District with a sample of 350 members from three NGOs affiliated to Mahalir Thittam scheme. Overall findings indicate that age group has no relevance to social dimension and type of family average income and marital status have not contributed significantly to the literacy level of members. Athavale *et al.* (2001) in their paper titled “Working of self-help groups and Their Success Story in Doudi Jeenkar Village, Hoshangabad district of Madhya Pradesh State” the study emphasizes on the advantages of linkages between banks and SHGs, the functioning of SHGs and their impact on rural development what the study showed was that the recovery of loan was 100 per cent and the loan was given only for income generating productive activities. Vinaya Gamoorthy (2007) noted that the self-help group members saving habit are increased through SHG. Selvaraj (2005) pointed out that the SHG women has a major role to play in decision making and the middle age group women are highly empowered in comparison with other age group members. Mishra (2005) noted that by

joining a co-operative society. Women acquire collective bargaining power and at the same time, they get an institution of their own which is managed by them. Srinivasan *et al.* (2001) in their article titled "Financial performance of rural and urban Self-help groups a Comparative analysis". They found that the operations of SHGs, total lending total savings, total recovery, total default were collected from the offices of the selected SHGs, during the year 1999-2000. The results of the study indicated that the average total membership was 17 per cent, average total savings were Rs. 16,333, the average total lending were Rs. 17,537, average total default was Rs. 956 which found to be higher in rural areas than in urban areas. The overall financial performance of the urban SHGs was better than in rural areas. Dahiya *et al.* (2001) carried out a study to trace the socio-economic evaluation of the working of self-help groups on their impact, issues and policy implications. The study found out that the social impact was deep in empowering womenfolk, educational development of children and emancipation from social evils like drunkenness by male household members. Savitha (2004) who undertook a study on women empowerment and decision making in agriculture in Mysore district, found that majority of them experienced a moderate level of social empowerment and 26.67 per cent had high level of empowerment by adopting percentage analysis. Thelma (2003) stated in his research paper that women who had generated increased income through SHG schemes have gained greater respect and decision making power within the household, power to command, attention within the community and had self-confidence due to exposure to women's rights, social and political issues. Dahiya *et al.* (2001) carried out a study to trace the socio-economic evaluation of the working of self-help groups on their impact, issues and policy implications. The study found out that the social impact was deep in empowering womenfolk, educational development of children and emancipation from social evils like drunkenness by male household members. Manmohan *et al.* (2008) views that Micro finance is such a tool, which directly hits the poverty by helping poor or enabling them not only to survive but also to improve their standard of living. Sahu (2010) assessed the quality of SHG in Northwest India based on the 13 indicators Thus, in group formation, homogeneity in economic status should be given weightage. Continuity in the perusal of social causes and issues, group processes,

and other social parameters should be considered while fixing determinants of group quality.

Some SHG group name :

Shree sahanand swa sahay juth, shree hari om swa sahay juth, shree sai swa sahay juth, shree shreeji swa sahay juth, shree hari swa sahay juth, shree pratik swa sahay juth.

Functions of SHGs :

Savings and Thrift :

- The amount may be small, but savings have to be a regular and continuous habit with all the members.
- Savings first – Credit later' should be the motto of every group member.
- Group members learn how to handle large amounts of cash through savings. This is useful when they use bank loans.

Internal lending :

- The savings to be used as loans for members.
- The purpose, amount, rate of interest, etc., to be decided by the group itself.
- Proper accounts to be kept by the SHG.
- Opening savings bank account with bank.
- Enabling SHG members to obtain loans from banks, and repaying the same.

Discussing problems :

Every meeting, the group will discuss and try to find solutions to the problems faced by the members of the group.

MATERIAL AND METHODS

Primary objective :

The purpose of the study is to examine the role of SHG in developing socio-economic status of rural women in Balva, Amja and Mansa of Gandhinagar District. Other objectives are

- Number of groups of which women are member
- Reasons for joining self-help group
- To know the problem faced by the self-help group women.
- To know whether women become self employed or not.
- To know whether quality of life has improved or

not.

- To identify the satisfaction level of self-help group members in SHG activities.

Data collection tool :

The research is descriptive type. The sampling method used for the study can be described as non probability in which convenient sampling method was used. All the participants belong to the village of Balva, Amja, Randheja and Mansa located nearby Gandhinagar, Gujarat has been the sample. The survey is carried out these villages. The total number of sample was 100.

Questionnaire design :

Structured questionnaire has been prepared in advanced, to elicit the necessary information from respondents. This is also disguised questionnaire where purpose or object of the survey will be revealed or undisclosed to respondents so as to fulfill the reliability of data. The type of questions used were dichotomous and multi choice.

OBSERVATIONS AND ANALYSIS

The results obtained from the present investigation as well as relevant discussion have been summarized under Table 1 to 9.

How many groups are member of :

First question was asked how many groups you are member of and reply was 35 women members were of one, 27 was of two, 23 were of three, 11 were of four, 4 were of more than 4.

Member of No. of group	Response (Percentage)
One	35
Two	27
Three	23
Four	11
More than four	4
Total	100

How long have been in group? :

Second question was how long have you been to join SHG group and reply was 16 women had been to join SHG in less than 1 year, 29 were in group from 1-2 years, 37 were from 3-5 years, 18 members from more

than 5 years.

Joining group	Response (Percentage)
Less than 1 year	16
1-2 years	29
3-5 years	37
More than 5 years	18
Total	100

Reason for joining group :

Third question was about reason for joining SHG group and 30 joined to improve social status, 11 said to improve economic condition, 22 replied to promote savings habits, 24 for obtaining financial support, 13 influenced by their friends.

Reason for joining group	Response (Percentage)
Improve social status	30
Improve economic conditions	11
Promote saving habits	22
Obtaining financial support	24
Influenced by Frindes/Other members	13
Total	100

Frequency of group meeting :

Forth was questioned about frequency of group meeting and response was 7 said weekly they are meeting, 25 fortnightly, 68 monthly.

Group meeting	Answer	Percentage
Weekly	7	7
Fortnightly	25	25
Monthly	68	68
Total	100	100

Loan availed from group :

Fifth question was asked whether they have obtained loan or not and 9 women member availed loan less than Rs. 5000, 14 range between Rs. 5000 to 10000, 35 took from Rs. 11000 to 20000, 26 from Rs. 21000 to 30000 and 16 availed loan more than Rs. 30000.

Purpose for availing loan :

Sixth question was made related to previous one that purpose of availing loan and 23 women said they availed

Loan availed from group	Response (Percentage)
Less than Rs. 5000	9
Rs. 5000-10000	14
Rs. 11000-20000	35
Rs. 21000-30000	26
More than Rs. 30000	16
Total	100

loan for health purpose, 8 for social obligation, 22 for children education, 8 for debt redemption, 10 for starting their own business, 29 for agriculture and live stock.

Purpose for availing loan	Response (Percentage)
Health purpose	23
Social obligation	8
Children education	22
Debt redemption	8
Starting business	10
For agriculture and live stock	29
Total	100

Problem faced by group members :

Next important question which was asked whether group members faced any problem and 21 members said they faced difficulty to approach the authorities for getting loan and 13 replied poor response of authorities, 25 says delays in sanctioning loan, 31 got inadequate Loan and 10 for lack of co-operation among member.

Problem faced by group members	Response (Percentage)
Difficulty to approach for getting loan	21
Poor response of authorities	13
Delay in sanction loan	25
Getting inadequate loan	31
Lack of co-operation among member	10
Total	100

Become health conscious, quality of life has improved, become self employed :

In reply of eight questions about health conscious

Particulars (Response in percentage)	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Become health conscious	27	32	15	21	5	100
Quality of life has improved	24	38	10	20	8	100
Become self employed	17	27	23	23	10	100

question 27 agreed that health conscious has increased, 32 agreed, 15 indifferent, 21 were disagreed, 5 were strongly disagreed. In this question was asked whether quality of life has improved by joining group and response was such that 24 women was strongly agreed, 38 were agreed, 10 were indifferent, 20 were disagree, 8 were strongly disagreed. Last question made are they satisfied with SHG and 80 women were happy to join group while 20 were dissatisfied with SHG. In next question of whether are you become self employed, 17 strongly agreed, 27 agreed, 23 were indifferent, 23 disagreed and 10 strongly disagreed.

Satisfied with activity and performance of group	(Response in Percentage)
Highly satisfied	44
Satisfied	27
Neither satisfied nor dissatisfied	7
Dissatisfied	15
Highly dissatisfied	7
Total	100

In last question was asked that are you satisfied with SHG working and performance, response was like 44 women said they are strongly satisfied, 27 said satisfied while 7 were indifferent and 15 were dissatisfied and 7 were strongly dissatisfied.

Key findings :

Self-help group helps the women to achieve social and economic status through involvement of SHGs. The SHG is an available tool for rural women development and the promotion of community participation in rural development programs as well as a vehicle for disbursing loan to women and encouraging them to enter into entrepreneurial activities too. Thus result was matching the previous findings of Jain (2003) result. Another finding was self-help group have significantly contributed to enhancing social impact on women. SHGs have not only helped the members to gain economic freedom but also helped in transforming their social outlook they become self employed, health conscious, self confident. This result

was strengthened by result of Baskar and Sunder (2012) findings. Another finding was SHG member availed loan for health purpose, paying their social obligation, for child education, for dent payment, for starting new business. This finding was slightly different from the finding of Athavale *et al.* (2001) as loan was given for various purpose. Despite some problem like availing loan were being faced by women but they got support from SHG and major finding was that self-help group has improved the quality of life of rural women by joining group and women were happy having joined self-help group.

Conclusion :

After joining SHG's the level of income, expenditure and savings of women are increasing day by day. All the women are very happy and satisfied about being the member of SHG's which is a real boon for the development of women in Gandhinagar area to conclude, the contribution of SHG is yet another step towards the path of the socio-economic status of in life of rural women and it also proved to be instrumental for the rural transformation.

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