

A STUDY ON WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS IN TIRUNELVELI DISTRICT, TAMIL NADU

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INTRODUCTION

Socio-economic development is the phenomenon of the nineties, and the term became popular in the field of development, especially with reference to women. It has become a key solution to many social problems like high population growth, environmental degradation and low status of women. It is probably the totality of the following or similar capabilities: decision-making power of their own, access to information and resources for taking proper decision, ability to exercise assertiveness in collective decision making, positive thinking or the ability to make change, ability to learn skills for improving one's personal or group power, ability to change others' perceptions by democratic means, economic participation, economic opportunity, political empowerment, educational attainment, and health and well-being.

As a socio-political concept, empowerment means more than awareness raising and political participation. A definition of empowerment should also include cognitive, psychological and economic elements. The cognitive elements concerned with women's ability to become aware of their subordinate and to understand the root cause of this at macro levels in society. This requires access to information that helps women understand ways, in which gender has been socially constructed as a part of patriarchy, resulting in gender inequality. The psychological aspect of empowerment includes the sense that women have something in common with other women, perhaps especially those from their own background. They share certain needs, problems and resources. This recognition helps instil a sense of confidence in knowing that they can succeed in their efforts to change their environment. These cognitive and psychological aspects of environment need to be bolstered by economic resources that give women opportunities to earn economic independence. Access to income provides a greater sense of control over life and more power over resources that bring greater authority in private and public spheres (Ahmed, 1999).¹

ORIGIN OF THE SELF HELP GROUPS IN INDIA

The National Bank for Agricultural and Rural Development (NABARD) is the pioneering institutional organization, which has been implementing the Self Help Group (SHG) scheme in India since 1989 on the basis of the model of Grameen Bank of Bangladesh, which was founded by Prof. Mohammed Yunus of Chittagong University, Bangladesh in 1975. This was exclusively considered to be instrumental for the promotion of rural poor women in Bangladesh and following him, the SHG model has emerged as an institutional instrument in the struggle against poverty in India.

The SHGs have become a component of the Indian financial system after 1996. They are small, informal and homogenous groups of not more than 20 members each. The size of 20 has been made mandatory because any group larger than this has to be registered under the Indian legal system. These are the features, which distinguish small, homogenous and informal SHGs from large, heterogeneous and formal co-operatives although both are founded on the principles of cooperation. Several countries including India have had problems with credit co-operatives although the co-operative management has succeeded in some countries.² Microcredit helps the financial institutions as well. When financial institutions extend credit to SHGs, (1) the transaction cost for the financial institutions is minimised because the group takes decision to borrow on behalf of the members with the responsibility to repay; (2) the transaction cost of the individual member is reduced because the member transacts at the group level; (3) the mismatch between the demand and supply is reduced because the financial institutions lend to SHGs because they provide credit in lump

¹ Ahmed, M. Ariz, (1999), "Women Empowerment: Self Help Groups", *Kurukshetra*, April, 47 (7), pp. 4-6.

² Yaron, J. (1992), "Successful Rural Finance Institutions," World Bank Discussion paper, No. 150, Washington, D.C., U.S.A., pp. 21-28.

sum and the group uses the amount according to its own needs; also, repayment pattern of members of the groups and of the group to the bank need not be the same.

The SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. It is an organised set up to provide microcredit to the rural women on the strength of the group savings without insisting on any collateral security for the purpose of encouraging them to enter in to entrepreneurial activities and for making them enterprising women.³

The NABARD had launched a number of programmes to improve the socio-economic status of women in all sectors with a focus on providing credit support through SHGs. The first official interest in informal group lending in India took shape during 1986-87 when NABARD supported and funded an active research project on "Savings and Credit Management of SHGs" of Mysore Resettlement and Development Agency. In 1988-89, NABARD undertook a survey of 43 Non-Government Organisations (NGOs) spread over 11 States in India to study the functioning of the SHGs and possibilities of collaboration between the banks and SHGs in the mobilization of rural savings and improving the credit delivery to the poor.⁴

The NABARD is the apex institution for microcredit in India, although many other institutions such as Small Industries Development Bank of India (SIDBI) are also involved. NABARD took its first initiative of providing microcredit to the SHGs through the SHG Credit Linkage Approach which began in February, 1992. It was a pilot project to cover just 500 SHGs only with policy back up from the Reserve Bank of India (RBI) to test the efficiency of rural poor people's participatory approach in improving their employment, income generating capabilities and empowerment through microcredit.

GROWTH OF SHGs IN INDIA

From that small beginning in 1992, microcredit in India has emerged in a very big way. In 1992-93, only 255 SHGs were savings-linked but it grew rapidly over the years reaching 69.53 lakhs savings-linked SHGs in 2009-10, as per the latest available data. With over 8.6 crore poor households accessing banking services including microcredit through over six million SHGs, the SHG-bank linkage programme of NABARD is perhaps the largest and the fastest growing microcredit programme of the world in terms of its outreach. Cumulatively, 48.51 lakh SHGs are now credit linked with banks till 31st March 2010. Cumulative ground level microcredit disbursement as on 31st March 2010 was Rs. 14,453 crores. The NABARD does not provide microcredit to the beneficiaries directly. It channels microcredit through banks which first provide money to the SHGs and later claim it as refinance from NABARD. The banks receive refinance at a relatively low interest rate and offer it at a slightly higher rate to the SHGs, as stipulated by NABARD. The differential interest rate enables the microfinance institutions to cover the transaction cost and to make a moderate profit as well. Cumulative refinance availed by the banks from NABARD for the SHGs was Rs. 6198 crores as on 31st March 2010.⁵

The concept of SHG and the method of approach reached Tamil Nadu through NABARD scheme in 1989 and achieved successfully in almost all over the state, because of the special programme of 'Mahalir Thittam' which is being implemented by Tamil Nadu Corporation for Development of women (1998), with its main aim of achieving the socio-economic development of women in Tamil Nadu. This movement stems from the peoples' desire to meet their needs and determine their own destinies.

The Tamil Nadu Corporation for Development of Women was established in 1983 for socio-economic development and empowerment of women. In Tirunelveli District, this project was implemented from 1998 onwards with two dimensions, viz., Mahalir Thittam and Vazhndhu Kattuvom Project.⁶

³ Gurumoorthy, T.R, (2000), "Self Help Groups empower Rural women", *Kurukshetra*, 48, (5) pp. 37-31.

⁴ NABARD, (1995), "Reports of the working Group on Non -Governmental Organisation and Self Help Groups," National Bank for Agricultural and Rural Development, Mumbai, pp. 1-50.

⁵ NABARD, (2011), "Annual Report - 2010-11", Mumbai, pp. 30-32.

⁶ Chatterjee, Sankar, (2003), "Networking SGSY, Banks and SHGs: Initiatives in Uttar Pradesh", *Kurukshetra*, February, 51 (4), pp. 11-14.

SHGs AND WOMEN DEVELOPMENT

Dasgupta (2001)⁷ observed that the SHG approach is not new and it prevails from time immemorial in our villages. But what is new is that it cuts at the very vitals of dependence and carries with it the potentiality of reversing the negative factors in the process of rural development.

Jain (2003)⁸ in her study explained that SHGs have been the philosophy of the projects of voluntary organizations. The projects proceed with the assumption that any neighbourhood, no matter how poor, can do something to improve itself by its own efforts and that any approach for outside help should be resorted to only after it has exhausted its own resources fully. This is not always an easy message to get across to poor people who sometimes feel that the government should freely meet their needs because they are poor.

Pattanaik (2003)⁹ opined that there is an absolute necessity of launching self-employment programmes and social welfare programmes in promoting economic self sufficiency and empowerment of women. This observation was being pointed out from the experiences of the study in the context of Gujarat.

Manimekalai and Rajeshwari (2001)¹⁰ opined that the grass root organizations of rural women were earlier seen as delivery mechanisms for certain services and for training them in household activities. These organizations are now seen as a viable and participatory mechanism to increase the visibility and power of women to strengthen their voice. It also facilitates to develop economic activities on a collective basis and ensure access to developmental inputs.

Rajagopalan (2005)¹¹ pointed out that the number of SHGs functioning in both rural and urban areas also found deficit in the established human services as the main reason for their emergence. It showed that the existing services or systems are inadequate in meeting the needs of the people to be helped. As a result, SHGs are re-emerging in both the developed and developing countries.

Mahajan (1994)¹² pointed out that initiating and monitoring the credit programmes for the poor can be made more effective and less costly if banks make attempts to organize the poor in SHGs to ensure proper utilization of the credit and prompt repayment of loans. The SHGs also can contribute towards improving the quality of lending by offering loans in a prompt and simple manner and thereby ensure need based loans and keep the loan size within the repaying capacity of the borrower. No doubt that the SHGs have the advantage of better knowledge about their members as compared to the bank staff.

Ghosh *et al* (2006)¹³ stated that women in India have been traditionally suppressed and especially those who belong to the economically and socially weaker sections of society have been even more depressed. All the provisions in the Constitution and the spate of legislation enacted to empower women in the post independence India, have not been adequate to set women free from their traditional bondages, liabilities and restrictions.

Chowdhry (1998)¹⁴ opined that while the better educated and organized female workforce enjoys a high socio-economic status in conjunction with male workforce that of rural and unorganized sector is replete with dependency, bondage and unclear coverage. In a household economy, it will be difficult to pinpoint the specific contributions of women and also children when the particular household is headed or empowered by males. Discrimination in job opportunities, lower level of wages, poverty and other factors lead to the lower status of rural women especially.

⁷ **Dasgupta, R.**, (2001), "An Informal Journey through SHGs", *Indian Journal and Agricultural Economics*, Vol. 56, No. (3), July- September, pp. 22-25.

⁸ **Jain, Ritu**, (2003), "Socio-Economic Impact through Self Help Groups", *Yojana*, Vol. 47, No.7, pp. 12-13.

⁹ **Pattanaik, Sunanda**, (2003), "Empowerment through SHG: A Case Study of Gajapati District", *Smaranika*, November, pp. 17-21.

¹⁰ **Manimekalai B.**, and **Rajeshwari K.**, (2001), "Nature and Performance of Informal Self Help Groups – A Case Study From Tamil Nadu", *Indian Journal of Labour Economics*, Vol. 34, No. 3, July-September, pp. 31-34.

¹¹ **Rajagopalan. S.**, (2005), "*Micro Finance, Challenges and Opportunities*", ICFAI, University press, Hyderabad, India, pp. 34-38.

¹² **Mahajan, V.S.**, (1994), "*Women's Contribution to Economic and Social Development*", Deep and Deep Publication, New Delhi, pp. 56-62.

¹³ **Ghosh, Ipi, Ishita Mukhopandhyay** and **Suchandra Chakraborty**, (2006), "*Women Across India, Issues And Identities*", Gyan Publishing House, New Delhi. pp.112-119.

¹⁴ **Chowdhry, D. Paul**, (1998), "*Women Welfare and Development*", Inter India Publication, New Delhi, pp. 141-148.

PROBLEM OF THE STUDY

Women bear a disproportionate burden of the world's poverty. It is proved that women are more likely than men to be poor and at risk of hunger because of the systematic discrimination they face in education, health care, employment and control of assets. Poverty implications are widespread for women, leaving many without even basic rights such as access to clean drinking water, sanitation, medical care and decent employment. Being poor can also mean they have little protection from violence and have no role in decision making.

Women are often paid less than men for their work, with the average wage gap in 2008 being 17 percent. Women face persistent discrimination when they apply for credit for business or self-employment and are often concentrated in insecure, unsafe and low-wage work. Eight out of ten women workers are considered to be in vulnerable employment in sub-Saharan Africa and South Asia, with global economic changes taking a huge toll on their livelihoods.¹⁵

SHG's are necessary to overcome exploitation, create confidence for the economic self-reliance of the poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation, which they are facing, in several forms. A group becomes the basis for action and change. Significantly, credit is a major factor in boosting socio-economic development, when it is effectively utilized. In India too, microcredit is making a strong headway in its efforts to reduce poverty and empower women. In this background, the present study is carried out to assess the role of SHGs on the socio-economic empowerment of women in Tirinelvei District, Tamil Nadu.

SIGNIFICANCE OF THE STUDY

Inclusive growth has become the basic thrust of the Indian economy especially since the 11th Five Year Plan. With this view, the Government has been enacting many interventionist programmes both in the rural and urban areas of the country. The movement of microcredit through the SHGs, though started in the 1990s, has been given the fillip in the last few years, as it has proved its potential in the socio-economic empowerment of women. The decade of 1990's witnessed the growth of various people's organizations. In this context, the role of SHG's, especially of women has assumed a critical challenge. SHGs' approach is the key element of social mobilization. Linked with microcredit, the SHG approach and movement has now been accepted as an effective intervention strategy for the socio-economic empowerment of the women-folk. Hence, it becomes pertinent to examine the role played by the SHG movement in the socio-economic empowerment of the women by comparing the socio-economic status of the members of the SHG with that of the non-members, which is attempted in this study.

AREA OF THE STUDY

The area for this study is taken from the Kuruvikulam Panchayat Union in Tirunelveli district of Tamil Nadu. The Kuruvikulam Panchayat Union consists of 43 panchayats, in which the Vazhndhu Kattuvom Project under the auspices of Tamil Nadu Government is undertaken in 31 panchayats. From these 31 panchayats, 20 have been randomly selected as sample units, which form the area of the present study.

PERIOD OF THE STUDY

The growth in the number of SHGs and the amount of credit extended to them at the all-India level and in Tamil Nadu is examined with the help of secondary data published by the NABARD. As these data are available only for the period 2005-06 to 2009-10, it forms the period of study. Primary data for the study has been gathered through field survey which was conducted during July - October 2011.

OBJECTIVES OF THE STUDY

The following are the objectives of the present study:

1. To examine the origin and growth of SHG movement in India;
2. To study the availability of institutional and non-institutional credit among the sample respondents in the study area;
3. To examine the role of SHG movement on the societal development of sample respondents in the study area;
4. To analyse the extent of economic development of sample respondents in the study areas; and

¹⁵ National Sample Survey Organisation, (2010), "Labour Wages in India, 2008", Government of India, New Delhi.

5. To suggest policy measures for the more inclusive socio-economic upliftment of women and efficient functioning of SHG's.

HYPOTHESES OF THE STUDY

The following hypotheses are framed to be tested in this study:

1. In institutional credit delivery to the sample respondents, SHGs are playing a crucial role in the study area;
2. There is significant improvement in the societal condition of the sample respondents in the study area;
3. The extent of economic development among the sample respondents differ significantly in the study area; and
4. In the study area, there is greater scope for the promotion of SHG's in ensuring participatory development among women.

METHODOLOGY OF THE STUDY

The present study examines the role of SHGs in the socio-economic development of women in the study area chiefly with the help of primary data. Secondary data published by the NABARD regarding the number of SHGs, amount of credit extended to the SHGs through the banks have also been examined for the period 2005-06 to 2009-10.

To analyse the role of SHGs in the socio-economic development of women in the study area, a standard questionnaire was prepared and a pilot study was conducted in order to test the applicability of the same. After making the necessary modifications in the questionnaire, the field survey was conducted. The questionnaire included information pertaining to the identification particulars of the respondents, household information, the levels of education of the respondents and that of their household members, income, expenditure, asset possession among the members of the SHGs, their socio-economic conditions, problems faced by them, etc. Moreover, in order to trace the role of the SHGs in the study area, the present socio- economic conditions of the sample respondents are compared with that of their past conditions with the help of appropriate statistical tools.

SAMPLING DESIGN

The sampling in this study is based on multi-stage random sampling method. In the first stage, in Tamil Nadu, Tirunelveli district is purposively chosen as it is one of the districts with the socio-economic status which is less than the State average. The level of education, district income and all other indices of this district are quite low compared to that of many other districts. In the second stage, the Kuruvikulam Panahayat Union has been chosen as it represents all traits of the district in a better manner. In the third stage, from this panchayat union, which consists of 43 panchayats, the Vazhndhu Kattuvom project is undertaken in 31 panchayats, in which 20 have been randomly selected to form the study area. In the fourth stage, 2 SHG units from each of the 20 sample panchayat units have been drawn and from these 40 sample SHGs, 10 members each have been identified randomly. These 400 members become of the sample respondents of the present study.

TOOLS OF ANALYSIS

The information collected for this study through the field survey has been examined with the application of ratio analysis, diagrammatic representation, descriptive statistics, t-test, chi-square test, ANOVA and Wilcoxon test.

LIMITATIONS OF THE STUDY

This study is entirely based on the information provided by the sample respondents regarding their previous and current socio-economic conditions and also the degree of development at their household level. In many cases, the respondents were not quite forthcoming in divulging the required information and they had to be persuaded in doing the same, and thus the whole analysis rests on the information provided by them.