



Management

## **THE IMPACT OF SELF-HELP GROUPS ON THE SOCIO-ECONOMIC DEVELOPMENT OF RURAL HOUSEHOLD WOMEN IN TAMIL NADU - A STUDY**

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DOI: [https://doi.org/10.29121/granthaalayah.v4.i7\(SE\).2016.2624](https://doi.org/10.29121/granthaalayah.v4.i7(SE).2016.2624)

### **ABSTRACT**

*Women empowerment is a process in which women challenge the existing norms and cultural, to effectively promote their well-being. The participation of women in self-help group (SHGs) made a significant impact on their empowerment both in social and economic aspects this study addresses women empowerment through self-help groups in TamilNadu. The information required for the study has been collected from only secondary sources has been followed full paper. The SHGs have had greater impact on both economic and social aspects of the beneficiaries.*

### **Keywords:**

*Woman empowerment, SHG Movement, Socio-economic development, Tamilnadu.*

**Cite This Article:** M. Saravanan, "THE IMPACT OF SELF-HELP GROUPS ON THE SOCIO-ECONOMIC DEVELOPMENT OF RURAL HOUSEHOLD WOMEN IN TAMIL NADU - A STUDY" International Journal of Research – Granthaalayah, Vol. 4, No. 7: SE (2016): 22-31.

### **1. INTRODUCTION**

Self-Help Group or in-short SHGs is now a well-known concept. It is now almost two decade old. Self-help groups (SHGs) play today a major role in poverty alleviation in rural area. It is reported that the SHGs have a role in hastening country's economic Development. SHGs have now evolved as a movement. Mainly, members of the SHGs are women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. Women constitute around fifty percent of the total human resources in our economy. This has led to boost the process of women's Empowerment. Yet women are subservient to men as they are subject to many socio-economic and cultural constraints. The situation is more severe in the rural and backward areas. Women development activities must be given importance to eradicate poverty, increase the economic growth and for better standard of living. The SHG promotes small savings among its

members. Self-Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. This paper attempts to identify the role of SHGs in providing income and saving to rural poor household in Tamil Nadu.

## **2. OBJECTIVES OF SHGs**

- To examine the role of SHG in developing socio economic status of rural women
- To alleviate rural poverty and increase employment opportunity
- To promote income generating activities in rural household women

## **3. METHODOLOGY**

The present paper is primarily based on secondary sources of data. Present study focus on Tamil Nadu self-help group's impact and movement. Secondary data were collected from Tamil Nadu Corporation for Development of Women (TNCDW), Annual reports, the statistical supplements, and operational statistics of Tamil Nadu State, Government Website, Published sources include Government publications, and other publications like research articles published in journal available.

### ***ORIGIN OF SHGs***

The origin of Self Help Groups (SHGs) is the brainchild of Grameen Bank of Bangladesh, founded by Prof. Mohammed Yunus in 1975, who tried out a new approach to rural credit in Bangladesh. Grameen gave loans without asking borrowers either to provide collateral or engage in paper work. In India NABARD initiated SHGs in the year 1986-87 but the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming forward to save a small amount of money regularly, which is deposited in a common fund to meet the members' emergency needs and to provide collateral free loans decided by the group. It now addresses the issues of poverty alleviation and empowerment of poor, health, nutrition and other support services especially women, in the rural areas of the country.

### ***CONCEPT AND FUNCTION OF SELF-HELP GROUPS***

Generally Self-Help Group consists of 10 to 20 women. The women save some amount that they can afford. It is small amount ranging from Rs. 10 to 200 per month. A monthly meeting is organized, where apart from disbursement & repayment of loan, formal and informal discussions are held. Women share their experiences in these groups. The minutes of these meetings are documented and the accounts are written. The President, Secretary and Treasurer are three official posts in any SHG. If the SHGs are connected with some NGOs, they take part in other social activities of those NGOs. Of late, the organizational structure of various micro-financial groups is undergoing significant changes. There are Thrift groups, Credit management groups, Income generating groups, Self-help groups and Mutual help groups. Sometimes the institute that promotes the SHG, itself provides loan facilities. It is called as Micro-finance Institute. All households are living under 'Below Poverty Line' category and their income is less than Rs. 40,000 per year. The National Bank for Agriculture & Rural Development will create an Rs.15

billion fund to cater to women's Self-Help Groups in economically weaker districts in the country, after joining the self-help group the women are economically and socially empowered. It is especially focus on the SC/ST.

### ***SELF – HELP GROUPS IN INDIAN MOVEMENT***

India has adopted the Bangladesh's model in a modified form. To alleviate the poverty and to empower the women, the micro-finance has emerged as a powerful instrument in the new economy. With availability of micro-finance, self-help groups (SHGs) and credit management groups have also started in India. And thus the movement of SHG has spread out in India. Table shows.

**Table 1:** State –wise spread of the SHG-Bank Linkage programme

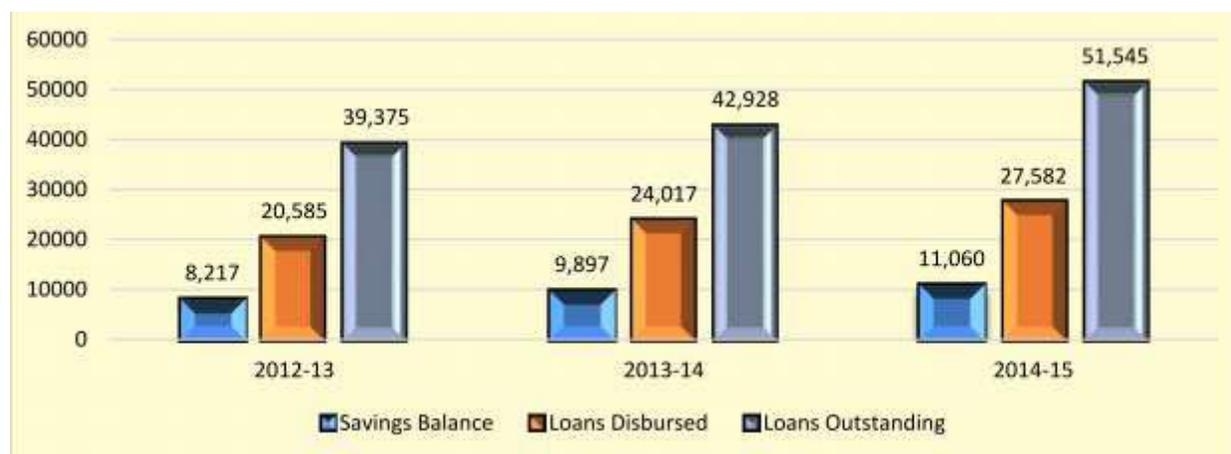
<b>States</b>	<b>SHGs</b>	<b>Savings (in lakhs)</b>	<b>% of SHGs</b>	<b>% of savings</b>
Andhra Pradesh	1418676	349962.18	19.09	35.36
Arunachal Pradesh	2588	153.01	0.034	0.02
Assam	285327	11289.51	3.84	1.14
Bihar	268721	16466.57	3.62	1.66
Chhattisgarh	11184	18283.52	1.51	1.85
Goa	8170	1313.37	0.11	0.13
Gujarat	196510	16872.00	2.64	1.70
Haryana	43029	4539.47	0.58	0.46
Himachal Pradesh	37634	2732.43	0.51	0.28
Jammu& Kashmir	873	40.74	0.01	0.004
Jharkhand	86386	8932.95	1.16	0.90
Karnataka	709171	108757.29	9.55	10.98
Kerala	601325	56942.49	8.09	5.75
Madhya Pradesh	157481	13010.41	2.12	1.31
Maharashtra	692274	74805.53	9.32	7.56
Manipur	9039	94.92	0.12	0.009
Meghalaya	7230	536.65	0.10	0.04
Mizoram	187	4.46	0.002	0.00
Nagaland	2437	210.08	0.03	0.021
New Delhi	2901	660.57	0.04	0.06
Odisha	517391	45733.95	6.96	4.62
Punjab	23041	2283.98	0.31	0.23
Rajasthan	257262	17906.61	3.46	1.80
Sikkim	343	35.49	0.004	0.00
Tamil Nadu	942469	105145.21	12.69	10.62
Tripura	9148	558.00	0.12	0.06
Uttar Pradesh	379270	43858.84	5.10	4.43
Uttarkhand	37294	3903.04	0.50	0.39
West Bengal	591464	81406.51	7.96	8.23
A &N Islands	4824	115.58	0.06	0.01

Puducherry	24454	2406.41	0.33	0.24
Chandigarh	468	13096	0.01	1.32
Lakshadweep	229	648.81	0.003	0.07
Total	7429500	989741.54	100	100

Source: NABARD: Status of Micro Finance in India 2013-14

The allocation of funds for the SGSY scheme by both central and states' governments was Rs.1, 472 cr. in 1999 – 00, the first year of the program. The total amount allocated for the program during 10 years is Rs.14, 467 cr. It is less than half of the budgetary allocation of Rs.30, 100 cr. for NREG in just one year, i.e. 2009 – 10. The principal reason for stagnation in funds allocation is non-cooperation of banks. The allocated meager amounts were not fully utilized even in one year during the last 10 years program period. Total utilization is 74% of funds made available as a result the program is often known as subsidy oriented program.

In India, Aim of the SHGs is to give social empowerment to women. In 1991-92 NABARD started promoting self-help groups on a large scale. And it was the real take-off point for the 'SHG movement'. In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks. State wise linkage programmed loan scheme and saving amount show the table.



Source: Status of Microfinance in India report, 2014-15, NABARD

Figure 1: SHG-Bank Linkage Highlights (crores)

Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital. Empowerment of the poor encompasses three basic dimensions-reduction of poverty, creation of employment, and erasing inequality. The self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. India is poised to provide pragmatic solutions by demonstrating the success of micro finance for eliminating total poverty in the coming decade. Now nearly 560 banks like and

more than 3,024 NGOs are collectively and actively involved in the promotion of SHG movement.

### ***SELF –HELP GROUPS MOVEMENT IN TAMIL NADU***

Tamil Nadu is the 11th largest state in India and spread over 1, 30,000 sq kms. It has 35 million female in its total population of 72 million in 2011. This was taken not only as a social welfare group but also a centre for economic improvement of women. Hence the concept of “Women Groups for Self Employed” emerged in Tamil Nadu. It was called “Mahalir Sangam” or Mahalir Kuzhu” or Mahalir Mandram. The status of self-help group below show the table.

**Table 2: Status of SHGs in Tamil Nadu (2014)**

<b>SL No</b>	<b>District</b>	<b>Groups formed</b>	<b>Women enrolled</b>	<b>Saving (Rs lakhs)</b>
1	Ariyalur	6708	106969	3527.14
2	Chennai	23620	366110	9948.75
3	Coimbatore	14879	235545	8525.18
4	Cuddalore	17705	281372	10294.39
5	Dharmapuri	8005	127481	7247.89
6	Dindigul	13569	215707	4950
7	Erode	15431	243908	8944.75
8	Kancheepuram	23491	372339	13087.07
9	Kanniyakumari	14129	222067	11918.2
10	Karur	9750	154849	11826.2
11	Krihnagiri	9911	157964	8792.5
12	Madurai	14420	228363	8513.81
13	Nagapattinam	13608	216620	8930.45
14	Namakkal	11818	187382	8935.25
15	Nilgiris	7266	114378	4238.7
16	Perambalur	4016	63975	952.4
17	Pudukkottai	11324	180438	21450.02
18	Ramnad	9928	157893	8086.58
19	Salem	18464	291668	7167.5
20	Sivagangai	10333	164582	5883.7
21	Thiruvannamalai	17647	280945	5208
22	Thirunelveli	18985	300162	9859.6
23	Thanjavur	17308	274981	10102.1
24	Theni	10960	173080	5228.05
25	Thiruvallur	16728	264564	8400.98
26	Thiruvarur	10919	173884	4224.74
27	Thirupur	11752	185672	7191.96
28	Thoothikudi	15038	238487	7514.74
29	Thrichy	15330	242822	5962.94
30	Vellore	16488	262390	9358.56
31	Villupuram	19529	311120	5075.45
32	Virudhunager	12250	194589	5453.39

	Total	441311	6991366	256800.99
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**Source:** www, tnwomser development corporation.org

The group should have limited number of members which will be congenial to the successful functioning. In this regard it will be appropriate to have 15 to 20 members. The member will be benefited by having free, track and open discussions before arriving at any decision regarding the execution of the different activities of the groups. The groups can function effectively and successfully by consulting each other and sharing of thoughts through periodical meetings at the particular place. The attendance register and the recorded minute's book will expose the group solidarity of the member.

**Table 3: SHGs Which Received Bank Loan in Tamil Nadu (2010-2014)**

Received Bank Loan in Tamil Nadu	Average No. of Members per SHG	Savings (Million Rs.)	Average Savings per SHG (Rs.)	Loan Disbursed to SHG during 2010-14		
				No. of SHG	Loan Amount (Million Rs.)	Average Loan Amount per SHG(Rs)
Public Commercial Banks	15.2	6,739	11,954	171,671	18,939	110,321
State Bank of India	18.0	1,558	9,496	32,459	3,749	115,500
Indian Bank	15.2	1,760	13,497	64,435	8,336	129,371
Canara Bank	17.4	321	3,125	17,109	1,724	100,766
Indian Overseas Bank	12.2	2,314	24,981	22,960	3,318	144,512
Others	9.9	786	10,629	34,708	1,812	52,207
Private Commercial Banks	12.6	201	3,662	7,886	806	102,206
Regional Rural Banks	6.6	438	5,824	21,816	1,556	71,324
Pandayan Grama Bank	3.7	204	3,661	15,483	504	32,552
Pallavan Grama Bank	15.2	234	12,008	6,333	1,052	166,114
Cooperative Banks	NA	1,660	12,492	57,788	4,311	74,600
Salem DCCB	13.3	151	9,741	3,852	331	85,929
Tiruchirapalli DCCB	13.5	194	14,245	5,318	457	85,935
Villurupam DCCB	19.0	35	3,001	8,889	531	59,737
Madurai DCCB	13.0	39	3,418	4,929	94	19,071
Tiruvannamalai DCCB	NA	58	5,654	3,376	352	104,265
Others	NA	1,183	16,797	31,424	2,546	81,021
Tamil Nadu total	NA	9,038	10,932	259,161	25,612	98,827
All India	NA	61,987	8,915	1,586,822	144,533	91,083

Source: NABARD [2015]. Note: DCCB means District Central Cooperative Bank.

As soon as a capital is formed, for availing or providing loans to the needy of SHG members certain steps are taken. The formation of the capital could be carried out even by habit of thrift or small savings which is a fundamental prerequisite for the members and that will assist the formation of a sound common fund for the successful functioning of the SHGs. NABARD

recognized the potential of these groups and realized that they are constrained only due to the meagerness of their financial resources. It was started as a pilot project in 1992 and has come a long way since then. As of 2012- 2015, there were 7.4 million SHGs under this scheme covering over 10 crore households with savings balance of over Rs.39,375. About 49 lakh of these SHGs have also accessed bank credit and have over Rs 51,545 crore as outstanding credit from the banking system.

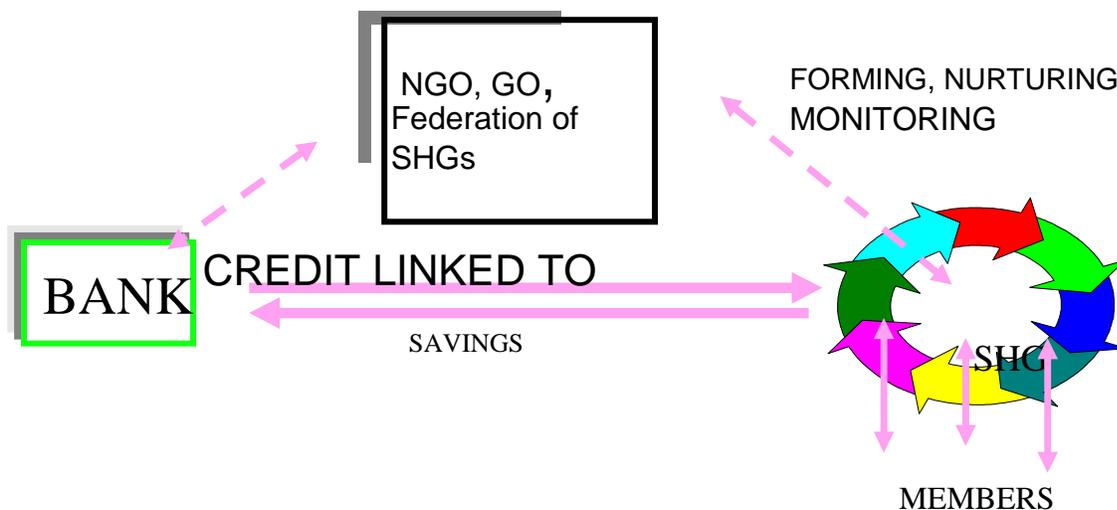
### **Impact of Self-Help Groups on Socio- Economic Development of poor household women and economically weaker section society**

#### **1) Micro- Financing benefit for rural poor households**

Self-help has aimed at enhancing profitability for rural people. The low economic growth of this country was perceived to be due to lack of capital resources, especially in rural areas. A vicious cycle of low capital, low productivity, low incomes, low savings and weak capital base was perceived to be operating perpetuating a permanent poverty syndrome. Therefore, cheap rural credit policies like micro financing SHGs were designed to provide rural poor with access to adequate capital. Microfinance through SHG has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally and above all help them break through the stronghold of exploitative money lenders.

#### **2) Bank – SHG linkage**

In this type of linkage banks provided financial support to SHGs which had grown almost spontaneously without any intervention of any SHPI. The SHGs were initially on the basis of a common activity, Problem and took up thrift and credit activities. The case of such linkages is not very common. In this model, the SHPI have taken the role of a financial intermediary between the banks and a number of SHGs.



**Figure 2:** Bank-SHG linkage with active support of SHPI

### **3) Economic empowerment**

According to the report by National Commission for Women (NCW) - (Status of women 2011), in India, women work for longer hours than men do. The proportion of unpaid activities to the total activities is 51% for females as compared to only 33% for males. Over and above this unpaid work, they have the responsibilities of caring for household which involves cooking, cleaning, fetching water and fuel, collecting fodder for the cattle, protecting the environment and providing voluntary assistance to vulnerable and disadvantaged individuals in the family. This shows that though there is still a long journey ahead towards women empowerment. Women's are save small amount of money regularly and mutually agree to contribute a common fund. But this does not fulfill all their needs. Indebtedness has become the hallmark of the rural life.

### **4) Social empowerment**

The social empowerment means that the woman should get an important place in her family and society, and should have a right to enable her to make use of available resources. It has resulted in developing self-confidence, self-esteem and self-respect also. And uplift the living conditions of the poor household women's. As the woman has now increased presence in banks, Gram Panchayats, various Government committees etc., her social status is seen somewhat elevated. The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organizations, increased access to such organizations, increased expenditure on Health and Marriage events, there is a Change in the attitude of male members of the families, now they are convinced about the concept of SHG and encourage women to participate in the meetings and women reported that they have savings in their name and it gives them confidence and increased self-respect.

### **5) Saving and Financial Decision Making**

One of the primary benefits of participation in a SHG is the opportunity to save regularly, access formal savings institutions and participate in the management of these savings. They save regularly, have their own bank accounts and make deposits into these accounts. SHG is having a good impact on members, in their ability to save their hard earned money.

### **6) Access to credit**

A corollary of participation in SHGs is an improvement in a woman's access to credit. Since the project is perhaps too early in its implementation to directly improve women's access to credit. The financial mobility due to participation in the SHG has led to an improvement in the quality of life, according to some of the successful groups. Overall, many families were able to address their basic needs better than before. Some of NGOs reports have shown that the record on the repayment of loans by women was often better than that of men, and that women were also more likely to spend the income earned, on their families, leading to improved health and nutrition of the poor population and for improving the quality of their lives.

## 7) Employment

The implementation of SHG has generated Self-employment opportunities for the rural poor. The progress of the program since inception assisted in formation of 35.7 lakh SHGs; assisted 1.24 Cr. Swarozgaris in establishing their own micro-enterprises. The Government of India released Rs.11, 486 Crore under the program; bank credit mobilization is Rs.19, 017; Total subsidy provided is Rs.9, 318 Cr. The program helped many participants in improving their economic conditions. Another good accomplishment of the program is that it has adopted the SHG strategy.

## 8) Challenge to target the real poor and vulnerable sections

A comprehensive study by BIRD, 2007 on coverage of SCs/ STs in SGSY, which covered 10,848 Swarozgaris and non-Swarozgaris (control sample), pointed out exclusion of SCs and STs in the following ways and for the following reasons. Physical exclusion – by not being accepted as group members, Financial exclusion by denial of their due share either by group leaders or by implementing bank or block officials, Exclusion because they are already covered under some state government sponsored programs (often implemented by state (ST/ SC corporations) and in many cases are already defaulters of bank loans (BIRD, 2007).

## 4. CONCLUSION

This is a very significant indicator of impact. Self Help Group is an important tool which helps the rural women to acquire power for their self-supportive life. SHG Programme clearly plays a central role in the lives of the poor. Empowering women is not just for meeting their economic needs but also more holistic social development. There is evidence of increased household income. Standard of living for the program participants have increased and also the food security is much more for the program clients. Microfinance is playing a significant role in alleviate poverty and rural development. Since women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards and economic independence of the rural women. The impact on their lives is not just an economic one -gaining more self-confidence is often a more lasting achievement that forms the basis for social and economic improvements.

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