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Dr. Prabhu Nath Singh
Associate Professor, P. G.
Department of Commerce,
Bhupendra Narayan Mandal
University, Madhepura, Bihar,
India

Seema
Research Scholar, P.G.
Department of Commerce,
Bhupendra Narayan Mandal
University, Madhepura, Bihar,
India

Impact of economic self-help group programs on women's empowerment

Dr. Prabhu Nath Singh and Seema

Abstract

This study focuses on the impact of women's Economic Self-Help Groups (ESHGs) on women's economic, social, psychological, and political empowerment. Both governmental and non-governmental institutions spend formidable resources facilitating SHGs in low-and middle income countries in South Asia and other developing countries, under the premise that access to microfinance, training, and group support can enhance women's empowerment. We found that women's economic SHGs have positive effects on economic and political empowerment, women's mobility, and women's control over family planning. The estimated effect sizes range from 0.06–0.41 standardized mean differences. The research further suggests that the positive effects of SHGs on empowerment run through mechanisms that are associated with familiarity in handling money, independence in financial decision-making, solidarity, social networks, and respect from the household and other community members. However, the included evaluations often did not include sufficient information about the specifics of the activities that were implemented by the SHGs. As a result, it remains unclear which of the various SHG models are most effective. Finally, our triangulation of the quantitative and qualitative findings indicates that SHGs do not have adverse consequences for domestic violence.

Keywords: Women's self-help groups, microfinance, women's economic

Introduction

Microfinance has made tremendous impact in India over the years and it has become a household name in view of Socio-Economic benefits reaped/receivable from microfinance services by the poor lot in India. Self Help Groups (SHGs) have become the common carrier (vehicle) of development process, especially in rural India converging most of the development programs. Microfinance sector has covered a long journey from Micro Savings to Microcredit and then to Micro Enterprises and now entered the field of Micro Insurance. The gradual and evolutionary growth process has given a good push to the rural poor to reach social and economic growth along with empowerment leading to happy life of participating household. Financial institutions in the country have not only been playing a lead role but also joined hands productively with informal delivery channels. That is how microfinance has gathered momentum and registered an impressive expansion NABARD has been instrumental in facilitating various activities under microfinance sector involving all possible partners in the microfinance sector. During the last three decades or so it has been realized that sustainable Rural Development needs the involvement of women in all the social and economic activities empowerment and decision making process, as women are more sincere and active agent of development process. Women are capable of playing pivotal role in the family and society. SHGs have provided the necessary platforms for the same.

Micro finance

Microfinance is defined as the provision of thrift, credit and other financial services and products in small amount to the poor ones in rural semi urban and urban areas with a view to raise their income level and improve living standard (NABARD 1999). The then World Bank president James Wolfensohn defines microfinance as that micro level financial assistance scheme that helps people, helps themselves to take up income generation projects and business.

Corresponding Author:
Dr. Prabhu Nath Singh
Associate Professor, P. G.
Department of Commerce,
Bhupendra Narayan Mandal
University, Madhepura, Bihar,
India

Self-help groups (SHGs)

Throughout the history, people have formed groups of 10-20 persons who have something in common that can be shared among themselves or distributed to the needy in the group. That is to say Self Help Group is about people coming together with others, who are deprived of basic needs to support each other and to work together towards betterment of each of them, in the group. That is to say the poor themselves can join and create poverty free environment for them. NABARD defines it “as a group of 20 or less people from a homogenous class who are willing to come together for addressing their common problems”.

Role of NABARD

NABARD a premier institution, accredited with all matters concerning policy, planning and operations in the field of agriculture and other allied economic activities in rural areas with vision to facilitate sustained access to financial services for the unreached poor in rural areas through various Microfinance innovations in a cost effective and sustained manner. The Mission of NABARD is “Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services institution building and other innovative initiatives. As such NABARD has been working as catalyst in promoting and linking more and more SHGs to the Banking system. A pilot project linking 500 SHGs with banks was launched in 1992 in consultation with Reserve Bank of India (RBI).

Role of NGOs

Microfinance programs accredited as key strategies for poverty alleviation and economic development, introduced and extended by Non- Governmental organization (NGOs) in India. NGOs have played a very crucial role in the proliferation of SHGs not only by promoting them but also building their capacities by training them in group activities, maintenance of records, inculcating financial discipline training in income generating activities and participating in certain social activities.

Role of government of India

Fully aware of the importance of SHG Bank linkage in ensuring inclusive growth, Government of India has all along shown interest to the programme by budget announcements. Microfinance Sector (Development and Regulation) Bill as well as a Bill to amend insurance laws was under consideration. As announced in budget speech in 2008, two funds – Financial Inclusion and Technology Funds have been set up in NABARD. Financial Inclusion is the process ensuring access to timely and adequate financial services by vulnerable groups at an affordable cost. The main component of financial services are savings, credit, remittance, insurance and investment. Poor people need access to one or more components of financial services. SHGs help in accessing critical credit (i.e. need based one) services and have potential for accessing other services for ensuring their total financial inclusion.

Literature review

(Dasgupta, 2001) ^[1] emphasis in his study ‘Informal journey through Self Help Groups’ by stating that micro-financing through informal group approach has helped to bring quite a few benefits for the rural poor in the form of saving habits, credit accessibility, effective credit structure, low

transaction cost, effective recovery rate, outstanding empowerment of poor women. He emphasis in his study by stating that SHG's through microfinance should be treated as one of the best means to offset social and financial citizenship not as an end in itself.

(Rasure, 2002) ^[5], in his article “women empowerment through self-help-groups” reveals that the microfinance through SHG worked as a tool to empower the rural women in the country, as they provide easy access to micro credit for self-employment. The study concludes that the SHG activities motivate the rural poor to go for savings which in turn help them to come out of the vicious circle of poverty.

(Nedumaran, 2001) ^[4] Conduct a study on the performance and the socio economic impact of the SHGs in Tamil Nadu and this study compares the pre-SHG situation and there is a remarkable improvement in the socio economic aspect of the rural women in the post SHG situation. It concludes that Socio economic conditions of the rural self-help group members were considerably improved after joining the Self Help Group.

(Jaya, 2002) ^[3] in her paper “Study of Self Help groups in empowering women-A Case study of selected SHGs and NHGs’ reveals that the membership in the SHG group has benefited them in a way of getting informal banking at their doorstep. SHGs also help them to get awareness on the new economic opportunities which are available. The study identifies a drawback that non-availability of incentives to the group leaders is the factor leading to their decreasing interest and gradual decline in the functional efficiency of the successful group.

Dasgupta (2005) ^[14] in his article commented that a paradigm shift is required from “financial sector reform” to “micro finance reform”. While the priority sector needs to be made loan, mandatory micro credit must be monitored rigorously. Simultaneously space and scope have to be properly designed for providing competitive environment to micro finance services. Extensive database needs to be created by the RBI for understanding micro-finance.

Results and Discussions

Table: 1 uncovers that out of all out respondents taken for the examination, 23.3% of them have a place with the age of 18-30 years, 38.7% are 31 to 40 years of age, 30% of them have a place with age group of over 41-50 years and staying 8% of them have a place with age of over 50 years. Mainly the respondent falls under the age group of 31 to 40 years.

Table 1: Age of the Self-help group members

Sl. No	Age	No. of Members	Percentage
1	18-30	70	23.3
2	31-40	116	38.7
3	41-50	90	30.3
4	Above 50 years	24	8.0
Total		300	100

Source: Primary data

Type of family chose self-help group individuals is appeared in Table 2. The table shows that 65 (22%) are individuals from joint families and the staying 245(80%) are individuals from family units. Individuals from joint families get budgetary help in the midst of hardship however such help is inadequate in the event of individuals from family units.

Table 2: Type of family of the self-help group members

Sl. No	Type of family	No. of members	Percentage
1	Joint family	65	22
2	Nuclear family	245	80
Total		300	100

Source: Primary data

Table 3, show that 84(28%) individuals are unskilled, 125(42%) individuals are Primary education, 90 (30%) members are educated up to secondary level and only. To finish up education level of the SHG individuals is exceptionally low.

Table 3: Literacy levels of the self-help group members

Sl. No	Literacy level	No. members	Percentage
1	Illiterate	84	28
2	Primary education	125	42
3	Secondary level	90	30
Total		300	100

Source: Primary data

Significance of the study

All over the world the role of micro financing for rural development the main objective of which is poverty alleviation and economic development, is well organized. Micro financing policies have helped in achieving sustainable development of the rural sector. The finance support at micro level has caused the process of development a self-sustaining one for the 'have-nots'. When an operational approaches (i.e. a very practical one) towards poverty reduction in rural areas was not readily available and when an easy access to financial support for them was also not available (i.e. amidst grave situations) SHG client development strategy has emerged gradually as a successful means of sustainable development (both economic and social).

Objective of the study

- To examine the Self-Help Group movement as a means of financial services to the rural poor.
- To find out key beneficences under Self Help Groups.
- To assess socio economic conditions of members of Self Help Groups.
- To find out importance of SHG-Bank linkage.
- To identify the problems faced by self Help Groups and their members.
- To recommend suitable measures to strengthen SHG Bank linkage programme in particular and to strengthen SHG movement in general.

Research methodology

The study is based on primary and secondary data. The primary data were gathered from 30 SHGs women entrepreneurs' visionaries through purposive testing technique. Purposive testing is utilized as the examining strategy as it requires catching information on the aptitude level of woman business people having a place with SHGs in locale who are into the animator's job. The data collected were broke down to look at the self-help groups on economic empowerment and self, social mindfulness utilizing measurable instruments. The translation for the equivalent has been expressed. The secondary data were collected from books, journals, newspapers and websites.

Major findings of the study

- There is significant improvement in acquiring Radio after joining SHG.
- There is no significant improvement in acquiring Wall clock after joining SHG.
- Most of the rural women were having freedom of mobility to the market for buying/selling every week after joining SHG.
- Most of the rural women are having freedom of mobility to the Government offices whenever required.
- Most of the rural women are having freedom of mobility to the bank every week.
- Most of the rural women were having freedom of mobility to the hospitals every weekly.
- Most of the rural women are aware about the law – Women can inherit the property.
- Most of the rural women are aware that giving and taking dowry is prohibited according to the law.
- Most of the rural women were not participated in campaigning for political candidate before joining SHGs.

Conclusion

The present study is an attempt to analyze the impact of microfinance activities by the SHGs in India and the effects there on the lives of SHG members. Analysis of Socio-economic development of the SHG members and performance of SHGs in India indicate that, the women members will grow further. But it is not so with men SHGs. Women participation in the SHG movement enabled them to discover their inner strength, increase/gain self-confidence. This resulted in attaining social, economic, political and psychological empowerment along with capacity building. The success stories that are mentioned are just examples which encourage others. It is a matter of concern that around 90% men SHGs have been a failure. India DCC Bank has even organized Joint Liability Groups (JLGs) for men and women. Here also just 30% of men JLGs are successful and remaining have been again a failure. The NABARD and stakeholder Banks and Government may evolve a strategy for poor men. The new millennium has indeed open many challenges. As a result many nations are under the transit of transformation, i.e. new issues have to be attended to as far as socioeconomic development/progress of our state-nation is concerned. The most important point definitely is none other than women's empowerment through SHGs. Here empowerment means socials, economic and also political empowerment women are the vital wing in this regard. Empowerment definitely hastens the pace of development. Investing women's capabilities in SHG movement is really a wise investment.

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