



Self Help Groups and Women Empowerment: A case study of West Godavari District, AP

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Abstract:

Microfinance and Self Help Groups is a popular credit source in the rural areas particularly for women who are generally neglected by the main stream of financial institutions for the lack of collateral security. Microfinance has emerged as an important alternative collateral free source of loaned funds to help the rural poor under the Self-Help Groups Bank-Linkage model. West Godavari is not only a rich district in the coastal Andhra Pradesh, but also more populous where the proportion of women are almost equal. SHGs in recent years have grown fast and actively engaged in microfinance activities. It is suggested that even though the SHGs in the West Godavari District have been performing well and the SHG – Bank Linkage is considerably strong, still there is a need to strengthen these groups to get the desired outcomes. The following suggestions are made based on field data and observations. Even though members' attendance to the group meetings is considerably high, regularity of attendance is lacking. It needs to gear up the attendance of the members for better functioning of SHGs.

Keywords: Empowerment, Microfinance, Self Help Groups

Introduction

In developing countries like India, women comprise a substantial majority of the poor. If we compare the lives of inhabitants of the poorest communities across the developing world we would find that virtually everywhere women and children experience the harshest deprivation, they are more likely to be poor and malnourished and less likely to receiving medical services, clean water, sanitation and other benefits. The lower earning capacity of women and their limited control over their

spouse's income contributed to this disturbing phenomenon. Women have less access to education, formal sector employment, social security and government employment programmes. These facts combined to ensure that women's financial resources are meager and instable relative to men. Rural women have less access to the resources necessary to generate stable incomes and are frequently subject to laws that further compromise on earning potential. Women are sidelined while providing the institutional resources such as credit and training. Further,



less access to land, capital and technology greatly diminish the efficiency of production both inside and outside. At the same time, women are bypassed in various grassroots poverty reduction programmes and economic regeneration. The efforts of the developing countries to modernize discriminatory laws and galvanize women's participation can be frustrated by the deep rooted cultural barriers that so often run in parallel with poverty.

Strategies of poverty eradication in India:

In India like in any other developing countries, policy makers and planners have realized the failure of growth strategies in bringing certain sections of the society into main stream. A direct attack on poverty has become an important goal of economic planning, which was considered as a remedy for all the problems that the underprivileged are facing. It is believed in India that the poor are trapped in a vicious circle of low capital, low productivity, low employment, low incomes and low savings. Thus, the strategy of economic planning is somehow to break the vicious circle. To break this vicious circle, credit appeared to be an important instrument and therefore government intervention in credit market is recommended. Development economists, who pay more attention to the eradication of poverty in rural areas and for whom improvement of the situation of the

poor is more than pure rhetoric, stress the need for organization of rural poor into separate cohesive groups managed by the members themselves. They hold the opinion that participation of local population in development programmes as an important constituent of development strategy. They agree that rural poor themselves cannot achieve much without external assistance since the resources-material, financial and information technology are limited and have to be supplemented and complimented by the necessary support from outside. Micro Credit Institutions (MCI) in the form of Self-Help Groups (SHGs) have emerged at the village level based on the underlying strategy of self-help, collective perception, decision-making and implementation of the programmes of the common benefit.

Self-Help Groups and Women Empowerment:

Self-Help Groups (SHGs) of women in India have been recognized as an effective strategy for the empowerment of women in rural as well as urban areas – bringing women together from all spheres of life to fight for their rights or a cause. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these SHGs work on a range of issues such as health, nutrition, agriculture, forestry, etc., besides income generation activities and seeking micro credit.



As SHG is a group of about 15-20 women from a homogeneous caste or class who come together to address their common problems. They are encouraged to make a voluntary thrift on a regular basis. This savings amount, thus pooled is rotated among the members at some nominal interest rate. This process helps the members to imbibe the essentials of financial intermediation including prioritization of needs, setting norms and conditions and keeping of accounts. This process gradually develops financial discipline, as the money involved in the lending operations is their own hard earned money and saved overtime with great hardship. Once the group attains a matured financial discipline bank linkage is attained and banks are encouraged to advance loans to SHGs in certain multiples of the accumulated savings of SHG. Banks find it easier to lend money to SHGs which have some history of credit operations and credit discipline among the members. In this way the institutional credit is made accessible to poor and helpless women.

Objectives and Methodology:

The very purpose of the present study is to analyse the growth and development of SHGs in West Godavari District and their impact on empowerment of Women in the study area, and the effects of the socio-economic conditions in relation to empowerment, from the subjects, which without any ambiguity will determine the factors contributing

positively or negatively for assessing the performance and the effects of SHGs in relation to women empowerment. 100 SHGs have been selected from the rural area for the present study. It can be observed that each group average sample size is 4 members, thus making the sample size 400 members.

Self Help Groups in West Godavari District

The success of SHGs – Bank linkage programme in Andhra Pradesh is attributed to the existence of strong institutions involved in social intermediation, which help in the formation of SHGs. The East Godavari district continued to be the number one district in SHG financing in the state in the year with credit linkage of Rs.86,886 lakhs in respect of 34,672 SHGs followed by Chittoor and West Godavari.

The Self Help Group movement in the district has enabled mobilization of around 61,234 Self Help Groups. The savings mobilized them amounted to Rs.15, 469.10 lakhs and the corpus fund was Rs.21, 781.645 lakhs during the year 2012-2013. It may be observed that in a span of 9 years in the West Godavari District 24,232 SHGs and 2, 24,589 members are added into SHG activity.

SHG Bank - Linkage: SHG bank linkage in the district, in terms of the number of SHG groups and the amount of credit during 2003-2004 to 2012-2013 is presented in table 3.12. It can be seen from the table that,



during 2003-2004, the total amount of credit under the bank linkage programme in the district was Rs.5816 lakhs against a total number of 18116 SHG groups. By 2012-13 the total amount of credit stood at Rs.74, 230 lakhs as against 30113 groups.

Table 1 : Growth of SHG Bank Linkage Programme in West Godavari District

S.No.	Year	No.of Groups	Annual Growth Rate	Amount	Annual Growth Rate
01	2003-2004	18116	-	5816	-
02	2004-2005	24573	35.64	10138	74.31
03	2005-2006	19837	-19.27	15200	49.93
04	2006-2007	26175	31.95	20792	36.78
05	2007-2008	28271	8.00	40851	96.47
06	2008-2009	31904	12.85	47876	17.19
07	2009-2010	22915	-28.17	44746	-6.53
08	2010-2011	19564	-14.62	38999	-7.28
09	2011-2012	19235	-1.68	46751	19.87
10	2012-2013	30113	56.55	74230	46.75
Average Annual Growth Rate		240703	8.12	345399	32.74

Source : District Rural Development Agency, Eluru, West Godavari District of Andhra Pradesh.

Credit operations of Group Funds:

The SHG plays a significant role in catering to the credit requirements of rural poor and currently has emerged as a important link in RCDS. For rural poor, there is a thin line distinguishing consumption credit and production credit. Further, these poor households need 'micro credit' sometimes instantly to meet some emergencies. All definitions concur on micro credit as the provision of 'small loans', the scale of 'smallness'

very depending on the need. The rural poor depends on institutional sources of production and investment requirement. But for consumption needs like social functions, health and educational needs, the poor exclusively depends on non-institutional sources viz., money lenders and traders. These non-institutional sources charge high interest rates and there by robs a major share of the income of the poor. Further, there is an inter-generation transfer of credit burden. Eventually, these poor households involuntarily lands in the debt trap. In view of



this, the poor required an alternate institute which addresses their genuine consumption requirements at low cost and mobilize their small savings also. The emergence of SHG as an important link in RCDS is facilitating an opportunity to mobilize

the small savings and at the same time micro credit needs of the members instantly from the pooled savings of the group. The total amount of borrowings for the selected SHGs is Rs.1,27,87,600/-.

Table 2. Utilization of Loans by the SHG Members

Sl.No.	Purpose of Utilization	Percentage of Households
1	Social Expenditure	02.75
2	Consumption Expenditure	55.00
3	Health Expenditure	01.50
4	Agriculture	14.50
5	Business	20.50
6	House Repairs	01.25
7	Purchase of Animals	02.75
8	Marriage Purpose	01.75
	Total	100.00

Source : Field Study

The above table shows that purchase wise loans taken by the SHG members in the selected study area. It may be observed from the data that out of the 400 respondents, 55 per cent of the respondents utilized their loans for their consumption purposes followed by 14.50 respondents who utilized their loans for Agricultural activities. 20.50 respondents utilized their loan for business purpose 2.75 respondent utilized their loan for social expenditure. While 1.50 per cent of respondents utilized their loans for family health, 1.25 per cent of respondents utilized their loans for house repairs. 1.75 per cent of respondents utilized their loan to meet their marriage expenditure.

Thus a major proportion of group credit was used for unproductive yet necessary household consumption expenditure. In the absence of SHG, these poor women used to rely on non-institutional sources for money. Thus, to a very great extent the SHG movement is successful in relieving the poor from the clutches of the money lenders. However, utilization of credit for household consumption and social expenditure needs to be discouraged as such utilization lends to default of payment.

Repayment of Credit :

Repayment of group credit is one of the important yard sticks to assess the efficient functioning of the SHGs. Mobilizing internal savings



and efficient utilization of the mobilized savings, the SHG members are expected to learn the management of SHG. This will help these SHGs obtain access to the bank credit. Recovery of the loan amount not analyzed separately for different purposes as the conditions of loan, the interest etc., are same for all the purposes. In all the villages of the sample SHGs 75.00 per cent of the

current borrowing is from the group credit are repaid. Thus from the above discussion on loan recovery it clearly reveals that performance is considerably good. However, it is to be noted with concern that 25.00 per cent of the SHG groups have become default. SHGs need to work towards cent per cent recovery to enable themselves for higher amount of credit from the banks.

Table 3: Repayment of Group Credit

Sl.No.	Category	No. of SHG Groups
1	Fully Repaid	15
2	Being Repaid	60
3	Default	25
	Total	100

Source : Field Study

Self Help Groups and Women Empowerment

Notwithstanding the large proportion of women in the total population, a large number of women in India, especially in the rural area, are very backward. This is mainly due to both general and specific factors.

Social Empowerment:

The family size affects the activities of each family. Majority of the householders are having a family size of four and below. This implies that households have got awareness of the two child norm and about family planning techniques. (Table 4.5 and 4.6). The awareness of family planning largely depends upon the literacy and education level of the households. Therefore, an analysis of the educational status of the households has been made.

Table 4 : Female literates in the Households

Literacy Status	SC	BC	OC	Total
Illiterates	59 (26.10)	28 (22.22)	36 (13.38)	123 (19.80)
Literates	167 (73.89)	98 (77.77)	233 (86.81)	498 (80.19)
Total	226	126	269	621

Source : Field Study



Educational Status :

Education and health have been recognized as important components of human development. With regard to female literacy around 80 per cent of the female members are literates (Table 6.1). While the females of open category are more literate, scheduled caste and backward community females are less literate comparatively.

Economic Empowerment: Income:

Empowerment mostly depends upon the earning capacity of women. It is necessary to increase income of the women to increase their

empowerment. The field survey data show that more than 70 per cent of the households are in the income range of above Rs.40,000/- per year indicating that the micro finance has a positive impact on the income levels of the sample households.

Savings : Generally savings supplement the family income of the household and improve their living standards. Around 90 per cent of the households are in the monthly savings range of 50-100 rupees in all the households (Table 5). Though a large number of households have saving habit, the amount saved by them is quite less and needs to be improved.

Table 5. Distribution of the Households by monthly savings

Monthly savings	SC	BC	OC	Total
Nil	0	0	0	0
Less than 50	13 (9.28)	06 (6.52)	02 (1.19)	21 (5.25)
50 – 100	115 (82.14)	80 (86.95)	162 (96.42)	357 (89.25)
100 – 150	12 (8.57)	06 (6.52)	0.3 (1.78)	21 (5.25)
150 and above	-	-	01 (0.59)	01 (0.25)
Total	140 (100.0)	92 (100.0)	168 (100.0)	400 (100.0)

Source : Field Study

Impact on indicators of Empowerment:

The impact of SHG approach on empowerment can be studied from two angles 1. Economic and 2. Social indicators which capture both economic and social dimensions of empowerment. These indicators are identified and information is ascertained from the sample SHG Women.

Table 6 gives these details. More than 70 per cent of the SHG members expressed positively regarding income effect of economic activity. Now they are contributing to household income regularly from the economic asset they procured by bank linkage. 85 per cent have strongly felt that their economic status has improved due to the help they received through the SHG, in the form of Credit.



Table 6: Impact on Social Development Indicators

Sl.No	Purpose	Percentage
1	Contributing to Household income	82
2	Feeling improvement in income status	85
3	Percentage share of income from SHG activity to household income	35
4	Percentage of members to developed regular savings	95
5	Percentage of members reported that they are able to write their names after SHG membership	80
6	Percentage of members reported that they are able to read newspapers, wall posters	65
7	Able to deal with Financial transactions	75
8	Percentage of members confident in dealing with Government officials and decision making	75
9	Active new skills after SHG membership	55

One important economic or income variable that is required for 'Economic Growth is savings'. Habit of thrift in poor household is a rare phenomenon due to low incomes. The SHG movement has made a breakthrough in this important aspect. As per the data on savings habit, there is conclusive evidence revealing that these poor households are now regularly saving from their low incomes which is a very important change in their mind set. 95 per cent sample households reported that they have developed the habit of regular savings. This is a very important change in the attitude of poor households that they will help in a significant way to bail them out from the vicious circle of poverty through their own effort along with institutional support.

Any development strategy is said to be successful only when such a strategy positively influence social aspects of the society. One such important social aspect is improving the skills of people. One of the important reasons established in the literature on why poor households are prone to exploitation, is lack of writing and reading skills and inhibitions in dealing with government functionaries. The SHG strategy attempts to impart among its members reading and writing skills and deal confidently with government functionaries. 80 per cent of the SHG members reported that they are now able to write their names after enrolling as members in the SHG. Further, the selected SHG members 65 per cent are now able to read newspapers and wall posters relating to various governmental development



programmes. Another important aspect of social development is, that 75 per cent of the SHG members are now able to deal with bank officials and government functionaries confidently.

Any economic development strategy can said to be a success only when the fruits of such strategy are enjoyed by the majority of the people and also bringing striking change in the people's attitude on different social aspects. The impact of the SHG on income of the poor household members and change in attitude of these sections of the society on social aspects clearly demonstrate that SHG approach to Micro Credit has positive impact as far as empowerment of women is concerned. The construction of overall index is based on the array of characteristics given in the table. The total score of each member is the sum of the score of

each characteristic. If a SHG member's answer is to all 16 indicators (which is unlikely to happen) it will get a maximum score i.e., 16. Generally it varies between 0 to 16. Depending on the total score estimated for each SHG member, they are classified into four groups using a cut off principle. Tables 6.4 and 6.5 give these details. The evidence given in the table 6.5 shows that about 8.5 per cent of the sample SHG members were found as fully empowered. While 50 per cent of sample SHG members were classified as empowered. Thus the above discussion and evidence provided on different aspects of empowerment, aptly demonstrate that the SHG approach and access to micro credit influenced four aspects in a member's life viz., economic, social, political and mental and eventually empowered the women.

Table 7 : Cut-off principle for classification of SHG members

Score	Remarks
Greater than 4	Not empowered
5 to 8	Partially empowered
9 to 12	Empowered
13 to 16	Fully empowered

Table 8 : Distribution of SHG Members on the basis of value of empowerment Index

Sl.No.	Category	Score
1	Not Empowered	15.5
2	Partially Empowered	26.0
3	Empowered	50.0
4	Fully Empowered	8.5
	Total	100.0

**Conclusion:**

One of the guiding principles of SHG strategy in reaching out to the poor women is empowering these sections through nested institutions and poverty reduction through arresting leakages. Empowerment is gaining control over the sources of power that is attained through awareness and capacity building leading to greater participation in decision making process, control and transformative action. The causes of women disempowerment are many, some are general and some are gender specific. Majority of SHG members used the credit for consumption purposes. Even though the SHGs in the West Godavari District have been performing well and the SHG – Bank Linkage is considerably strong, still there is a need to strengthen these groups to get the desired outcomes. The following suggestions are made based on field data and observations. Even though members attendance to the group meetings is considerably high, regularity of attendance is lacking. It needs to gear up the attendance of the members for better functioning of SHGs. A large part of the loan amount is being utilized for consumption expenditure. Members need to be motivated for using the credit amount for productive purposes. With regard to repayment, as much as twenty five per cent is becoming overdue which needs to be reduced. The good performance of

SHGs needs to be sustained by involving these members in some area specific livelihood programmes specially designed for this purpose. Such an initiative will not only generate sustained incomes but also encourage women towards forming new SHGs. There is a need to encourage women above the age of forty years to become members and / or to form SHGs, so that their experience will be useful to other members. There is need to undertake short term training programmes which will help in diversifying the occupational pattern of members. It appears that members are spending more time and money for getting credit from banks and other financial institutions leading to high transaction costs discourage formation of SHGs. There is a need to reduce transaction costs by making available the credit timely, probably through a single window transaction.

By taking initiatives on the suggested lines, the performance of SHGs and women empowerment can be enhanced further to make West Godavari District as the number one district in the state as far as SHGs are concerned.

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