



STUDY ON EMPOWERMENT OF WOMEN IN SELF HELP GROUPS IN RURAL PART OF CHENNAI

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$\frac{1}{15750}$ ABSTRACT $\frac{1}{15750}$

TODAY'S WORLD is caught in a great economic crisis. Liberalization has brought several multinational companies into developing countries. Due to this the local enterprises are unable to compete with the products that are better in quality as well as lower in prices. In this economic environment, the women self-help groups (SHGs) are building themselves up as a power to be reckoned with. Currently there are more than one lakh women SHGs wherein 22.5 lakh women are functioning as members. Their total savings for capital investments is Rs. 320 crores.

Introduction

In India, Self Help Groups or SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Therefore for holistic empowerment of the woman to happen - social, economic and political aspects impacting a woman's life must converge effectively.

Self Help Groups and Women's Empowerment

The emergence and rapid multiplication of Self Help Groups (SHGs) based on micro credit is a phenomenon that is gaining increasing importance in the development scenario. Today there are seven million SHGs in the country. SHGs have been viewed by the State as a strategy for both women's empowerment as well as poverty reduction. SHGs are a conduit for routing a wide range of government sponsored development messages and schemes. NGOs have increasingly been adopting SHGs as a strategy to bring women together, at a faster pace and larger scale than the collective building processes adopted by them earlier. A number of powerful players, like MFIs, NGOs, corporations and donors, all of

whom have a significant and growing interest in the SHG phenomenon, which centers on poor women have entered the arena. Credit is a right that poor women must have access to. The experience of SHGs has shown that they have provided improved access to credit. Poor women are now perceived by the mainstream financial sector as credit worthy. Women have used savings and credit for needs such as those related to education and health, and in particular for crisis related needs. Participation in SHGs has meant opportunities related to mobility and a legitimate space in the public realm for leaders of SHGs.

Statistical data in Chennai City:

For the self development schemes focus on the urban and semi urban areas the government is providing special training and also loans for the women to improve the SGHs . The government is taking the necessary steps for the assistance for the formation of 25000 self help group as developed. To give the momentum to the SHG movement and to cover another 15 lakhs over the period of 3 years from 2003 -2004 to 2005-2006. The government have provided a sum of Rs. 265.50 lakhs for forming 75000 new SGHs and released a sum of Rs.87 lakhs each for the year. So far about 50,000 new groups have formed and 8.25 lakhs women have been enrolled by utilizing the released amount of Rs.

175 lakhs. For the year 2005 -06 the government have provided Rs. 87.5 lakhs to form 25,000 new women groups in the remote rural and tribal areas, fishermen villages, weavers habitation and urban slums.

Objective of Study

- To analyse the economic gains derived by the members after joining the SHGs.
- To examine the social benefits derived by the members.
- To suggest appropriate policy intervention for the effective performance of SHGs.

Literature Survey

SHGs were initially promoted by some NGOs in response to the failure of formal banking institutions to reach India's poor. The idea was based on the prevalence of informal saving and credit groups – ROSCAs, temple funds, chit funds, etc. – in villages that enabled people to pool their money and lend it out to each other. The innovation of SHGs was in forming groups exclusively of the poor, having small group size (to facilitate interaction and understanding) and convincing formal banks to lend to them. The number of SHGs currently in existence is estimated to be around 400,000¹. Since the average membership is around 15, SHGs reach over six million families. Estimates of savings in SHGs are not available, but by conservative approximation they exceed Rs.5 billion (US\$106.38 million).

In contrast to the individual and activity based lending that the bankers involved in, SHG-lending is organization-based. In addition to the necessary criteria of having poor

membership, lending is to be based on adherence to strong organizational practices such as proper maintenance of accounts, regular group meetings and good repayment performance. Banks have also been hesitant to lend to SHGs because the loans are to be extended without any collateral, and SHGs are informal organizations that do not have body corporate status, and hence cannot be sued in case of default.²

Association of Asian Confederation of Credit Unions – ACCU) and global (e.g. World Council of Credit Unions – WOCCU) levels. WOCCU represents 36,512 credit unions with a combined membership of 108 million, and they have more than US\$466 billion in savings and US\$371 billion in loans³. Among national federations, Desjardins of Canada is among the best known. There are over five million members, in approximately 1,200 primary cooperatives, associated with Desjardins. These cooperatives are grouped into 11 federations that are in turn members of a national confederation. As of December 1997, the primary cooperatives had US\$54 billion in assets, and the federations had an additional US\$18 billion in assets.⁴ The federations of village banks in Africa, mostly promoted by FINCA, are a well-known case of federations in microfinance⁵.

Methodology

The study is based on a sample of 214 SHGs in 16 villages of two districts in four rural areas Tiruvallur district: Solavaram and Ekkadu area, Kanchipuram district Uthiramerur and Walajabad area were taken for the study.

¹ 263,825 SHGs have been financed by NABARD. SHGs have also accessed finance from other apex development banks in India such as SIDBI, RMK, HDFC as well as private financial agencies such as Basix. According to NABARD guidelines, SHGs must be in existence for six months before they can be extended loans. In practice, however, it takes at least one year before SHGs access loans from banks. The estimate is based on these facts, and the trend in the number of SHGs financed by NABARD over the last two years.

² Harper, Malcom, "Why are commercial banks not entering the microfinance market?" Paper presented at Banker's Institute of Rural Development, Lucknow workshop, 'Kick-starting Microfinance, a Challenge for the Indian Banks'. <http://www.alternative-finance.org.uk>

³ Website information, <http://www.woccu.org>

⁴ Basix, "Desjardins: The cooperative movement of Quebec, Canada", <http://www.basixindia.com/>

⁵ Eschborn, Renee Chao-Beroff, 1999, Self Reliant Village Banks, Mali (Case Study), CGAP, Washington DC



Table showing the detail information of the sample

Particulars	(Tiruvallur district)		(Kanchipuram district)		Overall average
	Solavarum	Ekkadu	Uthiramerur	Walajabad	
Sample	28	16	31	33	108
No of SHG 's	60	51	50	53	214
Average age SHG's	5.8	5.7	5.2	6.9	5.9
SHG by NGO	23	27	42	45	137
SHG by Govt	31	2	8	8	49
SHG by Bank	6	22	-	-	28
Avg members	12	14	14	15	14
Village coverage	43%	23%	35%	21%	29%
Single caste	63%	69%	74%	60%	66%
Literate	72%	45%	50%	36%	51%
SC	7%	45%	41%	27%	30%
ST	13%	10%	35%	41%	25%
Women heads in household	13%	16%	14%	3%	11%
Complete primary school	20%	8%	8%	2%	10%
Casual Labour	22%	45%	45%	39%	38%
SHG dropouts	43%	47%	56%	66%	52%
Avg distance form bank	6.2	2.8	2.2	2.5	3.6
Engaged in community	42%	21%	22%	36%	31%
Involved in group	20%	17%	29%	23%	21%
Good records	45%	60%	65%	62%	54%
Bad records	53%	37%	35%	36%	40%
Update passbook 6 months once	59%	85%	69%	76%	72%
Avg savings monthly(Rs)	3,600	7,400	2,900	4,300	4,500
Group fund (Rs)	30,000	45,900	17,800	43,000	33,790
External loan (lakhs)	6.0	5.1	4.2	3.7	190
Loan outstanding	4.1	3.2	3.8	2.2	132
Average outstanding	29,800	127,100	61,400	102,300	58,600
Annual interest	83%	93%	87%	79%	84%
Total asset	6.2%	7.2%	2.9%	7.8%	6.5%
Over dues in one Yr	66%	47%	42%	12%	45%
% of risk	35	12	9	2	17
% of non members	23	14	23	13	19
Inactive SHG	7.9%	1.7%	10.9%	7.2%	7%

Inference : table shows the details research on SHG in tiruvallur and kanchipuram district in the rural part of Chennai.

Major Problems identified:

1. In the group functioning and availing the loan a few problems have been expressed.
2. The foremost problem felt by majority of the members has been the triple role of family group and economic activity, which made them difficult to attend fully on all affairs.
3. In certain groups the members expressed that there is non-co-operation among the members that make others in the group to suffer.
4. The group members are mostly from the poor households and lack resource base and as such suffer from expansion of the economic activities chosen.
5. Bank finances have been said to be very small to improve the scale of operations.
6. The strict repayment schedule made some of the members to borrow from informal sources with higher interest rates.
7. The revolving credit or other loan extended will be shared according to the activities chosen and in the end each member gets only a minimum amount. This has resulted in diverting the loan for other purposes, as it does not suffice to start any economic activity.
8. Still some members felt that there is lack of confidence to start any enterprise, nor approach bank for assistance. This resistance has been mainly due to the inherent cultural influences of considering women as incapable, weak and cannot work like men in business.
9. SHGs must bring the women out of these bindings.

Conclusion:

The opinion that when the SHGs create this possibility several spread -effects can be

spawned. A few of these could be the end of male domination, reducing the importance of cash by enabling group effort, when the group will automatically take care of the personal needs of the members and their families such as health care, education, employment, marriage etc., It also empower of poor women in financial support and helps to withstand in the community.

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