A Study on Self-Help Groups in Dharmapuri District

R. Kasthuri

PG and Research Department of Commerce, Sri Vidya Mandir Arts and Science College, Uthangarai, India - 636902

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Abstract

Self-Help Group is homogeneous affinity groups with common objective of enhancing their economic conditions. Theorists view it as the homogeneous group of poor village people formed with at least 5 members. In reality, the SHG groups comprises of 12-20 members of nearly same economic conditions and aspirations. This is not based on strict rules, even though rules are framed to conduct smooth conduct of SHG meetings and the routine money rotation. The credit is provided for both consumption and other productive purposes. SHG members can leave a small amount of money collectively and they can lend, collateral-free loans it to their members of reasonable rate of Interest. Any decisions are taken in collective manner. Self-Help Groups is the real model to be emulated by all to change the lives of the poorest of the poor. It is one of the potential instruments in the armoury of the government to mitigate the poverty in the rural and urban Indian households. It has a positive impact on the family of the member of SHG. The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, spirit of thrift, demand based lending, collateral free loan, women friendly, peer group pressure in repayment, skill, training capacity building and empowerment.

Key words: MFI's, Self-Help Groups; Income Generation; Women Empowerment

1. Introduction

The first SHG was started in Dharmapuri district of Tamil Nadu in 1989. Government of Tamil Nadu initiated Magilar thittam in 1997 to develop the women in Tamil Nadu. On the basis of its success from 1997 all the district organizations receive a great benefit from world Agricultural fund. It was expanded to all the other districts too. On the rule of TN Government, the people below the average line and the fitted have formed now loans for their welfare.

Women in the age group of 18 to 60 belong to the same village can join the organization. Each group counts from 12 to 20. These groups are organized by the panchayath board and self-service groups. It is not only for women but also for the young and energetic men from 18 to 35. These organizations are for the welfare of the poor.

Tamil Nadu is ranked the second in the country, after Andhra Pradesh, in SHG-Bank Linkage Programme. Wide network of NGOs, encouraging support of banks and support of government agencies helped wide – spread expansion of the programme in Tamil Nadu. Regular savings, maintenance of books and accounts, internal lending are the major factors
in determining the credit absorption capacity of the groups. During 2010-11, 98992 SHGs have been credit linked with a bank loan of Rs. 989.66 crores in Tamil Nadu. The cumulative number of SHGs credit linked in Tamil Nadu as on 31 March 2011 stood at 951783 with an aggregate bank loan Rs. 10384.36 crores. 251 programmes 61.80 lakhs sanctioned during the year 2010-11

1.1 Women Empowerment

A woman is said to be empowered when proper education, health, social status and earnings are readily available to her. Awareness about the available opportunities and a symbiotic approach would generate ample scope for sustainable development of women. Women empowerment is influenced by factors such as education, income, job, property right, technical skills and self-decision making. The welfare governments all over the world consider the importance of women empowerment. By this process the overall social development is ensured.

1.2 Indicators of Women Empowerment through Microfinance

1. Ability to save and access to loans
2. Opportunity to undertake an economic activity
3. Mobility-Opportunity to visit nearby towns
4. Awareness about local issues, MFI procedures, banking transactions
5. Skills development for income generation
6. Decision making within the household
7. Group mobilization in support of individual clients- action on social issues
8. Role in community development activities

1.3 Micro Finance and Women Empowerment

The state of West Bengal has a dynamics where awareness and the level of literacy have made the micro-finance interventions easier, mainly through self-help groups. The government-supported micro-finance programme under the Swarojgar Yojana (SGSY) scheme in the West Bengal is able to reach to the ultra poor and vulnerable section of the rural population of West Bengal, particularly the rural women.

Micro Finance is the carrier to spread the success story of SHG and benefitting the women in the nooks and corners of India. It helps them start cottage industries making them the real women entrepreneurs. The Entrepreneurship Development Programme (EDP) model propounded by McClelland could help the women through SHGs. This would lead to change their lives evergreen. The main aim of the SHG is to provide the much needed credit facility for which earlier they had to depend on the moneylender or to go through the circuitous method of receiving the loan at the end.

1.4 Micro-Finance Institutions and Income Generation

The term ‘Self-Help Group’ describes a wide range of financial and non-financial associations, but in India it has come to be referred as a forum of Accumulating Saving and Credit Association (ASCA) promoted by Government Agencies, NGOs or Banks. These groups manage and lend their accumulated savings and externally leveraged funds to their members.

Under the microfinance programme, loans are extended to the ‘Self- Help Groups’ that pool a part of their revenue into a common fund from which they can borrow. The members of the group decide on the minimum amount of deposit, which ranges from Rs.20 to Rs.100 per month depending upon the size of the group. The group funds are deposited with a Micro Finance Institution (MFI) against which they usually lend at a credit deposit ratio of 4:1 but the ratio improves with account performance record i.e. prompt repayment of loans. The group funds is the way for ‘micro savings’, though it may seem like a collateral .The loan usually ranges from Rs. 2000/- to Rs. 15,000/-.

1.5 Statement of the Problem

To forming, an SHG is economic, women soon realize that the social benefits they derive from group membership are as important challenging as the financial ones. Mostly women in rural India do not participate fully in decision-making processes, leaving them bereft of confidence and the power to make important change in their lives and of their families limiting the potential of community’s members from moving forward. It most is whether the loan provided by SHG is alternative to open market credit. Hence,
an attempt has been made to study the role of SHG in empowering women in Dharmapuri District.

1.6 Objectives of the Study

The researcher has framed the following objectives to analyze the study area

1. To study the growth of Self Help Groups and Micro Finance in the Dharmapuri District
2. To analyze the empowerment of the women members after joining Self-help Groups

1.7 Hypothesis

The researcher has framed the following null hypothesis to test the above objectives.

There is no significant relationship between the economic status of the SHG members remains the same even after joining SHG.

1.8 Sampling Technique

The researcher has deployed the convenient sampling technique for collecting data from the women SHG respondents belonging to Dharmapuri district. The district has eight blocks, which have been treated as different strata. Hence, respondents from each strata have been contracted and cumulatively this comes to 520 samples.

1.9 Limitations

1. The results of the study are only applicable to Dharmapuri district.
2. The results and conclusions of this study are subject to the primary data that were supplied by the sample respondents

2. Review of Literature

Many researchers have undertaken to study Self-Help Groups and their impact on the women in rural areas. It has added more knowledge to the particular field and the existing review of literature has been vast. It consists of SHG’s development, micro finance, women empowerment through SHG and developing socio-cultural value.

Denville N J. and Phyllis Silverman (2002) contributed to the “Understanding Self help groups”

The self-help groups may better be described as “Mutual Aid Self-Help” groups because they derive their energy from members helping one another, without forms or fees. Hundreds of national organizations, societies and foundations that exist for different illnesses, addictions, parenting and other stressful life situations and transitions, were examined to identify those organizations that provide these mutual help opportunities [1].

Banumathy (2006) has explained in the article “Self Help Groups and Bank Linkages” that the initial role played by the SHGs, prompted NABARD to venture linkage of the SHGs with the banks in February 1992. It was also stated that RBI has advised banks to initiate action for the adoption of the SHG village program as a part of the corporate strategy [2].

Sharma H C (2008) in the work “Forest Policy -Role of SHGs”, studied the role of Self-Help Groups in the development of the tribal people. As per the study, Self-Help Groups have a flexible approach and working but have failed to develop a work culture, which is acknowledged by the tribals themselves. The study suggests that better co-ordination is required from the voluntary agencies and the government departments for the better performance of SHG [3].

D. Nagayya (2000) states that microfinance for Self-Help Groups would alleviate the poverty among the poor with a special focus on women. The study analyzed the various measures at the national level for a few institutional arrangements [4].

The study by Mahalaxmi Krishnan (2011) shows Micro finance has brought many poor people above the poverty line. But, the study portrays that Micro-Finance has not entered into the rural area. It suggests that economic, developmental and infrastructural issues along with NGOs and Government agencies should be taken for the upliftment of rural women [5].

2.1 Women empowerment

Albee (1994) studied that economic empowerment projects usually independently focused on income-generating activities, which allow women to acquire their income. Income-generating activities encompass
a wide range of area, such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and savings groups [6].

Nayak (2007) analyzed the empowerment of the poor through SHG and micro finance in Kalahandhi district of Orissa. The questionnaires were prepared and presented to 997 members of sample 80 SHGs. The study found that 89194 families of Kalahandhi district benefited from SHGs and bank linkage program and suggested the strengthening of co-operative sector to empower the poor [7].

2.2 Gap in review of literature

Many researches in the areas of Micro-Credit, women empowerment, and the role of SHG have been previously done. But, these researchers specifically analysis these areas and no research was found combining the role of SHG, economic impact of SHG and women empowerment. This research work is a single work combining all these areas and analysis have been done accordingly.

3. Profile of the study area

Dharmapuri District is a district in Tamil Nadu state in southern India. The district came into existence from October 10, 1965. Dharmapuri is the district headquarters. Dharmapuri town is historically called “Thakadoor”. Dharmapuri district, which came into existence from 02.10.1965 is situated in the Northwestern Corner of Tamil Nadu and is bounded by Tiruvannamalai and Villupuram Districts on the east, Salem District on the South, Krishnagiri District on the north and Kaveri river on the west. It is located between latitudes N 11 47’ and 12 33’ and longitudes E 77 02’ and 78 40’. The total geographical area of Dharmapuri District is 4497.77 Sq Kms, i.e. 3.46% of Tamil Nadu.

4. SHG – A TOOL OF ECONOMIC AND WOMEN EMPOWERMENT

Social Empowerment

Social empowerment as a multi-dimensional social process helps people gain control over their own lives. A process fosters power in people for use in their own lives, their communities and in their society.

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<thead>
<tr>
<th>Table – 1 Age wise Analysis</th>
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<tbody>
<tr>
<td><strong>Age</strong></td>
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<td>Below 25 years</td>
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<tr>
<td>25 years to 30 years</td>
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<td>Above 30 years</td>
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Source: Primary data

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<th>Table 2 Occupation wise analysis</th>
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<tr>
<td><strong>Occupation</strong></td>
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<tr>
<td>Daily Labourer</td>
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<tr>
<td>Agriculture</td>
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<tr>
<td>Housewife</td>
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Source: Primary data

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<th>Table 3 Marital status wise analysis</th>
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<tr>
<td><strong>Marital Status</strong></td>
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<tr>
<td>Married</td>
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<td>Unmarried</td>
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<td>Widow/Separated</td>
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Source: Primary data
Social empowerment refers to the capacity of individuals and groups—through developing a sense of autonomy and self-confidence.

Table 4.1 reveals that the level of social empowerment attained by the women Self Help group members in the study area. Out of 520 sample women, self-help group members in the study area, respondents who are below the age group of 25 years are 101 in numbers. Of them, 45 were found to be in the category of high-level attainment of social empowerment, 38 in the moderate level, and 18 in the category of low-level attainment of social empowerment. In the case of respondents who are in between the age group of 25 years to 30 years and above 30 years, a good number of respondents were found to be in the categories of high level and moderate level attainment of social empowerment respectively.

PART – B - ECONOMIC EMPOWERMENT

Economic empowerment, on enables marginalized people to think beyond immediate daily survival and assert greater control over their resources and life choices, especially decisions on investments in health, housing and education. Through participation in economic activity and promoting productive employment and decent work it, economic empowerment facilitates poverty reduction and social integration.

Table 4.2 portrays the details of economic empowerment attained by the members of women self-help group of different occupational categories such as daily labourers, farmers and homemakers. It was found that the number of members under the high and moderate level of attainment of economic empowerment is higher than the number of members under low-level attainment of economic empowerment and therefore it is concluded that many of the members under the all-occupational categories attained a substantial amount of economic empowerment in the study area.

III- DOMESTIC EMPOWERMENT

Domestic empowerment is the function of various recognitions provided to the women in the house by the family members. This creates self-confidence in the minds of the women to work further and to contribute for the furthering of the economy.

Table 4.3 gives the details of domestic empowerment attained by the women Self-Help group members in the study area. A maximum of married women self help group members (394 in numbers) were taken in this study since they are more in total numbers. Among the married members, 112 and 188 members were found to be in the categories of high and moderate level attainment of domestic empowerment respectively and out of 104 unmarried members; more numbers of members were found to be in these two categories. There are 22 members, who are widows and separated and a good majority of them was found to be in the high level of domestic empowerment attainment than the moderate and low level.

The sample women Self-Help group members enhanced their social, domestic and economic empowerment to a possible extent. But, they are not fully empowered in these aspects.

5. SUGGESTIONS

It is suggested that more number of SHG groups can be formed to pull out the potential beneficiaries in the rural areas. Almost all the SHG members are poor in economic and social conditions. This clearly proves that still there exists urban-rural division with regard to the economic status. This situation has to be modified to have inclusive growth in all parts of study areas. This would further stimulate the balanced regional development leading to taking the nation to the greater heights in the economic arena. The level of saving has increased among the rural and urban member considerably. The test reveals that there is no significant relationship between the levels of increased savings among the rural and urban members of SHG.

6. CONCLUSIONS

A democratic country with higher aims of social, political and economic reforms could not leave half of its population, the women members lagging behind in the process of development. Of various developmental models, SHG model proves to be effective in addressing
the staggering issue of absolute poverty and the change agent in society. It is a dynamic approach with higher positive points to include in the Indian planning, both at the central and state levels.

The Self-Help Groups play a pivotal role in enhancing the women empowerment in India. The present study analyses the empowerment of various dimensions among the members of women Self-Help Group in Dharmapuri district. Since the study area Dharmapuri is one of the backward areas of Tamil Nadu state, the women development has been very poor in this area. It considers the analysis of the women Self-Help Group members’ empowerment such as social empowerment, domestic empowerment and economic empowerment. The study shows that the social, domestic and economic empowerment of the sample respondents of SHG in the study area enhanced largely.

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