

# Role of SHG in Women Empowerment and Poverty Alleviation - A Case Study

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## Abstract

The scheme of micro-financing through Self-Help Groups (SHGs) creates empowerment yielding situations for women to move from the state of marginalization to that of utmost importance for them in all the family and other social decisions. This study highlights the crucial role of SHGs in alleviating poverty among women in Karamadai block of Coimbatore district. The study revealed that the women members of SHGs have significantly gained psychologically, socially and economically that has led to their empowerment.

**Keywords:** Empowerment, Poverty, Sustainable Development, Upliftment of Women, SHGs

## 1. Introduction

Women's contribution in the development of both their family and the nation is highly incredible, as it mitigates gender disparity on the one hand and triggers an overall and sustainable growth in all spheres on the other hand<sup>1</sup>. According to UNIDO Report<sup>2</sup> also endorses the same view by calling for organizing the potential skills of rural women to reap an economic growth that transforms people to live above the poverty line.

## 2. Micro-Enterprises a Boon among the Women

Micro enterprises aim at developing and utilizing the entrepreneurial talent and potential of rural and urban women below poverty line to meet their local needs. Ghosh<sup>3</sup> asserts that the development of micro entrepreneurs among women are seen as appropriate way to assault poverty at the grass-root level by generating employment and income.

SHG, is a scheme launched by the NABARD allowing 10-20 women with common objectives to voluntarily involve in the productive activities assuring economic independence. The concept of SHG reiterates the principle of democracy "for the people, by the people and of the people".

## 3. Review of Literature

Thalavai Pillai and Nadarajan<sup>4</sup> exposed that the SHGs have been a beneficial tool to aid the poor to satisfy their pressing needs through thrift. Rekha Goankar<sup>5</sup> concluded that the SHG movement has brought in the mitigation of poverty and unemployment in the rural sector of the economy. Sahoo and Tripathy<sup>6</sup> analyzed how SHGs brought about the micro credit intervention and in turn helped poverty alleviation. Vijayachandran Pillai and Hari Kumar<sup>7</sup> in their study analyzed the role of SHGs among women of Kerala and found that these provide poor people to lead a self-reliant life. According to Ukanwa I., Xiong L. and Anderson A<sup>8</sup>, for poor entrepreneurial women, microcredit was looked upon as debt with the probable risk of irreversible losses.

## 4. Objectives

- To study the socio-economic profile and performance of the women entrepreneurs in the SHGs.
- To study the impact of SHGs in the upliftment of the women and to reduce poverty.

## 5. Methodology

Primary data was used for extracting information from the members of the SHGs of Karamadai block with the help of a structured questionnaire. 100 respondents from 10 SHGs who were actively engaged in the block were approached and data

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regarding their demographic, socio-economic and factors influencing SHGs were collected by interview method. The data collection was executed and compiled during the period of November to December 2017.

The collected data were consolidated with the help of excel and the simple averages and composite weighted mean method was used to give a consolidated view of the changes in the profile of the respondents before and after joining the SHGs.

## 6. Analysis and Interpretations

### 6.1 Socio-Economic Profile

Socio-economic profile of the respondents has been probed to highlight the conditions of the respondents under study. In this context, the age, annual income and literacy status of the respondents have been focused as these are the key indicators of development of the citizens at the fundamental level. Table 1 gives the socio-economic profile of the SHG members under study based on the above mentioned three parameters.

**Table 1.** Socio-economic profile of respondents of SHGs

Age Group	No./ % of respondents	Education	No./ % of respondents	Annual income Rs.	No./ % of respondents
Less than 20	6	Illiterate	12	Below 30000	21
20-30	25	Primary	34	30000-50000	34
30-40	36	Secondary	26	50000-70000	22
40-50	20	Graduates	18	70000-100000	14
50 and above	13	others	10	100000 and above	9
<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>

Source: Surveyed data

The young and middle aged group people can more actively participate in the socio-economic activity and in the current study as per Table 1, the members of the SHGs in the age group of 30-40 was the highest (36%). On the literacy front, most of the members had only primary schooling (34%) and the illiterates were low (12%) only. Annual income of the family gives a picture of the economic profile of the respondents. As per Table 1 in the current study most of the respondents (34%) had an annual income in the range of Rs. 30000-50000 only.

### 6.2 Rationale of Joining SHG

SHGs aim to promote savings and facilitate the availability of credit for income generation activities among the members of the group. In the current study also many respondents have joined SHGs to promote their personal saving habits and to get credit in the form of short-term and medium-term loans for their productive activities. Table 2 gives the reasons stated by the respondents for joining SHGs and it is clear that most of the respondents (43%) joined SHGs “for getting loans and easy

credit” followed by “for doing business” (27%) and about 20% of the respondents joined for improving their saving habits.

**Table 2.** Rationale of joining SHG

No.	Reasons	No./ % of respondents
1.	For getting loans and easy credit	43
2.	For promoting savings	20
3.	For doing business on small scale	27
4.	For other reasons	10
	Total	100

Source: Surveyed data

### 6.3 Income Level of the Members

Income determines the standard of living of the people. As per Table 3, in the current study the members of the SHGs had a definite change in their income levels after joining the SHGs. There has been a predominant increase in the income levels, thus making the women members of the SHGs more independent to meet their personal expenditure and to contribute towards their household income. Many housewives (30%) were not earning

anything before joining SHGs, but after their membership were earning satisfactorily.

**Table 3.** Monthly income and number of members before and after joining SHGs

No.	Monthly Income (Rs.)	Before Joining SHG (No./%)	After Joining SHG (No./%)
1.	Less than 1000	8	3
2.	1000-2000	12	10
3.	2000-3000	33	40
4.	3000-4000	4	10
5.	4000-5000	6	30
6.	5000-6000	5	3
7.	Above 6000	2	2
8.	Non-earning members	30	2
	Total	100	100

Source: Surveyed data

## 6.4 Family Monthly Expenditure of the SHG Members

The expenditure of the families had also enhanced due to adequate increase in the SHG members' income. The relative income enhanced the expenditure pattern of the family boosting their savings after they joined the SHGs. Table 4 indicates the change in expenditure pattern among the SHG women before and after joining SHGs, which clearly shows a positive shift in the expenditure pattern among the families of the women SHG members in the select area.

**Table 4.** Monthly family expenditure of the members before and after joining SHGs

No.	Monthly expenditure (Rs.)	Before joining SHG (No./%)	After joining SHG (No./%)
1.	Less than 1000	25	10
2.	1000-2000	45	25
3.	2000-3000	15	40
4.	3000-4000	10	10
5.	Above 4000	5	15
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Surveyed data

## 6.5 Credit and SHGs

One of the major causes of joining SHGs is to obtain easy credit and debt facilities. The SHGs in the select area provide loans to their members for income generating activities as a group and debts to individuals for various purposes like business debts, marriage debts, repay the old debts, medical loan, house repairing loan, cattle loan etc. Based on the type of debt availed, the respondents were tabulated as given in Table 5.

**Table 5.** Types of debts availed and number of respondents availing loan in the SHG

No.	Types of debts availed	Maximum amount (Rs.)	No. /%of respondents
1.	Business debts	20,000 to 25,000	32
2.	For marriage	Upto 20,000	12
3.	To repay old debts	10,000 to 15,000	14
4.	For medical purposes	10,000 to 15,000	18
5.	For house repairing	Upto 5,000	11
6.	As cattle loan	5,000 to 7,500	13
	<b>Total</b>		<b>100</b>

Source: Surveyed data

It can be inferred from Table 5 that a majority of the members of the SHGs in the study area had availed loans for income generating activities i.e., to start business which has fulfilled the motive of the SHG formation in the study area. Besides the 'business debts', among the individual loans availed by 32%, the

next higher number of respondents (18%) had borrowed for 'medical purposes'.

## 6.6 Impact of SHG on the Life of Women

SHGs not only facilitated savings and credit opportunities to its members. It also brought about socio-economic empowerment of the women who joined the SHGs. They were empowered on the economic, individual and family grounds. The socio-economic impact of the SHGs on the women were assessed using factors such as self-confidence, awareness of social and economic aspects, changes in the education level, decision making, leadership qualities developed and degree of economic independence. Weighted average analysis was carried out employing five points rating scale and fixing score 1 for 'strongly disagree'; 2 for 'disagree'; 3 for 'neutral'; 4 for 'agree' and 5 for 'strongly agree' for these factors after joining the SHGs and the final results are given in Table 6.

**Table 6.** Indicators of empowerment after joining SHGs

Indicators of empowerment	Weighted average
Increase in Self-confidence	4.6
Economic independence	3.6
Change in education level	2.4
Increase in social and economic Awareness	3.9
Leadership qualities acquired	3.7
Decision making	4.2

Source: Surveyed data

Table 6 clearly indicates that the weighted average scores against the indicators of empowerment since joining SHGs range from 2.4 to 4.6. 'Increase in self-confidence' has the maximum weighted average and 'change in education level' shows the least weighted average. 'Decision making' and 'Increase in social awareness' were also found to be higher after joining the SHGs.

## 7. Key Findings of the Study

- The young and middle aged group people can more actively participate in the socio-economic activity and in the current study the members of the SHGs in the age group of 30-40 were the highest (36%).
- A maximum of 34% of the members had only primary schooling.
- Most of the respondents (43%) joined SHGs 'for getting loans and easy credit' followed by 'for doing business' (27%) and about 20% of the respondents joined for improving their 'saving habits'.
- 'Business debts', among the individual loans availed stood the highest with 32% of the respondents, followed by 18% of them for 'medical purposes'.

- 'Increase in self-confidence' had the maximum weighted average and 'change in education level' had the least weighted average. 'Decision making' and 'Increase in social awareness' were also found to be higher after joining the SHGs.

## 8. Conclusion

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The present study has divulged that the majority of women sample respondents as members of SHGs have significantly gained psychologically, socially and economically. Hence, SHGs undeniably contribute to poverty alleviation and empowerment of poor, specifically the rural women.

## 9. References

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