Significance of Self Help Groups in Tamil Nadu

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Abstract

Empowering Rural Women focused that the Rural Women's Development through SHG received priority for the time during the sixth plan period. The emphasis, however, continue to be on the economic front through programme such IRDP, DWDRA, TRYSEM and others. It was conceded that none of these projects has delivered the expected results in the form of overall betterment of women’s status in SC/ST communities. The importance of empowerment of women. He refers empowerment as a process of exposing the oppressive power of existing gender relations. The credit needs and other financial services are provided to the rural masses in general and to the poor in particular through the rural financial markets comprising an unorganized sector consisting of commission agents, moneylenders, landlords, etc., and an organized sector consisting of pyramid type cooperative credit institution – broadly classified into urban credit cooperatives and rural credit cooperatives. The Self-help group members have performed well in their business activities and also group activities and they have got employment, self-confidence, improvement of family welfare and socio economic development of the members. The study to empirically evaluate the economic and political enhancement that has been achieved both individual and family levels. The problems of Women SHGs and suitable measures to overcome their problems.

Key words: Importance of SHG, Women of Empowerment, Effectiveness of SHG, Progress of SHG in Tamil Nadu
1. Introduction

India lives in her 6, 38,345 villages with 24 crore poor engaged in micro enterprises. As per the Government of India’s Ministry of Micro, Small and Medium Enterprises (MSES) Annual report 2008-2009, there are 133.68 lakhs (in number) micro enterprises in India. Poverty in India is widespread with the nation estimated to have a third of the world’s poor. The credit needs and other financial services are provided to the rural masses in general and to the poor in particular through the rural financial markets comprising an unorganized sector consisting of commission agents, moneylenders, landlords, etc., and an organized sector consisting of pyramid type cooperative credit institution – broadly classified into urban credit cooperatives and rural credit cooperatives.

In order to enlarge the flow of credit to the hard-core poor, NABARD launched a scheme of organizing them in self-help groups (SHGs) and linking the SHGs with banks, in 1992. The scheme is broadly on the pattern devised by Bangladesh Grameen Bank. Under the scheme, poor, preferably the women are organized in SHGs and banks financing these SHGs for on lending to poor are eligible for confessional refinance from NABARD.

There are three distinct modes to route the credit to micro enterprises. While under the first mode, banks lend directly to the SHGs for lending to micro entrepreneurs. Under the second mode, banks provide loans to the NGOs for on lending to the SHGs and ultimately to micro entrepreneurs. Under the third mode, banks extend credit to the SHGs with the NGO as facilitator.

Though the SHGs were started in 1997 in Tamil Nadu, the concept penetrated down only in recent years. Now there is a greater amount of socio-economic emancipation among the members of the SHGs. Hence there is a need for evaluating the social and economic impact of the SHGs on their members.

Among the various districts of Tamil Nadu, Trichy and Namakkal Districts occupies a predominant position in the starting of SHGs. In both districts the urban centers have more rural bias and the economic activities are more agro-based. Hence the SHGs have been formed for meeting the needs of industrial and agricultural activities. As on November 2008, there were 3.78 lakhs SHGs in Tamil Nadu with a membership of 60.63 lakhs.

The present study deals with the SHGs formed in Tamil Nadu. The empirical findings of this study would pave the way for taking certain policy decisions for strengthening the SHGs and hence the study has been undertaken in Tamil Nadu.

1.1. Women Empowerment

The empowerment of women is one of the central issues in the process of development of countries all over the world. Tamil Nadu has a glorious tradition of recognizing the importance of empowering women over several centuries now. The contribution of writers
and social reformers has been well documented. The Government of India has made Empowerment of Women as one of the principal objectives of the Ninth Five Year Plan (1997-2002) and also declared 2001 as the year of ‘Women's Empowerment’. These issues of gender equality are discussed in World Conferences, National and International Conferences, etc. Our Constitution has conferred and guaranteed equality before law, universal adult franchise and equal opportunities for men and women as fundamental rights. The imperative of gender partnership in matters of development has been recognised. In order to give a fillip to empowerment of women and appropriate institutional mechanisms and interventions have been consciously built into the development design. Separate institutions for women and child development, departments at the Central and State levels, creation of the National Commission for Women and also State Commission for Women in several States are some of the important developments for the betterment and prosperity of women. The launching of Rashtriya Mahila Kosh, Indira Mahila Yojana, Mahila Samridhi Yojana, reserving of one third of the number of seats in Panchayats and the local bodies are programmes launched with a view to improve and empower women socially, economically and in political frontiers.

Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women’s empowerment is a process in which women gain greater share of control over resources - material, human and intellectual like knowledge, information, ideas and financial resources like money - and access to money and control over decision-making in the home, community, society and nation, and to gain ‘power’. According to the Country Report of Government of India, "Empowerment means moving from a position of enforced powerlessness to one of power".

1.2. Women Literacy

Education is a potent remedy for most of the ills of the society. Education is the main instrument for transformation in any society. The economic and social returns to education for women are substantial. By educating its women, a country can reduce poverty, improve productivity, ease population pressure and offer its children a better future. A ‘package approach’ is required for developing female education.

Education to women is the most powerful instrument of changing their position in the society. Education also brings about reduction in inequalities and also acts as a means to improve their status within the family. In order to encourage education of women at all levels and to dilute gender bias in the provision and acquaintance of education, schools, colleges and even universities were established exclusively for women in the State. To bring more girl children, especially from marginalized BPL families, into the main stream of education, Government has been providing a package of concessions in the form of free supply of books, uniform, boarding and lodging, clothing for hostilities, mid-day meals, scholarships, free by-
cycles and so on. The Mother Teresa Women University has been established for the
development of Women Studies and to encourage higher education among women and their
social mobility.

1.3. Employment and Work Participation

The work participation rate indicates to a great extent the economic empowerment of
women in the society. The status of women is intimately connected with their economic
position, which in turn depends on opportunities for participation in economic activities.
Education along with participation of women in workforce has been universally recognized as
an important element in the adoption of small family norms, which is essential for family
planning. There has been a considerable improvement in the entry of women in all sectors of
employment in the State. As per the Census results for Tamil Nadu, the Work Participation
Rate for females rose from 26.52 per cent in 1981 to 31.32 per cent in 2001, the rate of
growth has been faster than for males. However, the number of female workers accounted for
34.72 per cent in the total workforce of 278 lakhs in 2001. The corresponding figure for 1991
Census was 34.06 per cent. In the total population, nearly half were females but they
accounted for only 34 per cent of the total workers. This proportion has to be improved for
ensuring better and all round economic empowerment.

Political equality to all children regardless of birth, sex, colour, etc. is one of the basic
premises of democracy. Political equality includes not only equal right to franchise but also
more importantly, the right to access to the institutionalized centres of power. Thus, political
participation of women means not only using the right to vote but also power sharing, co-
decision making and co-policy making at all levels. The active participation of women in
political sphere is integral to empowerment of women and helps to build a gender-equal
society as well as to speed up the process of national development. Women’s political
empowerment is premised on three fundamental and non-negotiable principles: (a) the
equality between women and men in Tamil Nadu. (b) Women’s right to the full development
of their potentials; and (c) women’s right to self-representation and self-determination. In PRI
women are increasingly coming to the fore and are providing leadership at the grass root
level. This has a profound social implication which gives a long way in addressing gender
related discrimination in development in Tamil Nadu.

1.4. Effectiveness of Self-help Groups in Tamil Nadu Context

Self-Help Groups (SHGs) are fast emerging as powerful tool of socio-economic
empowerment of the poor in our rural areas. The Self-Help Groups is a small body formed by
the people for meeting their specific objectives, particularly credit. However Local literature
shows that Self Help Groups have been developed for a wide range of populations, including
the mentally ill and their families, persons with disabilities and their care-givers etc. SHGs are
initially formed on the foundation of the accumulated endowment of bonding social capital already existing in the community. The social capital produced by the SHGs as it matures through creation of new ties and linkages, strengthens the community’s cooperative capacity to the achievement of group government. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the government bureaucratic officials changes and they become more responsive to the needs of the community i.e., with the maturity of SHGs the state-society relationship begin to change at the local level towards the better.

1.4.1 The working group (RBI, 1996) has commented thus on the progress of SHGs in India

1. SHGs helped to generate and collect small thrift amounts from a cross section of people hitherto considered incapable of saving. The essential difference between thrift and savings was that while thrift was generated out of deferred consumption, the savings were generated out of surplus.

2. SHGs have facilitated the rural poor in fulfilling their credit requirements, both for emergent consumption needs as well as for small production requirements.

3. SHGs have been able to meet successfully the credit requirements of the rural poor as per their choice, unlike in the case of borrowing under other programs of formal credit institutions.

4. The high recovery rates of the SHGs are in sharp contrast to the poor recovery performance of banks in respect of various activities under rural credit. Since credit/finance was seen as management of the participants’ own funds and enterprises, a feeling of ownership and responsibility was generated.

5. The entire cycle of assessing need, disbursement, recovery, monitoring, and supervision shifted closer to the scene of action under SHGs, and therefore the transaction cost of the loans was relatively less.

1.4.2 Strategies Adopted by Government of Tamil Nadu for Women Empowerment

It was recognized that the main obstacles to empowerment has been the low level of educational attainments as well as poverty among women. Taking into account this fact, the Government of Tamil Nadu have framed various policies, designed specific interventions and implemented many programmes to eradicate poverty and to provide education to the vulnerable sections of the society.

1.5 Self Help Groups

Self Help Groups are small homogenous groups consisting of 12-20 women from BPL families voluntarily organised to promote savings. They are self-managed groups of poor women which primarily came into existence to mobilise financial resources through their own
savings and lend the same amongst themselves to meet the credit needs of their members. The specific objectives of SHGs are to:

- Improve saving habits among women;
- Increase the total family income;
- Fulfill the economic needs through self-employment of women;
- Utilise bank loan and government welfare schemes;
- Help the members to escape from the clutches of moneylenders; and
- Mobilise financial resources.

1.6 Importance of the Study

Self-Help Groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings (in actual term Thrift) and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHGs is the most prominent element and offers a chance to create some control over capital. The SHGs system has proven to be very relevant and effective in offering women to be a best and important economic partner of family. Almost all major donor agencies support SHGs in India in one way or another and many success stories are available, describing how membership in a SHGs changed the life of a particular individual or group for the better. Many NGOs are promoting the SHGs mechanism and linking it to various other development interventions. Where as ample evidence shows that the SHGs approach is a very effective, efficient and relevant tool for organizing and empowering the poor, do arise with design and development of such programmes to promote income-generating activities (IGAs) that will generate sufficient, sustainable and regular income. The approach towards poverty alleviation is based on the formation of Self-Help Groups at the grass root level. This brings about the necessity for organizing them in a group by which they set the benefit of collective perception, collective decision-making and collective implementation of programme for common benefits. This organization holds the power, provides strength and acts as anti dotes to the helplessness of the poor. This group serves on a wide range of objectives other than immediate investment. The approach has evolved over the years in India.

1.7 Statement of the Problem

Poverty and unemployment are the twin problems faced by the developing countries. According to the Planning Commission more than one third of India’s total population i.e. 320 million live below the poverty line. Motivating individual farmers, artisans and entrepreneurs to form small groups to pool their resources to handle selected operations may lead to a great success. The SHGs are informal groups formed on a voluntary basis,
for providing the necessary support to their members for their social and economic emancipation. These groups are distinct from co-operative societies, mainly in terms of their size, homogeneity and functions. The NABARD is a pioneer in conceptualizing and implementing the concept of the SHGs through the pilot project of linking SHGs with banks. NABARD to popularize the project among bankers and the NGOs by organizing a series of workshops and seminars at different levels. The response from banks and the NGOs was encouraging and positive.

On the economic point of view both men and women work shoulder to shoulder to increase the income of the family. Every member of the SHGs has felt the need for more involvement in economic activities. The spirit for social and economic upliftment of members is the significant contribution of each and every SHG.

**2. Review of Literature**

Women SHGs and its impact of Income and Employment generation of members in the groups. The review helped to shape the study.

**Sakuntala Narasimha (1999)** in her study on Empowering Rural Women focused that the Rural Women’s Development through SHG received priority for the time during the sixth plan period. The emphasis, however, continue to be on the economic front through programme such IRDP, DWDRA, TRYSEM and others. It was conceded that none of these projects has delivered the expected results in the form of overall betterment of women’s status in SC/ST communities. The reasons are lack of identification with the spirit of projects among the official entrusted with the implementation procedural bases and most important failure to involve the beneficiary population as participants of women from marginalized sections towards their empowerment.

**Gupts (2000)** in his research study stresses the importance of empowerment of women. He refers empowerment as a process of exposing the oppressive power of existing gender relations. The study focuses on bringing together and learning lessons from efforts to strengthen the capabilities.

**Deepak Shah [2001]** analysed the operational efficiency of PACS in Maharastra and found that the operational efficiency declined in the post reform period compared to pre-reform period. The major deficiencies were their location, in dry land where the farmers did not have proper irrigation and hence failed to repay. They demanded for reduction in the interest rate and also enhancing the amount of loan. They demanded loan for various purposes including provisions of farm implements on subsidized rates, tractor on rental basis, insurance, credit for fertilizer and land leveling etc. It was suggested that policies needs to be taking local environment and it should not be uniform, so that it would reactivate and revitalize inefficient functioning of PACS.
J.P.Mishra, R.R.Verma and V.K. Singh [2001] on the social–economic analysis of rural SHGs in Uttar Pradesh found that the members were mainly from OBC, whose main occupation were agriculture, small business, labour service etc. 93% of the SHGs were male and only 7% were female SHGs. The average savings ranged from Rs.15 to Rs.50. The SHGs have helped to increase the income by 10% to 15%. Repayment performance was good. The major problems include lack of training, credit and marketing facilities, entrepreneurship, social evils, and high interest rate. It was suggested to involve Commercial Banks, RRBs and PACS to provide liberal credit at cheaper interest rate to the poor.

2.1. Objectives
1. To study the formation and functions of Women Self Help Groups in Tamil Nadu
2. To find out the Women SHGs are taken for bonding various activities in Tamil Nadu.
3. To identify the organizational dynamics within Women SHGs and level of empowerment achieved.
4. To evaluate the economic and political enhancement that has been achieved both individual and family levels.
5. To analyse the problems of Women SHGs and suitable measures to overcome their problems.

3. Research Methodology

The study is discover empirically the nature of relationship between the Income and Employment generation of Women Self Help Groups in Tamil Nadu. Income and employment is most important for reducing the poverty of members in the tribal SHGs. The proper utilization of available resources through the tribal SHGs not only reducing their poverty but also in increasing the Income and Employment generation.

Sample size

The personal interview will be conducted in Tamil Nadu which got the maximum successfully running the business groups in Self help group in Tamil Nadu sample size of 600 members will be selected

Data Sources

The primary data were collected through interview schedule with the vernacular version and focus group discussions. The interview schedule was prepared with a wide review of literature and keeping in view the objectives of the study. Pre-testing was done on a sample of 60 members in Self-Help Groups after pre-testing the schedule was redrafted and used for data collection. The Secondary data for the Study have been taken from Annual reports, the statistical supplements, and operational statistics of Tamil Nadu State, Government Website, Tamil Nadu Corporation for the development of women.
Hypotheses
For achieving the objectives of the study, the following hypotheses are tested:
1. There is no significant difference between designations and importance of Women SHGs and ranks towards change in decision making in family after joining Women SHGs.
2. There is no correlation among Constitution, functioning, Efforts in resolving social issues, Social empowerment, Economic Empowerment and Political empowerment of members.

3.1. Limitations of the Study
The study has been done with respondents confined within Tamil Nadu. Some questions, which were open ended, could not be avoided and may have received limited responses. Some of the respondents would not have revealed true information due to certain reasons like lack of freedom of expression. The findings have been made based on the information provided by the respondents.

3.2. Findings of the Study
1. Among the 600 respondents, 460 (76.7) were NGO and 140 (23.3) were other agencies. It is inferred that the maximum of 460 member respondents involved in the category of NGO.
2. Designation: Among the 600 respondents, 573 (95.5) were ordinary members and 27 (4.5) were office bearers. It indicates that the maximum of 573 ordinary members participated in SHGs.
3. Among the 600 respondents 30 (5.0) member respondents were involved at any time previously and 570 (95.0) member respondents were could not involved at any time previously. It is concluded that the maximum of 570 member respondents could not involved in SHGs at any time previously.
4. Age: Among the 600 respondents 104 (17.3%) were below 25 years, 182 (30.3%) were belongs to 26 to 30 years, 171 (28.5%) were belongs to 31 to 35 years and 143 (23.8%) were belongs above 36 years. It is observed that most of 182 member respondents were 26 to 36 years are represented in SHGs.
5. Marital Status: Among the 600 respondents 549 (91.5%) were married, 35 (5.8%) were widow and 16 (2.7%) were divorced. It is observed that the maximum of 549 member respondents were married.
6. Educational Qualification: Among the 600 respondents 45 (7.5%) were illiterate, 211 (35.2%) were primary, 91 (15.2%) were middle, 69 (11.5%) were high school, 123 (20.5%) were HSC, 40 (6.7%) were Degree, 12 (2.0%) were post graduate and 9 (1.5%) were technical education. Hence, we conclude that the majority of 211 member respondents were primary school level are involved in SHGs.
7. Type of Family: Among the 600 respondents 46 (7.7%) were nuclear type and 554 (92.3%) were joint type of family. It is inferred that the majority of 554 member respondents were belongs to joint type of family.

8. Women Headed Family: Among the 600 respondents 555 (92.5%) have women headed family and 45 (7.5%) could not have women headed family. It observed that maximum of 555 member respondents had women headed family.

9. Family Size: Among the 600 respondents 203 (33.8%) were belongs to below 3 and 397 (66.2%) were belongs to 3 to 5 family members. Hence it conclude that the majority of 397 member respondents were belongs to 3 to 5 family members.

4. Conclusion

Impact of Self Help Groups on income and employment of tribal women can be studied with reference to many factors such as socio-economic conditions of the respondents, constitution and functioning dynamics, decision making, collective and organizational efforts in resolving social issues and community problems, social empowerment, economic empowerment and political empowerment of the Women. The Self help group members have performed well in their business activities and also group activities and they have got employment, self confidence, improvement of family welfare and socio economic development of the members. Once the members attained the employment fulfillment they ultimately get the economical and also social status.

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