Chapter - I

Introduction and Research Design
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1.0 Introduction

Women constitute 48.15% of the total population of India and the ability of women has not been fully utilized by India due to different reasons viz., social, cultural, educational, political etc. In view of this Indian women's status is not good as compared to men in respect of power, control over economic resources, wages, education, confidence, economic independence, social security, financial resources, over dependence on creditors to get credit, family ties, gender discrimination, sexual harassment etc. In order to overcome the women's problems the woman empowerment is essential. As result of this the concept of women empowerment gaining more importance in recent past and women has become a subject of great concern for the nations like India and other developing countries in the world. The women empowerment has become a key solution to many social problems like high population growth, exploitation of women, environmental degradation and low status of women etc. Women empowerment concerned with giving power, 'creating power within' and 'enabling' them to contribute something towards family and nation. The women empowerment facilitates to realize their full identity and powers in all spheres of life. The empowerment of women provides different powers to women such as social recognition, dignity, prosperity, property, value and security. Hence the concept of women empowerment acquired a considerable importance over a period of time. In other words the empowerment of women concerned with acquiring the ability and take part in income generation activities. The concept of women empowerment was introduced in International Women's Conference at Nairobi in 1985; it was defined as a redistribution of social
power and control of resources in favour of women. In view of this the government of India has initiated many Women Welfare Programmes like development centers, rural agencies, NABARD special schemes and SHGs and bank linkage programmes to improve the women status. Among different programmes the most important and recent programme is SHGs and bank linkage programme. The SHGs in India operating from April 1999, and it entered into various fields like dairy farms, fisheries, ration shops, flower nursery, handlooms, farm cultivation, tailoring, goat forming, fisheries, and rain water harvesting. Geethanjali and Prabhakar (2013)\(^1\) rightly pointed out that self help groups are considered as one of the most significant tools in participatory approach for the economic empowerment of women. It is an important way for improving the life of women on various social components. Further the scholar argue that SHGs act as a platform for provide space and support to each other to acquired required power to lead a decent life. Nigam (1992)\(^2\) pointed out that the Self -help group plays a vital role in order to enhance the confidence and capabilities of women to develop a collective decision making among women, to encourage habit of saving among women and facilitate the accumulation of their own capital resource base, to motivate women taking up a social responsibilities particularly related to women development and moreover it is a best way to women to recognize their own talents and capabilities in order to engaging themselves in income generating activities. Fernandez (1995)\(^3\) observe that SHGs has been running different activities through its regular meetings, discussion on different issues relating to SHGs activities and group effort. Further the study argue that SHGs activities

provides many benefits like adequate credit, forum for collective learning, promoting
democratic culture, fostering an entrepreneurial culture, and facilitates a dialogue
with other institutions to carry out the economic activities. Thus, it is clear that from
the above analysis women’s are an integral part of developed and developing
economy. All round development and harmonious growth of a nation would be
possible only when women are considered as an equal partners in progress with men.
However, earlier studies reveal that in most of developing countries the women has a
low social and economic status. With the above facts the study assumed a great
importance to study on women empowerment through SHGs activities.

1.1 Concept of SHGs

The concept of SHG is a brainchild of Grameen Bank of Bangladesh, which
was founded by Professor Mohammed Yunus of Chittagong University in the year
1975. The term self help group refers help amongst and undertaken group activities on
principle of for the people, by the people and of the people. The self-help groups are
homogenous gathering of people who join on a voluntary basis to undertake the
economic activities. In other words SHG is a group that formed by the different
community women’s, and it consists of 10-15 or 15-20 members. According to
NABARD it is a group of 20 or less people from a homogenous class who are willing
to come together for addressing their common problems. They make regular savings
and use the pooled savings to give interest-bearing loans to their members. The
process of SHGs helps them imbibe the essentials of financial intermediation
including prioritization of needs, setting self-determined terms for repayment and
keeping books and records. It builds financial discipline and credit history that then
encourages the banks to lend to them in certain multiples of their own savings and
without any demand for collateral security. Surgeon (1988)¹ pointed out that the self-governing group whose members share a common health concern and give each other emotional support and material aid, charge either no fee or only a small fee for membership, and place high value on experiential knowledge in the belief that it provides a special understanding of a situation. Thus it is clear that from the above analysis self-help group (SHG) is a village-based financial intermediary usually composed of 10-20 women. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia. Members make small regular savings contributions over a few months until there is an enough capital in the group to begin lending. Further it can say that the Self Help group is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around for savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common problems and plan for solution, share information, make efforts to improve their health and literacy skills. Self Help Groups are not charity or simply community based groups. however, SHGs, plays a vital role in strengthening the women like to enhance the confidence and capabilities of women, to develop collective decision making among women, to encourage habit of saving among women and facilitate the accumulation of their own capital resource base, to motivate women taking up a social responsibilities particularly related to women development.

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¹ Surgeon (1998), Keynote address in the workshop on A Decade of Women's Empowerment through Local Governance, organized jointly by Institute of Social Sciences and South Asia Partnership, Canada sponsored by International Development Research Centre.
1.2 Characteristics of SHGs

The important characteristics of SHGs are as follows:

- They usually create common funds by contributing their small savings on a regular basis.
- The groups evolve a flexible system of operations often with the help of the NGOs and manage their common pooled resources in a democratic manner.
- Groups consider loan requests of members in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.
- Loan is sanction on the basis of mutual need and trust with a minimum documentation and without any tangible security. The amounts of loan are small, frequent and for short duration.
- Rate of interest are vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.
- At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.
- Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit.

1.3 Functions of SHGs

The followings are the important functions of SHGs;

- Enabling members to become self-reliant and self-dependent
- Providing a forum for members for discussing their social and economic problems
• Enhancing the social status of members by virtue of their being members of the group
• Providing a platform for a members for exchange of ideas
• Developing and enhancing the decision-making capacity of members
• Fostering a spirit of mutual help and co-operation among members
• Instilling in members a sense of strength and confidence which they need for solving their problems
• Promoting literacy and increasing general awareness among members and
• Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

1.3.1 The Basic Principles of SHGs

• The SHG is a network of members who fulfill poor people needs.
• They are resident in the area and are homogeneous.
• They have rules/norms regarding their functioning.
• Savings first, credit thereafter. Personalized services suiting the requirements of the members are ensured.
• SHG’s are hold regular meetings to ensure participation of members in the activities of the group.
• SHG’s are maintaining an account relating to economic aspects of business.
• Group leaders are elected by members and rotated periodically.
• Transparency in operations of the group and participatory decision-making that ensure the benefits to members are evenly distributed.
• Group liability and peer pressure act as substitutes for traditional collateral for loans.
1.4 Objectives of Self-Help Groups

The SHG model was started in the 1980s by social-development NGO (MYRADA in Karnataka and PRADAN in Rajasthan). Having a group members learn how to pool savings into loans – mostly small, short-term consumption loans – was seen as empowering disadvantaged women, socially and politically as well as financially. It has emerged as an effective tool of “Rural Credit Delivery System” and reduction of poverty. However, the SHGs came into existence with the following objectives such as develop women socially and economically, who live below the poverty line, stop treating of women as slaves, develop self-confidence among the women, promote gender equality and equal rights, promote unity among women, learn to work together, abolish dowry, enhance community harmony, promote education and make 100 percent literacy among women, give importance to the differently able person and help them, follow the small family norms, encourage women to take activities at village level, to take part in the political processes, voluntarily save from their income and expenditure, to take small loans without pledge jewels or documents in the banks, pay the school fees of children and to meet an emergency medical expenses, encourage for savings, ensures to understand about the economic, political situation and visit different places like, government offices, banks etc.,

1.5 Role of SHGs

The Self-Help Group is needed the special groups like the disabled viz., widows, commercial sex workers, eunuchs, endangered artisans; affected weavers, youth and HIV affected women, agricultural and other working women for daily wages. However, the SHGs plays different role viz., Making women able to read and write, taking them to visits outside, developing the capability to manage a mini bank
with ledgers and passbooks, aiming at the total abolition of over interest rate, enhancing their knowledge and skills to undertake economic activities, motivating them to increase their incomes by undertaking successfully, economic activities as an individual or groups, providing good marketing outlets for their products, encouraging their participation in the Gram Sabhas, Panchayat Level Federation Clusters, Block Level Federations, meetings of BLCC and DPCC held under the chairmanship of the District Collector, Creating the confidence and courage to address and take up varied issues, concerning themselves and the community. SHGs have other important role particularly in the transfer of technology to user group population. It has been found by the members of SHGs that they offer them organizational base, large resources, and access to modern technology leading to employment and income generation. Thus, SHG movement among the rural poor in different parts of the country is emerging as a very reliable and efficient mode for technology transfer. However, it is strongly felt that the pace of transfer and popularization of technologies must be accelerated so that even the small farmer can benefit from new technologies.

Further it can say that the SHGs plays other role such as overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure., these groups enable them to come together for a common objective and gain strength from each other to deal with exploitation, which they are facing, in several forms. A group becomes the basis for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts. Group members usually create a common fund by contributing their small savings on a regular basis. Groups evolve flexible systems of working sometimes with the help of (NGOs) and manage pooled resources in a
democratic way., loan requests are considered by groups in periodic meetings and competing claims on limited resources are settled by consensus., the SHG is really a boon in the rural areas which given financial autonomy to the rural women and makes them economically independent. The SHGs have become a platform for exchange of experiences and ideas. The women have tremendous energies to start their own enterprises given the right opportunities. They have developed abundant self-confidence and self esteem through SHG movement. Not only economic poverty but also social and gender issues can be tackled effectively through this process.

1.6 Structure of SHG

A SHG is a group which consists of 10 to 20 people, usually women they form the group to fight for their rights and improve the economic status. Further they pooled financial resources to make a small interest bearing loans to their members. This process creates an ethic that focuses on savings first. The setting of terms and conditions and accounting of the loan are done in the group by designated members.

1.6.01 SHG Federation

SHGs have also federated into larger organizations. In Figure, a graphic illustration is shown of a SHG Federation. Typically, about 15 to 50 SHGs make up Cluster either one or two representatives from each SHG. Depending on geography, several clusters come together to form an apex body or an SHG Federation. At the cluster and federation level SHG Federations have provided some key benefits to SHGs as a result of their greater scale. Increasingly, SHG Federations are being seen as a key interface with the SHG movement. There are inter-group borrowings, exchange of ideas, sharing of costs and discussion of common interests. There are typically various sub-committees that deal with a variety of issues including loan collections, accounting and social issues.
SHG Federation is a formal group of informal common-interest groups. As a result of its rather informal members, there are internal constraints that it faces. Namely, it has a poor capacity for self-governance, average to low quality managers and systems and process are poorly defined.

1.7 Formation and Development of SHGs

According to Rao (1999) a systematic and scientific approach in the formation of SHGs is of paramount importance to the long term sustainability of these informal community based organizations. Fernandez (1992) opined that SHGs formed and promoted for limited purposes of availing subsidy lack bank loans, grants and other materialistic benefit generally disintegrate, while according to Srinivasan and Rao (1996) the SHGs developed for genuine purpose of self help in the wake of needs had much better chances of long term sustainability.

Hill and Gruner (1973) opined that most of these theories are based on Sequential Stage these theories are described about Recurring Phase. The development of group are based on the identification of definite phases in the life cycle of group. The most famous of these theories has been proposed by Tuckman (1965) studied a number of groups of varying nature and objectives such as therapy, training, and focus groups and identified four distinct development stages, viz., Forming, Storming, Norming and Performing. These distinct stages are characterized by the specific focus attributed by the groups during each stage and the related consequences on the behavior of the members.
Forming Stage is marked with initial attraction towards each other in a group. The stage is characterized by initial euphoria of coming together, chaos and uncertainty. Kruger & King (1998) have indicated that during forming stage each member tries to figure out his / her own role in the group and gets indulged in evaluating his likely individual gains vis-à-vis group objectives. Lingering suspicion and anxiety prevail among the group members during this stage.

Storming Stage is earmarked by the expression of varying thoughts by the individual members, which reflects the prevailing conflict and confusion in the group, Kruger & King (1998) have indicated that this stage is completed with the evolution of leadership and decision-making capabilities within the group.

Norming Stage is reached when the group under the chosen leader/s starts evolving group norms and the groups’ solidarity comes into force. The group becomes more cohesive and development oriented as gradually the individualistic tendencies are replaced by the collectivism.

Performing Stage is the state of readiness through this the leadership is established, role clarity is developed and the group behaves in a unified manner so as to achieve its mission with the help of collective action. Harper (1995) has also identified the above four stages in the development of SHG’s. Other researchers such as Moreland & Levine (1982) & (1988) have identified stages of development based on the status of membership and proposed a sequential theory based on the membership. They termed the various stages of group development as prospective membership stage, new member stage, full member stage, marginal member stage and ex-member stage. Similarly Worchel et al (1992) have also identified six sequential stages of group development, which have been identified on the basis of prevailing ‘feelings’ in the members. These are discontent stage, participative stage, identifying
with the group stage, involvement in the group activities stage, proactive involvement stage and disintegration stage.

1.8 SHGs – An International Initiative

The SHG is the brainchild of Grameen Bank of Bangladesh, which was founded by Prof. Mohammed Yunus of Chittagong University in 1975. The concept of SHG serves to underline the principle “for the people, by the people and of the people”. Mohammed Yunus, popularly known as the father of micro credit system, started a research project in Bangladesh in 1979 and came out with ideas of micro credit that resulted in the establishment of Grameen Bank in 1983. In 1984, the participants of the Third International Symposium on Mobilization of Personal Savings in Developing Countries organized by the United Nations, agreed in the final resolution that -internal savings must provide the basis of credit programmes, state control over interest rate must be relaxed and there should be more decentralized financial services and strong linkage between the formal and informal credit institutions for development. In 1986, the Asia and Pacific Regional Agriculturist Credit Association (APRACA) devised on a coordinated programme for the promotion of the linkage between the banks and the SHGs for rural savings mobilization and credit delivery to the rural poor. In 1989, the Central Bank of Indonesia with the involvement of Self Help Promotional Institution (SHPI) started a pilot project entitled “Linking the Banks and the SHGs. In 1993, a first step was taken in Thailand by opening a Bank for Agriculture and Agricultural Co operative (BAAC) and allowed to provide loans for farm related activities and as a second step in early 1999, Thailand government approved amendment to BAAC Act. GTZ, as part of its technical cooperation with BAAC, was helping the bank to develop a system for non-farm activities. By 2002, there were 13 Thai commercial banks, 5 credit fancier
companies (type of finance company), 18 finance companies and 18 foreign commercial banks to help micro finance poverty alleviation programme. In 2003, Tanzania began pilot testing and provided access to micro credit to economically disadvantaged people using the village banking methodology.

1.9 Evolution of Self Help Groups in India

In India soon after independence, there has been an aggressive effort on the part of the Government, which was concerned with improving the access of the rural poor to formal credit system. Some of these measures have been institutional, while some others were through implementation of focused programmes for removal of rural poverty. Reaching out of the far-flung rural areas to provide credit and other banking services to the hitherto neglected sections of the society is an unparalleled achievement of the Indian Banking System. The main emphasis is the spread of the banking network and introduction of new instruments and credit packages and programmes were to make the financial system responsive to the needs of the weaker sections in the society comprising small and marginal farmers, rural artisans, landless agricultural and non-agricultural labourers and other small borrowers falling below the poverty line. With the implementation of the above policies, further the Government of India in its developmental planning emphasized the promotion of agriculture and other allied economic activities through credit intervention for ensuring integrated rural development and securing the prosperity of the rural areas. In pursuance of this, formal credit institutions have been guided by the principle of growth with equity and a large share of the credit disbursed for various activities was channelized towards the weaker sections of the society. Consequently, by the implementation of several poverty alleviation programmes, the number of people below the poverty line has declined from 272.7 million in 1984-85 to 210.8 million in
1989 – 90. In 1991 – 2000 which constitutes over 21 per cent of the population. The number of operational holdings is expected to have crossed the 100 million mark with more than 80 per cent being small and marginal holdings. This institutional credit system needs to meet the challenge of delivering credit to an ever-increasing number of rural people who need greater access to formal credit. It may have to reinforce its own structure at the grass root levels and also have to devise new ways of reaching out to the rural poor. As a result, the experience of the implementation of the above discussed Poverty Alleviation Programmes led to the introduction of the Integrated Rural Development Programme (IRDP) on 2 October, 1980 with the specific objective of raising the poor rural families above the poverty line. Such families considered credit support from banks as an important input in taking up economic and gainful activities. In spite of these impressive achievements in the expansion of the credit delivery system and the special programmes, nearly half the indebted rural households are still outside the ambit of the institutional credit system. They approach the moneylenders for meeting their consumption and production in the absence of institutional support. Some of the poor who have not been reached even by the vast network of the institutional credit delivery system, have organized themselves into self help groups (SHGs) and many such groups have come into existence either spontaneously or with the active involvement of the voluntary agencies which motivated the rural poor to pool their small financial resources for meeting their small and frequent consumption and production credit needs.

1.10 Initiatives by NABARD

The potential of SHGs to develop as local financial intermediaries to reach the poor gained wide recognition in many developing countries especially in the Asia-Pacific Region, Many NGOs have played an active role in fostering the growth of the
SHGs in furtherance of their socio-economic agenda. Considering the immense potential of the SHGs in meeting the development aspirations of the unreached rural poor, the National Bank for Agriculture and Rural Development (NABARD), the apex development institution with exclusive focus on integrated rural development supported and funded in 1986-87, a MYRADA sponsored action research project on savings and credit management of the Self-Help Groups. Therefore in collaboration with some of the other member institutions of the Asia Pacific Rural and Agricultural Credit Association (APRACA), the NABARD undertook a survey of 43 NGOs spread over 11 states in India to study the functioning of the SHGs and possibilities of collaboration between the banks and the SHGs in mobilization of rural savings and the delivery of credit to the poor.

1.11 Pilot Project - The History of SHGs

Encouraged by the results of the studies of the SHGs experience, the NABARD in consultation with the RBI, the Commercial Banks (CBs) and the NGOs launched the pilot project of linking the SHGs with the Commercial Banks in 1991-92 and issued detailed guidelines in February 1992. The RBI advised the Commercial Banks in July 1991 to extend finance to the SHGs as per the NABARD guidelines. Subsequently, the linkage project was extended to the RRBs and the Cooperatives. The linkage philosophy was based on the informal credit system, that is, the moneylenders were holding their away over the rural poor because of their responsiveness, flexibility and sensitivity to the credit needs of the poor. The poor require credit very frequently in small quantities without much hassle and for the activity of own choice. The moneylender is always there at his doorstep for supplying the credit promptly, but with an exorbitant rate of interest, forcing the poor to cough up all his surpluses/ income and making 58 him/her, thereby, move downhill along
the poverty line. The moneylender has a vested interest in the perpetuation of poverty. The formal credit system has the resources, manpower and technical capability to handle any volume of credit dispensation. The pilot project on linking the SHGs with the Banks was launched aiming at combining the positive factors of both the systems and ensuring advantages to both the formal credit system and the SHGs. The traditional attitude of a banker that the poorest of the poor is not reliable and the banks are not meant for them is a myth to be dispelled. The distinct advantages envisaged under the project for the Banks and the SHGs are that the Banks are advised to win the confidence and trust of the rural poor. Through the pilot study is intended to find the impact of the SHGs with the Banks, however, during the pilot phase of the project, a number of other studies have also been conducted, aiming at comparing the advantage expected and the reality

1.12 Impact of SHG Movement in India

Various organizations evaluated SHGs including NABARD, NGOs and ORG-Marg. Some of the salient features are.

- 98% of the members make savings regularly as the norms prescribed by the groups.
- All the groups meet at least once in a month to discuss various social issues related to their day to day life.
- 98% of eligible members adopt small family norms.
- 100% children of SHG members are able to access immunization services against the 6 diseases.
- 30% of the members have access to safe cooking fuels (LPG) under the Government promoted scheme popularly known as “DEEPAM”.

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• 80% of the total SHGs have accessed financial assistance from banks and repayment is 98%.

• 10,000 SHG members were elected to the local bodies (3 term Panchayat Raj Institutions) in 1997 November elections.

• Members are engaged in 450 varieties of income generating activities.

• Additional family incomes to member range from Rs.1000-3000 per annum depending on the income generating activities.

• Increase in self confidence and self esteem

• Increase in awareness levels about the society and community. Voluntary participation in community activities like laying roads, planting trees conserving environment, construction of water harvesting structures, donations to the victims of natural calamities helping to reduce crime against girls & women, campaign against eradication of social evils like dowry, child marriages, un touch ability, AIDS, rescue and rehabilitation of orphaned children, counseling adolescent girls, support to widows and destitute area few to mention.

1.2 Review of Literature

Rapid progress of SHG formation has turned into an empowerment of women across the country. Economic empowerment results in increases women’s ability and it influence on women to take part in decision making process, increases the self confidence and better status. The empowerment of women through SHGs would give a benefit not only to the individual women but also for the family and community as a whole through the collective action. However, here an attempt is made to review the earlier work done by the earlier researcher on SHG and contemporary issues on SHGs in order to find out the research gap and justify the significance of present research
problem. **K.C. Sharma (2001)**\(^5\) studied on micro financing and SHG's. The study pointed out that through SHG's women empowerment taken place because it provides an opportunity to women to take part in the economic activities and decision-making at the household and society level. **Ganapathi R and Murugesan J (2011)**\(^6\) they studied on economic empowerment through SHGs. The scholar argues that the SHGs ensure the overall development of women and it turned to women empowerment. Further, it reveals that some people hesitant to join SHG because of they have lack of knowledge about the role of SHGs hence it is needed to changes the attitude of such types of women's through appropriate programmes. **Suguna (2001)**\(^7\) studied on women and women empowerment framework. The scholar pointed out that there is an inequality and vulnerability of women in all sectors including economic, social, political, education, health care, nutrition and legal etc. In view of this the women needed to take active participation in social, economic and political spheres would help in women empowerment. **Sunder Raj (2004)**\(^8\) studied on SHGs and women empowerment. The study pointed out that empowerment can serve as a powerful mechanism for women to achieve power and status in the society. SHGs are the potential source to empower and institutionalize participatory leadership among the marginalized and to identify the plan and initiate development activities. Further, it reveals that envisage the participation of SHGs in bringing about savings, education, health, environment cleanliness, family welfare, social forestry etc., and it makes them self reliant. **Krishnaraj(2000)**\(^9\) undertaken research on SHGs an effective

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9. Krishnaraj, M. (1996), SHGs an Effective Instrument to Organize a Rural Poor Women's,
instrument to organize a rural poor women’s. The study further pointed out that there is an urgent need to organize a rural woman into small groups to empower them socially and economically. The study felt that SHGs are the important and an effective tool in the field of women’s empowerment. Through the intervention of the NGOs, many SHGs are being established and functioning quite satisfactorily in the area of women development. Manimekalai and Rajeshwari (2001) they studied on nature and performance of informal self help groups -a case study of Tamilnadu. The scholar pointed out that the provision of micro-finance by the NGO’s to women SHG’s has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization. Quinones, Benjamin (1992) they studied on microfinance and poverty alleviation-case studies from Asia and the pacific. The scholar pointed out that the Self-Help Groups act as financial intermediaries in providing credit facilities for women. SHGs through micro finance make a contribution in the reduction of poverty. Further, it reveals that the availability of capital through micro credit helps rural poor women acquire assets and technology leading to higher employment, income generation and productivity enhancement. Sangamithra (2006) undertaken research on women’s - are potential agents of empowerment. The study pointed out that empowerment would enable the women’s to gain insight and have awareness of what is undesirable and unfavorable about the current situation, perceive a better situation, possibilities of

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attaining it and realizing what is within their reach. Further, it reveals that women's powerlessness arises from their illiteracy, lack of awareness, lack of information and knowledge about markets and lack of money, lack of job opportunities, lack of connection to those who can provide jobs and lend them money to start their own small enterprise. Singh (2004)\textsuperscript{13} undertaken research on micro finance for rural women's empowerment- a perspective. The study pointed out that the success of micro finance depends on identification of suitable enterprises, training and skill development and proper utilization of resources. Mehta, Salil and Dinkar Rao (1990)\textsuperscript{14} they studied on the role of women in rural development. The scholar pointed out that the SHGs help to increase the awareness, knowledge and skills of the rural poor and assist them to take an active participation in village activities and guide the rural poor in the field of income generating activities that contribute to higher family income and they provide credit facilities to the local target group credit for establishing and developing activities. Tripathi (2004)\textsuperscript{15} has studied on self-help groups - a catalyst for rural development. The study pointed out that necessary training could be provided to the SHG members to create awareness on community health, traditional and modern agricultural practices, micro-credit, veterinary practices, water resource management, Panchayat Raj and other relevant issues that may be applicable to the area concerned. Banumathy and Niveda (2007)\textsuperscript{16} undertook study on economic empowerment of women – need of the hour. The scholar pointed out that the main reasons for women joining SHGs are to get loan for starting business and to

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\textsuperscript{14} Mehta, Salil and Dinkar Rao, (1990), Studies on Self-Help Groups of the Rural Poor from Maharashtra and Gujarat, Pune, NIBM.
\textsuperscript{16} Banumathy and Niveda (2007), Empowerment of Rural Women, the Deterrents and Determinants; Concept Publishing Company, New Delhi. PP.1-3
\end{flushleft}
get empowered. The respondents also get loan to educate their children and to start business. Further, it reveals that SHGs have not only raised the socio-economic status of women member but also self confidence and leadership qualities among women.

Puhazhendhi V. and Satyasai K.J.S. (1999) they studied on economic and social empowerment of rural poor through Self-Help Groups. The scholar pointed out that involvement of the rural poor in Self-Help Groups (SHGs) significantly contributed to social empowerment as measured by improvement in their confidence, their treatment with in the family, communication skill and other behavioural changes. Further, it reveals that the Self-Help Groups (SHGs) as institutional arrangement could positively contribute to the economic and social empowerment of the poor. The involvement in the group significantly contributed to improving the self-confidence of the members. The feeling of self-worth and communication with others improved after association with the Self-Help Groups (SHGs). Nedumaran S., Palanisami K., and Swaminathan L.P. (2001) they studied on performance and impact of Self-Help Group in Tamilnadu. The scholar pointed out that the social condition of the members considerably improved after joining the group activities. Rajasekar. D (1994) undertaken research on savings and credit system for the poor- some NGO experiences. The study pointed out that efficient SHGs are promoted by 13 NGOs in Karnataka, Andra Pradesh, Tamil Nadu, Orissa, Rajasthan and Gujarat. In view of since efforts of NGOs, many positive outcomes take place like adequate credit, quality services, high recovery rate, and reduction of dependence on money lenders

and improve the credit worthiness of the members. Gupta and Namitha Gupta (2006)\textsuperscript{20} they studied on economic empowerment of women through SHGs. The scholar pointed out that the government has to continue to allocate the resources and formulate the policies for women empowerment. Further the study argues that political and social forces that resist women's right in the name of religion, cultural or ethnic traditions have contributed to the process of marginalization and oppression of women.

Baskar D (2009)\textsuperscript{21} has undertaken study on women empowerment through Self Help Groups in Kancheepuram district. The study pointed out that the women play an active role in the activities of SHGs. It was found that the income of women increased after joining the groups. Thereby, their monthly household expenditure also rose to a considerable level. The good practice of the women SHGs in the study area is repayment of loan in time. Further, it reveals that the contribution of SHG is yet another step in the up lift meant of the socio status of women and it also proved that the economic activities of SHGs are also quite successful thereby increasing their status in Kanchipuram district of Tamilnadu.

Arjun U Pangannavar (2009)\textsuperscript{22} have studied on rural development: women Self Help Group. The study pointed out that the government's various initiatives to develop the status of rural poor, measures taken by the governments and NGOs, the genesis and development of SHGs as a tool for rural empowerment and achievements of self help groups. Better education and training to earn more money to supplement family income, economic empowerment and consequent improvements in decision

\textsuperscript{21} Baskar D (2009), Women Empowerment through SHGs in Kancheepuram District, M - Infiniti Journal of Management, Vol.3, No.2, pp54 -61
making, better access to credit and higher income are the outcomes of members of SHGs after joining the SHGs.

Jayaraman & Puhazhenthi (2004) they studied on increasing women participation and employment generation among rural women. The scholar pointed out that analyzed the functioning of SHG's, performance, sustainability, empowerment of women, economic impact on the members, future potentials etc. the study observed that SHG's in Tamil Nadu are performing well towards social change and transformation. The emerging trends are leading to positive direction of empowerment of members and promotion of micro finance.

Datta and Raman (2000) they studied on can heterogeneity and social cohesion coexist in Self Help Groups, evidence from group lending in AP in India. The scholar pointed out that SHG's are characterized by heterogeneity in terms of social and economic indicators. The success of SHG's in terms of high repayment is mostly related to the exploitation of prevailing social ties and cohesion found among women members. Social cohesiveness among members spring not only from their diverse background of knowledge base, skills occupations and income levels, but also due to the dynamic incentive system of progressive lending to the groups on the successful completion of loan repayment. Further, it reveals that, SHG's are heavily dependent on external financial agencies for their lending operations.

V.M. Rao (2002) undertaken researches on women Self Help Groups: profiles from Andhra Pradesh and Karnataka. The study pointed out that a review of the genesis and development of SHG's in India reveals that the existing formal

financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. The origin of SHG's encourages savings and promotes income generating activities through small loans. Further, it reveals that, the experience available in the country and elsewhere suggests that SHG's are sustainable to have replicable, stimulate savings, and in the process help borrower to come out of vicious circle of poverty.

Rajasekhar (2002)\textsuperscript{26} undertaken research on impact of micro-finance programmes on poverty and gender equality: some evidence from Indian NGOs. The study pointed out that NGOs in Andhra Pradesh and Credit Unions in Kerala found that no attempt was done to support women’s economic activities and the majority of credit was given for household crop production. Although women played a role in production, men controlled decision making and the income. In some cases women had been pressurized into taking loans by their husbands and handed the loans directly over to them. The men used the majority of the loan for cultivation and gave women the money for the repayments. For instance, one woman received a loan for a poultry unit but it was taken by her husband for cultivation and the rest was used for meeting household needs. There was a lot of pressure on her from the group on account of diverting the loan. With great difficulty she repaid the loan out of wages from her labour. After that she was hesitant to borrow from the group. She also rejected the request of her husband to borrow for cultivation purposes. This high level of usage of loans accessed by women for agricultural activities conducted by men is also typical of many of the NGOs involved in the CASHE project in West Bengal, Orissa and Andhra Pradesh.

Darling Selvi V (2007) has studied on status of women in coir industries. The study pointed out that major variables of women empowerment like self interest, low level of literacy, poverty, sharing family burden, provision of good education to children and found out 86% of the sample respondents are able to increase their income, 90% their expenditure, 100% savings, 50% have increased their fixed assets, 88% their household articles and 34% their livestock. The survey result shows a positive effect both on social and economic aspects. Further, it reveals that, they face some problems like health, continuous work, superior’s ill treatment, shortage of raw materials and low payment and if these problems are properly analyzed and tackled, their joy may be doubled and as such they can work more and be useful to themselves, to the families, to the society and thereby to the nation as a whole.

Shibalal (2006) undertaken research on role of micro finance in reduction of chronic poverty- a study of women Self Help Groups in Koraput District, Orissa. The study pointed out that economic, social and political empowerment of the women has increased due to participation in micro credit programme. Women have proved that if given the opportunity, they know how to wisely invest their money for economically viable and environmentally sustainable income generating activities, repay their loans with almost a 100 per cent repayment rate and become the masters of their own destiny without the interference of their men.

Harikumar V. and Vijayachandran Pillai B., (2006) they studied on Self-Help Groups in Kerala. The scholar pointed out that the very existence of SHGs is highly relevant to make the people of below poverty line hopeful and self reliant.

SHGs enable them to increase their income, improve their standard of living and status in society. It acts as a catalyst for bringing this section of the society to the mainstream.

Nair (2005)\textsuperscript{30} has studied on sustainability of microfinance self help groups in India. The study pointed out that variety of services provided by the federations and their benefits to SHGs, financial variability of SHGs and SHG federations and cost of promoting them, identification of constraints of promoting SHG federations, and, policy recommendations to strengthen SHG federations etc. The study found that the most common service is savings and loan facilities. Savings include general savings and particular savings for education, housing, marriages, and festivals. Loans include both small and large loans at costs lower than those available in the market. Besides these services, the SHG federations helped SHGs to internalize all operational costs and reduce the cost of promoting new SHGs. Further, it reveals that, SHG federations provide all essential services to SHGs with minimum costs. These services were often provided by the promoting agencies in the initial stage of SHG development. They include auditing, capacity building like training the SHG members, leaders and SHG accountants, and forming a common forum for reviewing the performance of SHGs. The federations also help in resolving conflicts among SHG members, between SHGs and between SHGs and banks. Another important aspect is that they assist in reducing the transaction costs of SHG-bank linkage program by grouping 10-20 accounts into one single SHG account. The federations help in reduction of loan default-both within SHGs and from SHGs to banks. They provide micro-insurance services and social services such as education, health and livestock support.

Bhatia and Bhatia (2000)\textsuperscript{31} they studied on lending to group. The scholar highlighted that recovery of SHGs is higher than other credit extended to borrowers. Further the study opined that involvement of SHGs had helped the bank branches in recovery of old dues. Further, it reveals that, there has been a perceptible change in the living standards of SHGs members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities etc.

Gurumoorthy (2002)\textsuperscript{32} has studied on SHGs-economic empowerment through self-reliance. The study pointed out that SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programs. And it is viable organizational setup to disburse micro credit to the rural women for the purpose of making them entrepreneur and encouraging them to enter into entrepreneurial activities. Further, it reveals that SHGs have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkages with the banks and enforce financial self discipline. And study opined that SHGs enhance the equality of status of women in terms of participation, decision-makers ability, increases the economic status and it encourage women to take active part in the socio-economic progress of the society.

Akash S.B. and H.Y. Kamble (2006)\textsuperscript{33} they studied on impacts of Self-help groups on Women Empowerment, with Special Reference to Karnataka state. The study pointed out that SHG taken place with a predetermine set of objectives and common goal. And such group shall have an effective leadership in the form of president, secretary and treasurer. The SHG shall have its own set of rules should operate on the strength of the same but as a guiding factor refers to the set of rules like

\textsuperscript{33} Akash S.B. & H. Y. Kamble( 2007), Impacts of Self-Help Groups Women Empowerment- With Special Reference to Karnataka State, Globalisation &WTO pp 570-571
all the members will become the presidents one by one turns and all the position held
are of honorary nature and in no circumstances any remuneration or honorarium is
payable to such a position holders. Further, it reveals that, at the end of 2004, 10,
79,091 SHG working in India and obtained Rs. 3,90,220 million loans from banks
under a program of National Bank of Agriculture and Rural Development. And
around 1618600 families assisted and average loan per self-help groups Rs. 36180
and average loan per family Rs. 2412.

**Fernandez (1998)**[^34] undertaken research on Self Help Groups - the concept.
The study pointed out that a self help group consists of 10-20 members drawn from a
relatively homogeneous economic class (i.e. poor), self selected on the basis existing
affinities and mutual trust, members meet regularly at a fixed time and place and pool
their savings into a common fund from which they take need based loans. The group
develops its own rules and regulations and sanctions for violations, the meeting
procedures and processes, leadership change norms, intensive training and
handholding, are designed to enable SHGs to function in participatory and democratic
manner. The objectives of the SHGs go beyond thrift and credit and include the
overall development of members in the social, political, cultural and economic arena,
thus the SHGs are ‘credit plus’ institutions.

**Zeller, (2000)**[^35] has studied on Group-based financial institutions for the rural
poor in Bangladesh- an institutional and household life analysis. The study pointed
out that micro finance as a tool of poverty alleviation and women empowerment has
gained acceptance in development dialogue the world over. There is an acute need

APRACA International Seminar on Development of Rural Poor Through the Self Help Groups at
Bangalore, May.

[^35]: Zeller, (2000), Group-based financial institutions for the rural poor in Bangladesh. An institutional
and household life analysis. Research report No. 120 International Food Policy Research Institute.
Washington DC.
among the poor of credit, both for consumption and production, which often forms the declining line between survival and succumbing to poverty. It has been found that besides food, credit is also needed for health, housing education. These needs are also critical for survival the success of SHGs as a development tool depends on the availability of micro finance. Further, it reveals that, microfinance has gained a lot of significance and momentum in the last decade. India now occupies a significant place and a niche in global microfinance through promotion of the self-help groups (SHGs) and the homegrown SHG-Bank Linkage (SBL) model.

Barbara and Mahanta (2001)\textsuperscript{36} they studied on micro Finance through Self Help Groups and its impact : a case of Rashtriya Gramina Vikas Nidhi - Credit and Saving Programme in Assam. The study pointed out that the SHG's have helped to set up a number of micro-enterprises for income generation. Rastriya Gramin Vikas Nidhi's credit and saving programme in Assam has been found successful as its focus is exclusively on the rural poor. It adopted a credit delivery system designed particularly for them with the support of a specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme.

Mishra J.P. (2001)\textsuperscript{37} they studied on socio-economic analysis of rural SHG's Scheme in block Amaniganj, District Faizabad. The study pointed out that the size, composition, characteristics of rural self help groups, to examine their functions and the impact on generation of income and employment, to identify the major constrains and problems of the group and suggest measures for overcoming these problems. They suggested that the banks and other financial institutions and state government


\textsuperscript{37} Mishra, J.P. et al. (2001), Socio-Economic Analysis of Rural SHG's Scheme in Block Amaniganj, District Faizabad,(U.P.), Indian Journal Of Agricultural Economics, Vol. 56 (3), July-Sept
should come forward to help the rural poor through the SHG's and provide liberalized credit facilities at cheaper rates of interest.

From the above literature it is clear that lot of research work has been carried out by different scholars on different areas of SHGs, micro finance and women empowerment but most of the studies focus on general aspects of SHGs, micro finance and women empowerment. Moreover so far as no researcher works taken on Women Empowerment through Self Help Groups - A Case Study of Shimoga District, hence the study assumed great importance.

1.3 Statement of the Research Problems

Microfinance recognized as an effective instrument to eradicate poverty and women empowerment. It is a powerful tool for addressing the issues like poverty, health, education, gender and environment. The experience across the India and other countries has shown a robust potential of microfinance to integrate with the development issues thereby significantly impacting the lives of poor. In addition to that it also address the issues like income, poverty, hunger, and disease, education, infrastructure, shelter, gender exclusion and environmental degradation etc. Zeller, (2000)\(^{38}\) argues that a micro finance as a tool for poverty alleviation and women empowerment. In addition to that many studies point out that micro finance come out as a powerful instrument for poverty alleviation. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Program, meant to provide a cost effective mechanism for providing financial services to the “unreached poor’s. Based on the philosophy of peer pressure and group savings as a collateral substitute, the SHG program has been successful not only in meeting a peculiar needs of the

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rural poor's, but also in a strengthening collective self-help capacities of the poor's at the local level, leading to their empowerment. However, most of the earlier study pointed out that SHGs are not working up to mark due to many constraints viz., lack of knowledge among SHG members about choice of business, inadequate book keeping, employment of too many relatives which increases the social pressure to share the benefits, setting up of prices arbitrarily, lack of capital, high interest rates, illiterate, lack of self-confidence, lack of courage, lack of expressing opinion freely, lack of education, lack of independency, lack of skills, lack of support from husband, family members/relatives etc., and lack of production skill, lack of awareness about supply of raw materials, problem of machine handling, lack of training, lack of knowledge about product planning, lack of knowledge about packages, lack of knowledge about product selling, lack of knowledge about technical know-how, problem of transportation, lack of access to credit sources, lack of loan arrangement, lack of knowledge about income generating activities, lack of group management, lack of planning skills, lack of organizing skills, lack of co-ordination skills, lack of communication skills, lack of money management skills, lack of awareness about policies and programmes of Government, Banks and N.G.Os. In view of the above facts the present study assumes a great importance to carry out a study on women empowerment through Self Help Groups- a case study of Shimoga district.

1.4 Objectives of the Study

The primary objectives of the present study are to analyze and evaluate the way in which the self help groups are promoting women empowerment. This primary objective is supported by some of the minor objectives:

1. To study the activities and functions of self help groups.
2. To examine the socio-economic status of SHGs members.
3. To ascertain the impact of self help groups on the socio-economic condition of SHGs members.

4. To analyze the role of bank linkage program in SHGs progress and prospects.

5. To analyze the magnitude of microfinance to SHGs by different financial institutions in Karnataka and India.

6. To study the role of SHGs in empowerment of SHGs member in terms of economic, social and political status.

7. To study the opinion of SHGs members about availability of finance, marketing opportunities, Govt. policies and programmes.

8. To examine the problems of SHGs members in performing the SHGs activities.

9. To suggest suggestions in the light of the findings of the study to ensure effective functioning of SHGs and women empowerment.

1.5 Hypotheses of the Study

The following hypotheses have been formulated in order to investigate research problem effectively.

1. (a) $H_0$: There is no positive relationship between self-help groups and women empowerment.
   (b) $H_a$: There is a positive relationship between self-help groups and women empowerment.

2. (a) $H_0$: Socially and economically backward families are not joining the SHGs.
   (b) $H_a$: Socially and economically backward families are joining the SHGs.

3. (a) $H_0$: There are no problems faced by SHGs members in getting required finance
   (b) $H_a$: There is a problems faced by SHGs members in getting required
4. (a) $H_0$: There are no Problems faced by SHGs members in performing SHGs activities.

(b) $H_1$: There is a Problem faced by SHGs members in performing SHGs activities.

1.6 Research Design

In order to meet the objectives of the study, the study adopted appropriate research methodology.

1.7 Population

The populations of the present study confide to SHGs members located in Shimoga district. Therefore, the targeted respondent's reflect the whole population rather than a sample of the population. The main reason for choosing the entire population is to ensure that the sample is a representative and not biased. The sample SHGs were selected from 7 Talukas i.e Shimoga, Sagar, Hosonagar, Shikaripur, Sorabha, Bhadravathi and Thirthahali.

1.8 Design of the Questionnaire

The responses solicited from the respondents; the questionnaire was made simple, direct and unambiguous as possible. The respondents were requested to tick at the appropriate box. Clear directions were provided for each section, the questionnaire contained two sections i.e. general information and specific information relating to SHGs and its activities.

1.9 Pilot Study

Initial stage of the study personally visited to centers like DCC banks, NABARD, Zilla panchayath, NGOs and SHGs in Shimoga to acquit the knowledge about SHGs and related aspects. The pilot study helps to build trust with participants to encourage them to participate and fill the questionnaires' in all respects. In addition
to that the pilot study helped to know the name of the persons to be interviewed and their background. In addition to that the pilot survey help to gain knowledge about activities and functions of self help groups and it also help to modify the pre-designed questionnaire.

1.10 Sources of Data

The study used both primary and secondary data.

1.10.1 Primary Data

Primary data was collected from 500 individual SHGs members by using a structured questionnaire. The questionnaire contained 85 questions covering SHGs members information like age, sex, caste, religion, education, geographical background, marital status, types of family, mother tongue, occupation, husband occupation, land holdings, size of family, number of children, family income, family savings, family expenditure, materials using in house, government health scheme etc., and specific information viz., size of SHGs, combination of SHGs, sources of SHGs, reasons for joining SHGs, qualities of SHGs members, meeting, SHGs linkages with NGOs, training, sources of training, activities, savings, purpose of savings, source of savings, amount of loans, purpose of loan, difficulties in getting loan, problems of payment and non repayment of loan, income and expenditure of SHGs members, types of product produce by SHGs members, marketing activities of SHGs members, annual turnover of SHGs, decision making skills, managerial skills, marketing skills of SHGs members, problems of SHGs members etc.,

1.10.2 Secondary Data

The secondary data collected through books, articles and news bulletins, annual reports, periodicals, journals, Reserve Bank Bulletins, NABARD annual report, National Sample Survey (NSS), Central Statistical Organization and District
1.11 Sample Size

The Shimoga district consists of seven talukas viz., Shimoga, Sagar, Hosonagar, Shikaripur, Sorabha, Bhadravathi and Thirtahali. From each taluka 75 SHGs and 75 members were selected (one member from each group) by adopting cluster sampling method and the total 525 questionnaires were distributed to sample respondents and approached them personally with a structured questionnaire at different places in Shimoga district to gather required information. However, out of 525 questionnaires 10 were found not answered correctly and 15 were not returning, hence, the sample size for the study is 500.

1.12 Statistical Tools used for Data Analysis

The data collected from different sources was cross checked and coded in the code sheet. In order to analyze and interpret primary and secondary information rationally and meaningfully the study was used different statistical tools viz., percentage, bar diagram, charts, t-test and chi-square test and simple growth rate etc.

1.13 Scope and Limitations of the Study

The study confined to women empowerment through SHGs – A case study of Shimoga district. The Shimoga district consists of seven talukas viz., Shimoga, Sagar, Hosonagar, Shikaripur, Sorabha, Bhadravathi and Thirtahali and the study restricted to study the selected variables like status of SHGs members, activities of SHGs
members, functions of SHGs, socio-economic status of SHGs members, impact of SHGs on members, opinion of SHGs members towards micro finance, problems of SHGs members, reasons for joining SHGs, income of SHGs members, expenditure of SHGs members, savings of SHGs members, purpose of loans of SHGs members, repayment position of SHGs members, role of Govt., Banks, N.G.Os role in training the SHGs members, role of bank linkage program in empowering women, family roles, thrift, savings, decision making process of women, marketing activities of SHGs members, managerial skills of SHGs members, management skills of SHGs members, different problems of joining and after joining of SHGs etc. The secondary data were collected up to 2013 to find out the progress of SHGs.

The present study has been divided into six chapters as follows:

Chapter – I : Introduction and Research Design

Chapter – II : Bird’s Eye View of Shimoga District

Chapter – III: Socio-Economic Background of SHGs Members-An Analysis

Chapter – IV: Micro Finance and Status of SHGs - An Analysis

Chapter – V : Self Help Groups and Women empowerment – An Appraisal

Chapter – VI: Summary of Findings, Suggestions and Conclusions.