



## Enhance The Financial Performance of Women Self Help Groups for Enriching The Women Empowerment

### KEYWORDS

Empowerment, Economic Development, Social solidarity, Economic activities)

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**ABSTRACT** *This study is an attempt to analyze the role and performance of SHGs in promoting women's empowerment in Perambalur District of Tamilnadu. The broad objectives of the study is to analyses the operating system of SHGs for mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, and examine the social benefits derived by the members. Primary data has been collected through structured questionnaire. There are 5054 SHGs are formed in Perambalur District. Perambalur District consists of 4 blocks. Here the researcher has chosen 10 SHGs from each block of the district. In total the study covers 40 SHG. The study reveals that SHGs had set a new agenda for financial intermediate on by banks in the form of micro-credit. By the formation of SHGs, credits are demanded for various purposes. Similarly different economic activities are undertaken by the SHG members after joining the group. Habits of savings, economic independence, self confidence, social cohesion, asset ownership, freedom from debt, additional employment, etc. benefits are derived by the SHG members. Thus, SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.*

### Introduction

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labour in the main stream of economic development. Empowerment of women is holistic concept. It is multi dimensional in its approach and covers social, political and economic aspect.

The concept of empowerment is defined as the process by which women take control and ownership of their choice. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem, and self-confidence. Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing encouraging factors and removing inhibiting factors. In this connection Micro-finance with Self Help Groups play an effective role for promoting women empowerment. It is not only an efficient tool to fight against poverty, but also as a means of promoting the empowerment especially women.

### Problem Statement

The overall societal development refers that both male as well as female gender have to equally groom, that is, the balanced development of a society meant that the female gender must be provided equal opportunities on par with male gender. The developing countries like India, the opportunities for the development of women are very restricted in nature till 20th century and there after all the governments were started to focus more interest and involvement towards the growth and development of women. Among those series of women development programmes the concept "Women Self help" programme is very successful one and is aimed to uplift the socio-economical standard of the women. All of us know pretty well that both, state as well as central government, banks and

Non-government organizations are highly co-operating and helping in terms of financial assistance to those groups. Indeed these groups are all really started to perform up to the mark and currently many groups are able to manage their financial requirement on their own accord. Many theories are advocating that if, an individual or group is financially sufficient then their empowerment will enrich. While based on the above concept the researcher is intended to examine the influence of financial performance of women self help groups on their empowerment. At this juncture, the researcher has coined this research issue as a research title for her articles as "Enhance the financial performance of Women Self Help Groups for enriching the women empowerment".

### Profile of the Study Area

**Perambalur** is an administrative district in the state of Tamil Nadu in India. The district headquarters are located at Perambalur. The district occupies an area of 1,752 km. In 2011, Perambalur had a population of 564,511 of which male and female were 281,436 and 283,075 respectively. There was change of 14.36 percent in the population compared to population as per 2001 census. In the previous census of India 2001, Perambalur District recorded increase of 9.45 percent to its population compared to 1991 census.

Perambalur district is a centrally located inland district of Tamil Nadu, spread over 3,69,007 ha, which was trifurcated from the erstwhile composite Tiruchirappalli district and was formed on 1 November 1995. The district is bounded by Cuddalore district in the north, Tiruchirappalli district in the south, Ariyalur in the east and Namakkal and Tiruchirappalli districts in the west. The total geographical area of the district is 3,69,007 ha, and net sown area and gross sown area are 2,16,422 ha and 2,37,136 ha, respectively. The net area under irrigation is 71,624 ha.

The district has been divided into three taluks (Perambalur,

Kunnam, Veppanthattai) which is further sub-divided into four blocks viz. Perambalur, Veppanthattai, Veppur, Alathur for administrative purpose. The district comprises 121 village panchayats, four town panchayats and one municipality.

**Table – 1 Total Population by Sex in Different Blocks of Perambalur District**

S.No.	Block	Male	Female	Total
1	Perambalur	50761	49484	100245
2	Alathur	52660	53526	105986
3	Veppanthattai	62268	63271	125539
4	Veppur	68215	68032	136247

#### Review of Literature

Few studies are available on SHG and micro-finance and women empowerment. The researcher has tried to review the following literatures.

Kapur (2001) in her study tried to discuss, analyse and answer the challenging questions as to why despite all the efforts and progress made, still there continues to be so much of gender discrimination and what strategies, actions and measures to be undertaken to achieve the expected goal of empowerment and also opined that women's empowerment is much more likely to be achieved if women have total control over their own organisations, which they can sustain both financially and managerially without direct dependence on others.

Pattanaik (2003) in her study reveals that SHGs are continuously striving for a better future for tribal women as participants, decision-makers and beneficiaries in the domestic, economic, social and cultural spheres of life. But due to certain constraints like gender inequality, exploitation, women torture for which various Self Help Groups are not organised properly and effectively.

Malhotra (2004) in her book has examined how women entrepreneurs affect the global economy, why women start business, how women's business associations promote entrepreneurs, and to what extent women contribute to international trade. It explores potential of micro-finance programmes for empowering and employing women and also discusses the opportunities and challenges of using micro-finance to tackle the feminisation of poverty. According to her, the micro-finance programmes are aimed to increase women's income levels and control over income leading to greater levels of economic independence. They also enhance perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare.

Cheston & Kuhn (2004) in their study concluded that micro-finance programmes have been very successful in reaching women. This gives micro-finance institutions an extraordinary opportunity to act intentionally to empower poor women and to minimise the potentially negative impacts some women experiences.

Manimekalai (2004) in his article commented that to run the income generating activities successfully the SHGs must get the help of NGOs. The bank officials should counsel and guide the women in selecting and implementing profitable income generating activities. He remarked

that the formation of SHGs have boosted the self-image and confidence of rural women.

Sinha (2005) in his study has observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to him the main use of micro-credit is for direct investment.

#### Objectives of the Study

The broad objective of the study is to examine the role and performance of SHGs in promoting women's empowerment in the study area. However, the study has some specific objectives. They are:

- To analyse the economic gains derived by the members after joining the SHGs.
- To examine the social benefits derived by the members.
- To analyse SHGs for the mobilization of saving and delivery of credit to the needy, management of group funds.
- To suggest appropriate policy intervention for the effective performance of SHGs.

#### Methodology

Selection of Study Area and Sample Units: The researcher has adopted Convenience sampling methods. The study was carried out in selective clusters spread over in four blocks of Perambalur district in Tamilnadu.

**Table 2 Sampling Frame work of the Study**

Block	SHGs	SHG Members
Alathur	10	155
Perambalur	10	160
Veppanthattai	10	165
Veppur	10	160

#### Data Collection:

In order to collect and gather primary data, structured questionnaire was prepared. Secondary data gathered from the records of SHGs and NGOs and government offices. A wide range of information such as composition of membership, savings mobilised, loan disbursed, interest rates, recovery procedures, assets created, external assistance received etc. were ascertained from the SHGs and their members. Besides, different books, articles, journals, magazines and web sites were also referred. The data collected from each block regarding the structure and profile of SHG members, savings and loans of SHGs, economic and social benefits derived by SHG members, etc. has been processed separately and averages of each block are being taken. The analyses obtained from different blocks are compiled and compared to draw the inferences about the performance of the SHGs in the study area.

#### Data Analysis

##### Structure of SHGs

The structure and characteristics of Self-Help Groups in the study area is presented in Table 2.1. It is noted that the average membership per SHG was 16. The study reveals that in the Veppanthattai block, the average membership of the Self-Help Group is highest (16.5) and Alathur block had lowest membership (15). Most of the members agreed that their motives in joining SHGs were to save. Some said they joined the SHG to get credit to meet the unexpected cash demand for consumption and other purposes. Few

opined that it led to social empowerment. The average savings per SHG was Rs. 802. It varied from Rs. 933 to Rs. 623.

The frequency of group meeting by SHG indicated that fortnightly meetings were the most common followed by monthly and weekly. Meetings are arranged regularly by NGOs and Groups.

**Table 3 Structure of SHGs in the Study Area**

Item	Alathur	Perambalur	Veppanthat-tai	Veppur
Membership average (No.)	15	16	16.5	16
Savings per SHG (in Rs.)	14000	13500	13650	9800
Average savings per member	933	844	827	613
Weekly:	2	3	1	2
Fortnightly	4	5	7	4
Monthly	4	2	2	4

Source: Primary Data.

**Profile of SHG Members**

The average age of SHG members in the study area is presented in Table 2.2 it is observed that the average age of SHG members was 33.5 years, lowest being 32 years in Perambalur block and highest being 35 years in Veppur block. Educational background of the SHG members shows that 45.75per cent of them are Literate. As far as the occupation of the members are concerned, majority of them are engaged in agricultural activities.

**Table 4 Profile of SHG Members**

Item	Alathur	Perambalur	Veppanthat-tai	Veppur	Overall %
Age (years)	33	32	34	35	33.5
Literacy (%)	48	53	52	35	45.75
Occupation – Agriculture (percentage)	70.25	39.50	48.00	73.75	57.88
Others	29.75	60.50	52.00	26.25	42.12

Source: Primary Data.

**Purpose of Credit Demanded and Utilised**

Generally, after six months operation of savings account, the saving is pooled and used for internal lending among the members. The amount of loan and number of loans are decided by the members themselves depending on their need and urgency.

**Table 5 Purpose-wise Credit Demanded by SHG Mem-**

**bers**

Purpose	Alathur %	Perambalur %	Veppanthat-tai %	Veppur %	Overall %
Domestic consumption	50	45	33	66	48.5
Health	12	15	13	13	13.25
Festivals	10	12	15	11	12
Repayment of old debts	10	8	12	2	8
Investment	8	5	12	2	6.75
Others	10	15	15	6	11.5

Source: Primary Data.

The purpose-wise credit demanded by the SHG members from the SHGs is given in Table 2.3. It is observed that most of the members have demanded credit for domestic consumption purposes. It is highest in Veppur block (66per cent) followed by Alathur (50per cent). Reasonable proportions of SHG members have demanded credit for Health purposes. This percentage is highest in Perambalur (15per cent) and lowest in Alathur block (12per cent). About 11.5 percentage of credit is demanded for other purposes. A proportion of credit was demanded by the SHG members for festivals. A less proportion of loan is demanded for repayment of old debts and investment purposes. From the table it is clear that a larger share of credit demanded by SHG members is being utilised for domestic consumption purposes.

**Economic Activities Covered by SHG Members**

Table 2.4 reveals that most of the SHG members are engaged in the Milch animal business. Some of the members are engaged in diary and centring material, Floor mill businesses. Some are engaged in other activities like preparing pickle, papad, making bags, making imitation jewellery, cattle feed shop business, tailoring etc. As there is a good demand for milk products, they are preparing sweets with milk, ghee, etc. and are getting good price. They earn about Rs. 600 to Rs. 1000 per month through these activities.

**Table 6 Economic Activities Covered by the SHG Mem-**

Item	Alathur %	Perambalur %	Veppanhattai %	Veppur %	Overall %
Milch Animal	65	40	55	60	55
Diary	15	10	20	5	12.5
Cantering material	5	12	10	15	10.5
Floor mill	5	18	10	5	9.5
Others	10	20	5	15	12.5

Source: Primary Data.

**Benefits Derived by SHG Members**

Variety of benefits is derived by the members of SHGs as presented in the following table.

**Table 7 Benefits Derived by SHG Members**

Benefits	Alathur %	Perambalur %	Veppanthat-tai %	Veppur %	Overall %
Habit of Savings	65	79	75	60	69.75
Economic independence	70	70	65	60	66.25
Self-confidence	81	85	82	78	81.50
Asset ownership	48	52	54	44	49.50
Freedom from debt	49	66	75	67	64.25
Additional employment	29	32	41	31	33.25

**Source: Primary Data.**

One of the outstanding benefits reported by all the members is the development of self-confidence (81.50per cent) ranked first, followed by savings habit (69.75per cent), economic independence (66.25per cent), freedom from debt (64.25per cent), asset ownership (49.50per cent), additional employment (33.25per cent).

### Findings of the Study

Based on the interviews and discussions with the group members, NGO, government officials and questionnaire survey results, the following findings emerged.

The social profile of SHG members indicates that overall literacy rate is only 45.75 percent.

It is observed that the average membership in SHG was around 16. Membership is highest in Veppanhattai block and lowest in Althur block. The members had joined the group in order to earn more income, promote savings habits and to develop collective economic and social activities.

As far as the frequency of group meetings is concerned, it is observed that fortnightly meetings were the most common.

The Groups maintain cashbooks, passbooks and attendance registers. The member's in-charge of accounts is being given training in book keeping by the NGO. But the member who looks after all this work is not paid any financial incentive.

From the study, it is found that individual members contribute Rs. 10 to Rs. 50 per month. 70 per cent of SHG circulated thrift and their period of circulation was monthly. The SHG disbursed loans both for consumption and production purposes. Purpose-wise disbursement of credit by SHG indicates that, domestic consumption received maximum share of 48.50 per cent, followed by Health (13.25per cent). It is found that credit demanded for investment purpose is very low.

The members have invested the loan in different economic activities like Milch animal, Dairy, Centring material, Floor mill etc. They are also engaged in Maligai shop, Fertilizer shop, Cattle feed shop, Tailoring, Imitation Jewellery making and goatery business. They earn about Rs. 600 to Rs. 1000 per month through these activities. The study reveals that the members are not skilled enough to run various units.

Members perceived several benefits through their membership in SHGs such as economic independence

(66.25per cent) and self-confidence (81.50per cent), promotion of savings habits (69.75per cent), Asset ownership (49.50per cent) freedom from debt (64.25per cent) and additional employment (33.25).

The study also reveals that SHGs had set a new agenda for financial intermediation by banks in the form of micro-credit. It has infused dynamism among its members to climb up socio-economic ladder in the development process. Thus, SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

### Suggestions

Considering the findings of the study, the following suggestions were prescribed.

- Literacy and numeric training is needed for the poor women to benefit from the micro-credit schemes.
- Training in legal literacy, rights and gender awareness are important complements to micro-credit for the empowerment of women. The members should be given necessary training and guidance for the successful operation of the group.
- The members of the SHG should be more active, enthusiastic and dynamic to mobilise their savings by group actions. In this process NGOs should act as a facilitator and motivator.
- The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the Group.
- The bank should advance adequate credit to the SHG according to their needs.
- The procedure of the banks in sanctioning credit to SHG should be simple and quick.
- Marketing facilities for the sale of products of SHG may be created.
- Periodical exhibitions at block-level may be organised where the products of SHG can be displayed.
- Meetings and Seminars may be organised where the members will get a chance to exchange their views and be able to develop their group strength by interactions.
- Active intervention by district administration, professional bodies and voluntary organisations is precondition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to market.

### Conclusion

It has proved that poverty eradication is possible through women SHG entrepreneurship development and empowerment. It enables women to identify their strength and opportunities for growth. Entrepreneurs can be molded and entrepreneurial skill can be developed through proper training and necessary effort should be taken to upgrade the technical skill of the women SHG entrepreneurs. In the long run it will enable the women below poverty line to participate in the process of development and opens new vistas in development history.

### Policy implication

In this twenty-first century, we must take along an active people-centred and growth-oriented poverty alleviation strategy – a strategy which seems to incorporate women's aspirations, dynamism and involvement. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural orientation of the groups to suit the requirements of new business.

Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro-finance sector, which will make a real contribution to women empowerment.

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