



## Role of Self Help Groups in Economic Change of Rural Womens in Tirunelveli - Districts

### KEYWORDS

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**ABSTRACT** *The present paper is based upon a successful rural development intervention in Tirunelveli District of Tamilnadu. The intervention is based upon sustainable economic and social development of the women in the region through the institution of Self Help Groups (SHGs). The purpose of the study was to investigate the role of women SHGs in socio-economic development in Tirunelveli district, Tamilnadu, Indian Country. The specific objectives of the study were to: identify the characteristics of women SHGs promoting development, establish the levels of women participation in socio-economic development, identify the factors influencing women SHGs in their efforts to promote socio-economic development, determine the challenges faced by women SHGs in their effort to promote development and explore the strategies to mitigate the challenges faced by women in their effort to promote development in Tirunelveli District Tamilnadu. The SHGs provided soft loans, purchased goods, constructed houses and paid fees for their members rendering the overall contribution of most of the SHGs as high, thus characteristics of the SHGs affected the levels of socio-economic development. It was also clear that most of the SHGs had high levels of involvement through high frequency of meetings and frequent contribution demonstrating a significant relationship between levels of participation of the SHGs and levels of socio-economic development. Factors affecting the operations of the SHGs were financial challenges, communication, leadership and policy/law also affected the levels of socio-economic development. The study recommended that NGOs and government agencies should encourage women to join SHGs groups to foster faster socio-economic development in Tirunelveli District. However, proper training skills should be imparted on the women to enhance their managerial and financial acumens.*

### INTRODUCTION:

Women are considered as a pivotal point in the process of change in many areas of the world. Yet, even in the light of heightened international awareness on issue of pertinent roles played by women, it is a reality that many countries in the world are grappling with the problem of eliminating the increasing gender stereotyping that discriminates against women (Ricardo, Laura and Tyson, 2009). A major cause of poverty among India's rural people, both individuals and communities, is lack of access to productive assets and financial resources. Further, high level of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people.

There are a few ways to eradicate rural poverty in India. Mainly providing economic support to the rural people, particularly to the rural women, has been proved very fruitful to reduce the poverty in rural India<sup>3</sup>. Providing economic support or loans to the rural women helps them to empower, not only economically but also socially, further this strengthens the whole society in general.

In India before 1990s credit schemes for rural women were largely negligible. But in recent years the most significantly emerging system called Self Help Groups (SHGs) is a major breakthrough in improving lives of womenfolk and alleviating rural poverty. The concept of women's credit was born on the insistence by women oriented studies which highlighted the discrimination and struggle the women had in accessing credit. Earlier there were certain misconceptions about the rural poor people that they need loan at subsidized rates of interest on soft terms, and they neither have education nor skills, capacity to save and therefore they are not bankable<sup>6</sup>. However, the significant success of several SHGs show that the rural poor indeed efficient to manage credit and finance.

Hence the present study is placed in this context to examine the relationship between SHGs and socio-economic development of rural community in general and women in particular of Tamilnadu State, Tirunelveli District and also to suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural people.

### CONCEPT OF SELF HELP GROUPS:

The Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) in its credit guidelines for the SHGs defines as a small economically homogenous affinity group of rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their family and community. The distinguishing features of self help groups are given below.

- i) An SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
- ii) It promotes objectives like economic improvement and raising resources for development and freedom from exploitation.
- iii) It has its own by-laws for the proper functioning of the group as well as for the observance of certain rules by the group members and regulations concerning membership.
- iv) The form of such a group could be mostly on an informal basis (unregistered).
- v) Periodical meetings of members are held for solving their problems (economic and social) and they collect fixed savings of the members.

vi) The savings of members are kept with a bank in the name of group and authorized representative of the group operates the bank account. The deposit kept in the bank is used for giving loans to members for purposes including consumption at the rate of interest decided by the group (usually higher than what the banks charge).

**OBJECTIVES OF THE STUDY:**

The study is mainly based on the following objectives:

To identify the characteristics of women Self Help Groups promoting development.

To determine the challenges faced by women in their effort to promote development.

To suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural people in Tirunelveli District.

To identify the factors influencing women groups in their efforts to promote socio-economic development.

**HYPOTHESIS:**

Characteristics of SHGs affect socio-economic development Levels of women participation in SHGs affect the socio-economic development.

Challenges faced by SHGs affect the socio-economic development.

Self Help Groups are an effective instrument for the development of rural poor in India.

**Hypothesis framed for the study:**

H01	There is no significant difference in the perception on the effect that SHG have on various factors across the time of association with them
H02	There is no significant difference in the perception that SHG have economically benefited across the time of association with SHG
H03	There is no significant difference in the perception that SHG have socially benefited across the time of association with SHG
H04	There is no significant difference in the perception that SHG have politically benefited across the time of association with SHG.

**METHODOLOGY:**

The primary data has been collected from field survey in Tirunelveli district of Tamilnadu state. The sources of secondary data for the study are; existing literature and data in websites, various publications of Central and State, especially State Level Bankers Committee, Tirunelveli and Institutional Finance Department and other sources like books, magazines, newspapers, reports, articles, seminar papers published by universities and research institutions. Apart from the published material, study is also based on discussions with various people such as officials and non-officials of the Talks of Tirunelveli District.

The sample of the study included members of various SHGs in the rural area of Tirunelveli district.

A well structured questionnaire was framed and pretested for its relevance. Once the pilot-survey Was completed and necessary correction incorporated, the questionnaire was distributed to about 230 members across various

SHGs in Tirunelveli district (rural). In a number of cases, the Questionnaire was explained in the local language and the responses were collected. Care was taken to see that not more than 10 questionnaires were given to one SHG; of all the questionnaire distributed, 170 questionnaire were filled and complete in all responses and were hence considered for the study. Chi-square test was applied to find the significance of the difference in the responses.

**Data analysis and interpretation: Table-1**

Head of your family	Spouse	137	80.60
	Self	15	8.8
	father-in-law	18	10.60
	Total	170	100
Age	18-30 years	46	27.10
	30-40 years	50	29.40
	40-50 years	39	22.90
	50-60 years	24	14.1
	> 60 years	11	6.50
	Total	170	100
Marital status	Single	25	14.7
	Married	140	82.4
	Widow	5	2.9
	Total	170	100
Time of association with SHGs	< 1 year	32	18.80
	1-2 years	51	30.00
	2- 3 years	67	39.4
	> 4 years	20	11.80
	Total	170	170
Number of dependents in your family	Nil	21	
	One	37	21.8
	Two	45	26.50
	> 3 members	88	51.70
	Total	170	100

**Interpretation-**

82.4% the woman were married, maximum were between the age group of 30-40 years and around 29.40% were members of SHG or the other. In all the families there was single person who was earning but the dependents were in the ratio of 51.70%. 39.4% of the families were associated with SHGs for more than 3 years.

**Table-2**

	Economically benefited by SHG						Total
	Possibility of savings	Self employment	Increase in the living standards	Economic empowerment	Increase in income	Change of life styles	
Time of association with SHGs	< 1 year	5	1	1	1	1	9
	1-2 years	10	7	9	17	4	47
	> 3 years	71	21	3	9	10	114
Total		86	29	13	27	15	170

**Interpretation-**

It is clear that greater the time of association with SHGs

greater are the economic benefits like greater possibility of savings, increased scope of self-employment, increase in the living standard, increase in the income and feel economically empowered derived. Association with SHGs has recently empowered women to a significant extent.

**Table-3**

SHG		Socially benefited by					Total
		Social security	Participation in social activities	Access to financial services	Social awareness	Increase in social relation	
Time of association with SHGs	< 1 year	3	2	1	3	2	11
	1-2 years	4	7	3	8	8	30
	> 3 years	71	21	12	16	9	129
	Total	78	30	16	27	19	170

**Interpretation-**

Here also it is very clear that greater the time of association with SHGs, greater are the social benefits like feeling of social security, participation in social activities, having access to financial services, being socially aware and having social relations derived. SHGs have socially benefited the members to a large extent.

H01 : There is no significant difference in the perception that SHGs have economically ,and socially benefitted the members across the time of association between them .

**Table-4**

Time of association with SHGs	Calculated Chi-square value	Df	Accept/reject
Effect of SHG	29.854	6	Rejected
Economically benefited by SHGs	7.899	8	Accepted
Socially benefited by SHG	18.497	8	Rejected

**Interpretation –**

The null hypothesis has been rejected in almost all the cases of economic benefits from SHGs indicating no significant difference in the perception that time of association with SHGs have economically benefited the participation of SHGs. In all the other cases, the null hypothesis has been rejected indicating a significant difference in the perception towards the benefits derived social y from membership of SHGs.

**NORMAL PRACTICES OF SHGS:**

The variations in practices at SHG level have been spurring innovations in terms of products, systems and methodologies and encouraging new standards in SHG promotion and practices; nevertheless it has brought lot of incongruity in the established practices. However, from the present study in selected Development Blocks in Tirunelveli dis-

tricts, it is observed that each and every SHG are performing some common practices which are depicted in as below (Table 6).

Sl. Nos	Details of Quality Assessment Parameters	Normal Practices
1.	Group Meetings	SHGs take it as a rigor to meet frequently.
2	Subsidy dependence	SHGs deriving more subsidies and more and more are moving on towards subsidy regime.
3	New financial services	SHGs are comfortable only with credit and savings and consider other services as not falling within the mandate for which they etc., and need not directly deal with such are established.
4	Affiliation to federation	SHGs remain, as stand-alone piece without any affiliation to SHG-upstream like clusters/ federations and more often feel their role will be limited in a federal set up
5	Inter group lending	SHGs do not lend to other groups as a matter of policy though more of idle funds are locked an up within SHG, as the scope of lending within the group is limited beyond certain extent.
6	Rotation of leadership	Rotation of leadership is seriously taken, with the result clients with poor leadership qualities come to manage the SHGs very often on turn basis
7	Multiple membership within the family	Sometimes, promoters find it easy to include members from the same family for easy management of groups.
8	Common economic activity	Common economic activity is preferred in some cases like SGSY groups due to project compulsions.

**Source: Self compiled**

**SELF HELP GROUPS IN TAMILNADU STATE:**

In 1991-92 the National Bank for Agriculture and Rural Development (NABARD) launched the SHG – Bank Linkage Programme.Before that, between 1984 and 1985, MYRADA, a nongovernmental organization engaged in rural development which was based in Karnataka<sup>8</sup>, promoted several co-operatives which broke up into several small

groups and these are the genesis of the first SHGs, on that times they were referred as Credit Management Groups, with a focus on the management of credit.

#### FINDINGS:

To analysis Self Help Groups in socio economic development of rural women's in Tirunelveli Districts-Tamilnadu. In order to measure the performance of SHGs in Tirunelveli district, various factors such as homogeneity, regularity in conducting the meetings, regularity in attendance, repayment performance, decision on financial transactions, utilization of common fund, increased rate of savings, awareness of rules and regulations, and maintenance of accounts have been taken into account.

In terms of contribution, most SHGs provided soft loans, purchased goods, constructed houses and paid fees for their members making women groups as significant contributors to social and economic development in Tirunelveli-District,Tamilnadu Indian County.

#### CONCLUSION:

Today, in India the role of Self Help Groups in the rural development has attracted attention from all over the realm of social sciences. Hence, the study is placed to evaluate the SHGs important role in increasing rural development of Tamilnadu state,Tirunelveli-District. Time association had got a significant impact on the benefit derived from SHGs. Greater the time of association; greater are the benefits derived. Joining after SHGs has helped in the significant

reduction of poverty, have made the women members feel more independent; has increased their standard of living. All of them agreed that there was an increase in the monthly savings after joining SHGs and greater was the time of association greater was the monthly savings and increase in the living standard. All the members accepted that they were economically benefited after joining SHGs. And these benefits also increased as the time of association increased.Though there was a difference in the perception regarding the social benefits derived from the membership of SHGs, Most of them did agree that the time association with SHGs increased the sense of social security and created social awareness among the women members. The major findings in the study justify the greater role played by the SHGs in increasing empowerment of women, by making them financially strong, as well as it helped them to save some amount of money and invest it in further development.

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