



SELF-HELP GROUPS AND CAPACITY BUILDING OF ITS MEMBERS IN HATHRAS DISTRICT OF UTTAR PRADESH

Mridula Singhal¹, Ph. D. & Upasana Singh²

¹Associate Professor, Department of Applied Business Economics, Faculty of Commerce, Raja Balwant Singh College, Agra, U.P. India E-mail: mridularbs@gmail.com

²Research Scholar, Department of Applied Business Economics, Faculty of Commerce, Raja Balwant Singh College, Agra, U.P. India E-mail: icsrajupasana@gmail.com

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Abstract

Self-Help Groups (SHGs) have proved to be an effective instrument in India to address the problem of poverty on the one hand and also empower women on the other. The main aim of this paper is to know the aspects of capacity building of self-help group members. It is expected to empower women economically and also socially in terms of, say, fighting for their rights, fighting against the social evils like gender bias, child labour, violence against women, secondary status assigned to women, dowry and crimes against women. It is true that the overall empowerment depends on the economic empowerment and as such women primarily concentrate on savings and then they extend their coverage to various other aspects including health, nutrition, environment, forestry, and agriculture. By providing independent sources of income outside home, micro-credit tends to lessen economic dependency of women on their husbands and thus help improve autonomy. Micro-credit programmes, by providing control over material resources, raise women's prestige and status in the eyes of their husbands and there by promote inter-spouse consultations. Medium levels of economic development have occurred through such change as there is more independence now than before. There is capacity building of SHG members as in aspect of changes in women's mobility and social interactions; changes in women's labour patterns; changes in women's access to and control over resources and changes in women's control for decision-making. The micro-finance contributes to many developmental aspects among women. It has been realized from the study, as well as from other case studies which have been done in different districts of Uttar Pradesh, that it has resulted in significant increase in income among women from their own economic activities; enabling women to have control over their earnings, especially giving them a choice over the use of such income; enabling women to negotiate and bring out an improvement in their well-being within the household; and enabling women to form or support a networking, which helps them in protecting their person and collective interests at the micro levels and macro levels.

Keywords: Self-Help Groups (SHGs), Women Empowerment, Micro-Credit, Economic Changes,

Capacity Building.



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INTRODUCTION

SHGs are performing applaudable in the field of micro-finance and has been increasing at great pace in rural areas, in all states of India. Initially southern states were performing better but now north-eastern states are also coming in main stream of performing best functioning of SHGs. Uttar Pradesh is also performing better as it ranks 4th by having 5,57,341 total number of SHGs. SHGs act as a pivotal tool in empowering rural poor women economically as well as socially. Micro-finance, through the way of SHGs have played an important role in improving the living condition of poor by solving their major issue of unavailability of micro-credit to fulfill their basic needs.

These groups have a common observation of need and impulse towards collective action. Many of these groups got formed around specific production activity, promoted savings among members, and use the pooled resources to meet emergency needs of the members, including consumption needs. SHGs were able to mobilize savings from the poor, who were not expected to have any savings, and could also recycle effectively the pooled savings among group members, it succeeded in performing banking services to their members. SHGs involvement with banks could help in overcoming the problematic high transaction costs in giving credit to the poor, by laying some banking responsibilities regarding loan appraisal, follow-up and recovery to the poor themselves. SHGs are considered as a special and effective model of providing micro-finance so that poverty can be eliminated through the active participation of rural and urban poor women. This model is working effectively in making rural women empowered.

OBJECTIVES OF THE STUDY

The main objectives of the study are:

- To study about SHGs and women empowerment.
- To study challenges faced by women.
- To examine and assess the socio-economic conditions of the members of the SHGs of Hathras District.
- To suggest ways and means of improving upon what has been built so far.

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RESEARCH DESIGN OF THE STUDY

The present research has depended on both the primary source of data collected from 100 respondents of District Hathras, Uttar Pradesh and secondary source of data from websites, magazines and journals. The methodology used in the study is an integrated methodology, where traditional schedule-based data collection and processing is integrated with the modern statistical as well as qualitative analysis. The percentage method has been used to analyses data.

SELF-HELP GROUPS

Self-help group is an informal association of people who join together to find ways to improve their living condition. These groups are peer controlled and self-governed, here people of similar social and economic background come together to solve their economic and social problems.

The emergence of SHG in India has been traced back with the establishment of SEWA (Self Employed Women's Association) in 1972. In 1992 NABARD has also started its pilot project named SHG-Bank Linkage Project, by which SHGs were linked to banks and were provided with micro-finance, which even today is world's largest micro-finance project.

NABARD along with RBI is allowing SHGs to open their group's saving account in banks from 1993 onwards, by which they can avail the facility of micro-finance provided by NABARD. The self-help group has been well-defined by the NABARD as a group of people from a homogeneous class approximately 20 in number who come collected for addressing their common difficulties. They are encouraged to make voluntary thrift on a consistent basis. They use their pooled resources to make small interest-bearing loans to their members. The process helps them imbibe the prioritization and ranking of needs, fixing terms and conditions, and maintaining the accounts. This gradually creates financial discipline in all of them. They also learn to handle resource of a size that is much beyond individual capacities of any of them. The SHG, in certain multiples, accumulate savings. The bank loans are given without any collateral and at the market interest rates. The groups continue to choose the terms of loans to their own group members.

COMMON CHARACTERISTICS OF SELF-HELP GROUPS

The following are the characteristics common for all the SHGs:

- Each group must have 15 to 20 members.
- Members of the groups live below poverty line.

- Each SHG has alike interests, common occupations, social heritage, homogeneity, and affinity.
- Each group creates self-help, awareness, and economic and social empowerment to the poor.
- The self-help group inculcates thrift and savings habit among members.
- The SHGs have full support from the Government as well as Non-Government Organization.
- Each group maintains simple records and documents, which exhibit meetings, savings and expenditures and such other extra-curricular activities.
- Each group has principle of collective leadership and mutual discussions.
- Each group gets loans at micro-level from banks and some social service organizations.

In the midst of the women groups, a sense of 'We for Ourselves' is cultivated. For social development, the emphasis is on to improve their living standards and also to make them capable of decision making; improve the skill of the women folk; satisfy the needs of the members among themselves; totally eliminate the atrocities against women by imparting education among the women members; and participate in the village administration. For skills improvement, the members are expected to increase the skill development in financial management; minimum required practical education; acquire and improve the technical skills; impart self-confidence; organize themselves as a disciplined and integrated group; and acquire oratorical and leadership qualities. These developments can take place in the short span of time in context of economic empowerment whereas, social empowerment would take long period of time to realize.

CLASSIFICATION OF SELF-HELP GROUPS

The SHGs are classified, generally, into five categories and are defined as follows:

- **SHGs Formed and Financed by Banks**

These are SHGs formed directly by the banks and the banks themselves act as Self-Help Group Promoting Institutions (SHPIs) in forming and nurturing groups, opening their savings account and providing them with bank credits.

- **SHGs Formed by NGOs, and Formal Agencies but the Banks Directly Finance them**

These are called as NGO-facilitated SHGs. They appear to be the most popular model amongst the bankers. Under this model, the NGOs and formal agencies in the field of micro-finance act as facilitators. They spread the message, groups are organized, training

is given to them in thrift and credit management and nurture them over a time period. The banks in due course link these groups by directly providing loans to them. More than 70% of these SHGs are linked through this model.

- **SHGs Financed by Banks Using Financial Intermediaries like NGOs**

In this model, the NGOs take on the dual role of financial intermediaries and facilitators. They help in the formation of the SHGs, nurturing them, training them in thrift and credit management. Eventually, the NGOs approach banks for bulk loan assistance or lending to these SHGs

- **NGO-Guided but Self-Supporting SHGs**

This category of SHGs is totally formed and assisted by the members of the group, neither having any support or assistance from banks nor from the NGOs. By observation, these groups have been initiated by women themselves but were guided by the local NGOs and their functions are more similar to other models mentioned above.

- **Completely Self-Supporting SHGs**

Another category of SHGs, which are very rarely found, but are operative in some areas of the State are the SHGs formed and initiated by the NGOs and also guided by them on the rules and regulations and accounts to be maintained. In this model no financial support either directly or through the linkage with banks is arranged but only the savings of the members is used for internal lending as well as for starting enterprises. In all the five SHGs mentioned above, this category seems to be different, self-dependent and accordingly may be encouraged. However, by not getting any external support, the size of the enterprises initiated may be too small and expansion may not be possible as well.

ROLE OF SELF-HELP GROUPS IN WOMEN EMPOWERMENT

Nearly half the population of India is of women and most of them are rural based. Empowering them has started through SHGs. The real empowerment would be only when they withstand the entrepreneurship in the long run too without depending on any other financial body. Effective women entrepreneurship may not only provide employment opportunities, but it also adds confidence, self-reliance, better living, empowerment and in turn better India. Women's equality in active participation and power sharing in decision making at all stages must be confirmed for the accomplishment of the targets of women empowerment. Since women comprise the majority of its population below the poverty line and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination,

necessary support measures specifically address the needs and problems of such women. Several thousands of Self-Help Groups (SHGs) have been formed within a closed group and enhance women's access to micro-credit for consumption and production in India. SHGs are playing a major role in empowering women by bringing them in the mainstream of economy by providing micro-finance. Empowerment of women is mainly achieved when they are empowered socially, economically, and politically. The three types of women empowerment are:

- **Economic Empowerment**

Women are economically empowered when they are assisted to involve in a productive activity that permits them some degree of autonomy. This type of empowerment is also concerned with the quality of their economic involvement, beyond their presence or as poorly paid workers and as participants in development.

- **Social Empowerment**

This is a process of obtaining information, knowledge, and skills; and promoting participation of women in social organizations without any discrimination of gender in day-to-day activities. It is also concerned with developing a feeling of equality in place of subordination among women.

- **Political Empowerment**

It is concerned with enhancing the power of voice and collective action by women. Besides, it confirms equitable representation of women in decision-making structures, both informal and formal, and reinforces their voice in the formulation of policies affecting their societies. As inequality in gender is rooted in a series of systemic inequalities, there is a requirement to employ different types of empowerment. Thus economic, social and political empowerment is all inter-related and all these are crucial for women empowerment, though the emphasis vary during different stages in the empowerment process.

ROLE OF WOMEN EMPOWERMENT IN HOUSEHOLD ECONOMIC DEVELOPMENT

There are two rationales for assisting active policies to encourage women:

- The first is that equity is valuable and as women's condition was worse-off than men, this inequality between genders is repulsive in its own right. For instance, in the United Nation's 2005 Millennium Development Goals (MDG) report, Kofi Annan,

the Secretary General of the United Nations, writes: “The full participation of women to all levels of decision-making is a basic human right.”

- The second, a central dispute in the discourse of policymakers, is that women play a vital role in development. The gender gap in education, political involvement, and employment openings should therefore be condensed not only because it is unbiased to do so, but also because it will have advantageous consequences on many other society-wide outcomes. It should be done to increase efficiency. Accordingly, in the same report, Kofi Annan argues that equality of gender is in fact a “prerequisite” to accomplishing the other MDGs. The stance that women empowerment is desirable for efficiency shapes both the policy debate and the resultant economic policies worldwide. Micro-credit schemes, for instance, have been focused almost exclusively on women, since, it is argued, women invest the money in goods and services that advance the well-being of families, in goods that are conducive to development.

ROLE OF SELF-HELP GROUPS IN SOCIO-ECONOMIC DEVELOPMENT

Self-Help Groups (SHGs) have proved to be an effective instrument in India to address the problem of poverty on the one hand and also empower women on the other through engaging them in productive activities. It is not only expected to empower women economically but also socially in terms of, fighting for their rights, fighting against the social evils such as gender bias, child labour, violence against women, secondary status assigned to women, dowry and crimes against women. It is true that the overall empowerment depends on the economic empowerment and as such women primarily concentrate on savings and then they extend their intervention and coverage to various other aspects including health, nutrition, environment, forestry and agriculture. Hence, several women empowerment programmes are now primarily based on the SHG concept though strictly all of them do not follow the same method.

A self-help group is also well-defined as a voluntary group respecting personal interaction and mutual aid as means of changing or ameliorating issues perceived as alterable pressing and personal by most of its group members. Since the groups own collected savings, which are a part and parcel of the cumulative loans given by the groups to their members, peer pressure guarantees timely payment settlements. The perspectives given here are from a generic understanding of the SHGs and Socio-Economic Development of SHG members of Hathras district.

CHALLENGES OF WOMEN

The women in India face several challenges. Due to male dominant society- illiteracy, low technical skills and unavailability of resources mainly financial resources are the main challenges in front of rural poor women. Police records also show high incidence of crimes against women in India. Several crimes like sexual harassment, dowry, child marriage, domestic violence and trafficking are a few of those. The average female life expectancy in India today is low compared to many developed and even developing countries. In many families, especially rural/semi-urban, the girls and women face nutritional discrimination within the family and are malnourished. The discrimination in education, land and property rights are a few other challenges that the SHGs of women are rallying against.

Women empowerment has challenges due to their daily obligation to household chores and requires looking after family. Government of India, since independence is trying to encounter these challenges and doing their best to bring women in the mainstream of development and make them empowered because it is very important for any nation to be its women empowered and have their contribution in the nation's development.

FINDINGS OF THE STUDY

The discussion below is on the findings of the present study. The findings and conclusions are thus the perspectives gained from the analytical results of the simple frequency and percentage analyses of data on women of the SHGs in Hathras District on whom study has been done and also the factor analytical results of two specific datasets, 15 variable items have been scaled on women of the SHGs.

Socio-Demographic Characteristics of SHG Women Households

- **Sample Respondents:** Varying numbers of women members have been interviewed for the study in order to gather information on the characteristics of the self-help groups operating in different panchayat of Hathras District, 5 to 10 members from each SHG like (Shree Krishna SHG, Jai Lakshmi Maa SHG, etc.) have been interviewed.
- **Age Groups of SHG Women:** The women of the SHGs represent age groups, from more than 20 years to less than 60 years, although the youngest of the women interviewed is 20 years old and the oldest is 55 years old. Nearly 80% of the women interviewed belong to the middle-aged segment of 31 years to 50 years 15% respondents were of age between 20 years to 30 years and only 5% were of age 51 years to 60 years.
- **Occupations:** Agriculture employment in own land (Sowing, transplantation, weeding,

fertilizer application etc.) and also engaged in animal husbandry accounts for 60%, self-employment (tailoring, constructional help etc.) accounts for 20%. Next to these, women work as maid servants in the neighborhood households 10%, wage laborer's 5%, members engaged in food, vegetables and other goods sellers are 5%.

- **Education:** About 32% of respondent have only lower primary education (1-5 grades), while about 20% of them have completed upper primary education (6-8 grades), 18% of them have completed secondary school (9-10 grades) and 15% have done higher secondary school education (11-12 grades). negligible proportion of the women members i.e. 4% have done their graduation or any other technical education and 11% of them were illiterate.
- **Family Size:** The members of women SHGs report of having either small families (1-4 members) 20% or medium families (5-6 members) 70%, and members having family size of (above 6 members) 10%.
- **Repayment of Loans:** Repayments range from Rs. 100 to as much as Rs. 500 in most cases, although a majority may be repaying less than Rs. 300, for loan repayments beyond Rs. 500 a month could be problematic for the households as well as for the SHG they are part of. Nearly 35% paid Rs. 100 to Rs. 200, while 25% of the women of the SHGs repaid Rs. 200 to Rs. 300 on a monthly basis, while 10% repaid Rs. 300 to Rs. 400, 10% member repaid Rs. 400 to Rs. 500 and merely 9% repaid more than Rs.500, while only 11% repaid less than Rs. 100.
- **Investments by SHG Women:** While investments before the SHGs ranged from Rs. 100 to Rs. 2000, the same tended to be between Rs. 100 and Rs. 3000 after the SHG membership. About 60% of the women before and 40% of the women after reported an investment of less than Rs. 1000. On the other hand, the investment amounted to Rs. 1000 - Rs. 2000 for 20% before and 30% after. Just about 20% of the women members reported investing between Rs. 2000 - Rs. 3000 before joining SHG, and 30% women invest up to Rs. 2000 – Rs. 3000 after joining the SHG.
- **Savings in Banks:** A majority of 56% before joining group have reported no savings in the banks. Their savings during the two time periods ranged from Rs. 100 to Rs. 2000. Those saving less than Rs. 500 accounted for 28% before and 45% after joining SHG; of those saving between Rs. 500 and Rs. 1000 amounted to 10% before and a slightly higher 30% after; of those saving Rs. 1000 to Rs. 2000 there was 6% before and a

relatively 25% after joining SHGs.

- **Reasons for Joining SHGs:** Family needs, the reason for joining of SHG members were 23%, to improve their family socio-economic conditions were 34%, unemployment 20% and poverty 23% for the rest of them. It is primarily the socio-economic situation of the women households that necessitated the joining in the SHGs.
- **Main Functions of SHGs:** For nearly 70% of them perceived the main function of their SHG as income for livelihood while 20% do only group savings, 10% are engaged in sale of SHG products.
- **Capacity Building:** 54% of the women members had undergone training as an agriculture Sakhi, to make them learn how to produce more although having less agriculture land. While 10% of the women members had undergone training in art and skills, 20% of women had undergone training in tailoring and 10% of them in embroidery. About 6% of them had undergone training in other areas of livelihood and income generating activities, under other strategies for empowering women.
- **Credits:** Majority of women i.e. 85% took loans from the SHG as well as banks, 5% of them from other micro-finance lending organizations also, 10% of them from SHGs. All women members of the SHGs have thus been beneficiaries of the credits available for them for livelihood and income generating activities.
- **Loans:** Exactly half of them 51% had to wait for 6 months for the loan approval. 17% wait for 6 to 9 months, 25% wait for more than 9 months, and 7% of them wait less than 6 months. Loans thus take considerable time for approval and sanction.
- **Purpose of Loans:** The purposes for which the money has been borrowed had differed, 30% of them had borrowed to tide over the price rise of commodities, about 39% for investing in cattle for making a reasonable income, 16% of them for their children's education, to meet fees payments, and about 15% of women for other reasons.
- **Repayments:** A personal verification of the bank pass books of some of the women members, 70% have confirmed that the women members of the SHGs repay their loans promptly. Some of them 21% have also indicated that even if there were some delays in repayments, they have made up for the delays and have cleared their loans in time. Only in 9% cases, the SHG has taken the responsibility of collecting the money and making the repayments. Most of them have been regular in their repayments to local lending institutions, and also to SHGs.

Social and Economic Changes of SHG Women

- **Perceived Social Change:** Overall a large majority of women of the SHGs perceive development and/or change achieved in their households is high in regard to development of personality (73%), development of leadership qualities (71%), increase in outdoor activities (70%), independent than before (75%), family members accepting decisions of women members (68%), increase in respect for women of the households among the family members (67%), life better than before (62%) and increase in self-confidence among women members (75%).
- **Perceived Economic Change:** The women of the SHGs have perceived economic change in their households as being high. Household economic development has occurred in their households in regard to reduced poverty and hardships (60%), reduce dependence on the spouse/husband (70%), improved economic status now than before becoming the members of SHGs (72%), savings through SHG (100%), ability to pay for children's education (70%), savings through banks (69%), and ability to contribute to family income (62%).

Women have also perceived medium levels of economic development/change in their households and such women constitute in reducing dependency on spouse/husband and have increased in ability to contribute to household income.

CONCLUSION

Considering the above findings, we come to conclude that majority of the SHG's member are active and mature participants and 52% of them are having primary education, which help them in maintaining their records, and about 11% percent of respondent are illiterate. 60% of the respondents are engaged in agriculture and animal husbandry activities and stand along with men of their family in generating income. SHG members are showing great response in saving, investing money in proper way, availing loan and in timely repayment of their loans. The above findings also reveal that participation of rural women in SHGs have been fulfilling the dream of women empowerment socially and economically to a large extent.

Suggestions for Community and Policy Makers

There are a number of ways by which women's empowerment and financial sustainability could be improved:

- Repayment schedules and interest rates maximize the impact on incomes.
- Registration of assets used as collateral or purchased with loans should be in women's

names or in joint names.

- Incorporating clear strategies for women's graduation to large loans.
- 'Multiple choice' options based on participatory consultation including loans for new activities, health, education, housing and so on.
- Range of savings facilities, which include higher interest on deposits with less restricted access is also needed.

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