

# Women Empowerment through Self -Help Groups in India – A Comprehensive Literature Review

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## Abstract

India is a developing country with high ratio of Rural Population and high Masculinity index. If we look into the History, it has been founded that Male have more authority and power compare to the Woman and this practice is still continue in some areas of the Country. Government is continuously focusing on the Development by promoting several schemes for it. SHG is the Scheme launched by National Rural Livelihood Mission which emphasise on the Development of Rural poor through the Empowerment of Women. In this Review Paper we have tried to study different results related to women Empowerment through Self-Help Group in India. Additionally, it has been tried to understand different definitions of SHG and its importance also. The Literature says that Self-help Group is a group which is working for betterment of its members in terms of Economic, Social, Educational and Political level. SHG bank Linkage Programme is important to include the rural and excluded people into the financial system. It can contribute to the total Savings of the country which ultimately increase the Lending rate and funds can be utilised for development purpose. So, the development of the country can be improved by reducing the unemployment and poverty in the Country.

**Keywords:** Self - Help Groups, Women Empowerment, Economic Empowerment, Social Status, Political Empowerment.

## 1. Introduction

Developing Countries are facing several issues like illiteracy, poverty, unemployment, inflation. Particularly rural areas have very serious issues regarding social, economic and overall development. To solve the problems of the developing countries, nation should focus on increasing savings and credit creation of it. Through credit creation country can solve the problem of poverty and unemployment to some extent. Developing country may have less education and awareness about the savings and its benefits. So here microfinance can work better. In the concept of self - help group, the members have to save regular amount in group and can easily get loan without any security whenever he/she requires it. In this review paper, it has been tried to find out the concept of SHG, its implementation in several areas of India, its impact on the life style of people, Functions of SHG, its social and economic impact on the life of SHG members.

To understand the concept of SHG and its impact, several research papers has been studied. It has also been tried to understand the barriers and supportive functions for implementing the bank linkage programme of SHG.

## 2. Definition of SHG

Self-help Groups (SHGs) are unstructured organizations where people join to discuss how to improve their living circumstances. They generally exercise self-discipline and peer control. People from similar social and economic backgrounds frequently work together with the assistance of any NGO or government organization to address their problems and enhance their quality of life.

The concept of Self-Help Group has been derived based on the concept of unity is strength. Generally, there are 10 to 20 members in Self-Help Groups. In the initial stage of Self-help group, it was not registered group. Firstly, people together and made informal group who are collecting savings from all members and internally lending whenever required to the group members. by N(National Bank for Agriculture and Rural Development A HANDBOOK ON FORMING SELF-HELP GROUPS, n.d.)

(Akshaya Kumar Nayak, n.d.) 2015 has mentioned in his research that SHGs in India are small, economically homogeneous (same income group) & affinity groups of poor people. These people will save regularly and lend money to the members without collateral security and with lower interest rate compare to the market rate.

(Saraswathy Amma, 2019) has conducted study to understand the structure and economic activities of Self-Help Group in Kerala. They have studied that maximum members are between 40-to-50-year age and concluded that their borrowing has not been used for productive purpose. It may be because of lack of availability of appropriate training to them for starting their own business.

According to ALOYSIUS P. FERNANDEZ, “The self-help group is not a static institution, it grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private spheres.”

(Midya, Hota, & Das, n.d.)2021 have been stated in their research that SHG refers to small group of people , who face similar problems and help each other to solve their problem and ultimately improve their standard of living.

Dr. Ravi and Prof. Jayasheela (2018) have defined the term Self-help as “Self- help is one of the most fascinating aspects of rural development. It is a dynamic process that transcends the narrow boundaries of any given aspects of development. Self-Help is a fundamental tenant of recent expanded strategies of basic needs and self-reliance. SHG is a group formed by the community women, which has specific number of members like 15 or 20. In such a group the poorest women would come together for emergency, disaster, social reasons, economic support to each other have ease of conversation, social interaction and economic interaction”

So, we can say that every self-help group typically experiences the following three stages of evolution:

- emergence of a group
- Capital Formation or Funding
- building the necessary abilities to increase the group's ability to generate income

### **3. Importance of SHG**

Lack of or restricted access to credit and financial services is one of the main causes of rural poverty. The Rangarajan Committee Report outlined four key causes for India's lack of financial inclusion. These are:

- unavailability of collateral security
- inadequate ability to absorb credit
- Institutions' limited influence
- Ineffective community network

It is now understood that the presence of strong community networks in Indian villages is one of the most crucial factors in credit linkage in rural areas. SHGs play a critical role in helping the poor gain access to finance, which is vitally important in reducing poverty.

SHGs enable women from economically deprived regions establish social capital, which further contributes to their crucial function in empowering women via achieving financial freedom.

(Lahiri-Dutt & Samanta, 2006) The empirical survey was done over a period of two years in Burdwan, a relatively rich agricultural tract located in eastern India. We argue that whilst the ‘group’ has inherent benefits, it must never be allowed to become the paradigm in developmental policies for women.

(Sarangdevot & Soni, 2018) have studied on the topic “Significance of the self - help groups: a critical evaluation” The objective of the study is to evaluate the role of Self-Help Groups in socioeconomic empowerment of rural women and also to assess and analyse the changes, that arises in the socio-economic, cultural, and behavioural status of the rural women members after involvement in the SHGs. It has been concluded that SHG are contributing in making revolutionary changes in economic conditions, social status, decision making and increasing women participation in outdoor activities.

(Dr Ravi, 2018) have concluded that self-help group in India have been one of the most important phenomena in the aspect of development of people who are deprived of status in the society.

### **4. Women Empowerment Perspective through SHGs**

Women's empowerment (or female empowerment) can be defined in a number of ways, such as accepting women's viewpoints, making an effort to find them, and improving the status of women through education, awareness, literacy, and training. Women's empowerment empowers and enables them to make life-changing decisions through various societal issues. They may also have the chance to redefine gender roles or other such roles, giving them more freedom.

The economics and development disciplines nowadays often talk about the empowerment of women. Women who are economically empowered can manage their resources, assets, and income according to their advantage. In addition, it enhances women's wellbeing and their capacity for risk management. Although the terms are frequently used interchangeably, the more inclusive idea of gender empowerment refers to individuals of any gender and emphasizes the contrast between biological and gender as a function. Through literacy, education, training, and awareness bringing up the status of women is strengthened. In addition, the term "women's empowerment" references to women's increased autonomy to make wise life decisions.

(Ahmed, Nayamath Basha, Head, & Azad, n.d.-a, n.d.-b) 2014, have studied the role of self - help groups in women empowerment and concluded that SHG has the potential to change the scenario and it empowers the women in different dimensions like economic, relational, psychological, managerial and political.

(Bali Swain & Wallentin, 2012) have done research on factors empowering women in Indian Self Help Group Programs. They have developed the structural equation model and concluded that economic factors have the greatest direct impact on empowering women. This confirms that programs such as SHGs, which focus on the income generation by women in low-income households, have the double advantage of leading to an improved economic situation of the respondent and being the most effective factor in empowering women.

(Anand, 2018) in his research mentioned that women who were ignorant and uneducated have become health aware, children's education, food nutrition and family planning after joining SHG. Small saving of SHG member is very important for their economic crisis. SHG also develops the leadership qualities in women.

(Midya, Hota, & Das, n.d. 2021) have done research on "Empowerment of women through Self Help Group: SHG Participants' perception about enhancement of their capacity". They have considered four perspectives for measurement of Women empowerment i. e. Educational, Economic, Social and political aspects. Based on the primary data from Bhadulia Village of West Bengal, it has been observed that those members who are from very backward background feels more empower and regular interaction with group members has developed a sense of group solidarity and identity and so raised the Social Status.

(K. Harika, 2020) have done research on Women empowerment through Self Help Groups in three dimensions (Socio, Economic and Political): An empirical Study of Andhra Pradesh. Based on the primary data from 600 household from 13 district of Andhra Pradesh, it has been concluded that old self help group feels more empowerment compare to new self-help groups.

(Meena, 2020) conducted research on "Opinion, Reasons and Benefits of joining SHG in tribal sub plan Region of Rajasthan- An evaluative study and have concluded based on major findings that members of SHG have benefitted by joining SHG like easiness of accessing credits, empowerment of members and increase mutual Co-operation.

(Nath & Unnayan, n.d.) studied on the topic "Synergistic effect of women participation in SHG and Public Representative -an interface of achieving women empowerment in rural India". This study is more focusing on political empowerment of SHG members. Based on the primary data collected, it has been concluded that for achieving Women Empowerment at least minimum number of interactive sessions are suggested between the women Representative and higher-level officials without social barriers.

(N. Kumar & Kumar, n.d.) have studied on the topic "Comparative study of effects of Self- Help Groups on women empowerment- Evidence from JEEViKA" (The Bihar Rural Livelihoods Promotion Society, also popularly called JEEViKA). The Average Women Empowerment Index has been derived from the research. The Average Women Empowerment Index is the weighted average of six dimensions namely, self-confidence, opinion of economic rule, personal autonomy, household decision making, group participation and decision making, and mobility and communication level. The AWEL is high for SHG women compare to non-SHG women.

(Kumar Srivastava Research Scholar, J Abdul, & Roy Mondal Research Guide, 2021) have studied on "Role of Self-Help Group In Socio Economic Development Of India" and concluded that SHG Programme clearly plays a central role in the lives of the poor. The programme in various blocks all seem to be very successful in reaching poor clients.

(Prema, 2018) "Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women's empowerment is a process in which women gain greater share of control over the material and human resources, knowledge, financial freedom, (access to money and control over money) the decision-making ability at home, community, society, nation and gain empowerment." It has been tried to found out whether the SHG concept is successful for Women Empowerment or not. Base on primary data and regression analysis, 77 % of the respondent have got employment through SHG.

Sr no	Author Name & Year	Different Perspectives for Women Empowerment
1	(Ahmed, Nayamath Basha, Head, & Azad, n.d.-a, n.d.-b) 2006	Economic, Relational, psychological, Managerial, Political
2	Bali Swain & Wallentin, 2012	Women's Empowerment, Economic, Autonomy, Network, Communication and awareness, Social Attitude, Education
3	Anand, 2018	Health Awareness, Children Education, Food Nutrition and Family Planning, Develop Leadership Quality
4	(Midya, Hota, & Das, n.d. 2021)	Educational, Economic, Social and Political
5	(K. Harika, 2020)	Socio, Economic and Political
6	(Meena, 2020)	Easiness of accessing credits, empowerment of members and increase mutual Co-operation
7	(Nath & Unnayan, n.d. 2023)	Focused on Political Empowerment
8	(N. Kumar & Kumar, n.d.)	Average Women Empowerment Index (consist six dimensions namely, self-confidence, opinion of economic rule, personal autonomy, household decision making, group participation and decision making, mobility and communication level
9	(Kumar Srivastava Research Scholar, J Abdul, & Roy Mondal Research Guide, 2021)	Savings & Financial Decision making, Access to Credit, Employment, Decision making within the household, Self Confidence among the members, Social Empowerment
10	(Prema, n.d.)	Measured perception towards positive features of Economic empowerment through Availability of skilled man power, Minimum capital investment, getting loans in bank is a great difficulty, Huge market potential, Threat of unemployment, Advice from family member, Encouragement from NGO, Employment opportunity for the family

## 5. Barriers for SHG

Lack of Knowledge- SHG members lack the required knowledge and orientation to choose viable and successful livelihood options.

Patriarchal mindset - Women are deterred from joining SHGs by outdated thinking and societal duties, which reduces their economic opportunities.

Lack of rural banking facilities -There are about 6 lakh villages and about 1.2 lakh bank branches. Additionally, due to the continued high cost of servicing, many public sector banks and microfinance organizations are unwilling to offer financial services to the underprivileged.

Sustainability- There has been a lot of discussion about SHG sustainability and operational quality.

No Security- There is no security because SHGs rely on member confidence and trust. The SHGs' deposits are neither secure nor safe.

Only a small percentage of Self-Help Groups are able to progress from a microfinance to Corporate Finance

(Ballem, Mohammad, & A, 2012) have done research to find out the problems faced by SHG. Based on the focused group discussion with the SHG members and non-members, following result about various problems has been measured in percentage.

No	Reasons for not joining SHG	Percentage
1	Staff did not approach or support	54%
2	Newlyweds (lack of freedom and documentation)	46%
3	Lack of Awareness	38%
4	Migration (temporary stay in cities)	23%
5	Existing SHG members did not agree	15%

source: (Ballem et al., 2012)

(Ajith KumarK, n.d.) have done research on “The problem faced by Self Help Group engaged in Entrepreneurial activity in Palakkad District of Kerala” The group's discussion and interview revealed that there are issues with the economy, infrastructure, and interpersonal relationships. The group's main issue is the lack of moral support from the general public, and as all of the members are women, there is client harassment by delayed payments, inadequate payments and criticism of product quality.

(A. S. Kumar & Kavithasri, 2017) have studied on the topic “Problems faced by the members of self- help groups with special reference to Thimmampalayam area in Coimbatore district”. Is has been concluded that to find out a solution for the issues faced by SHG members becomes necessary for society and the government. Additionally, state government and nonprofit Governmental institutions including banks, NABARD, and other banks and financial institutions have acted on the issues and overcoming the challenges of formal education assistance, leadership qualities, a bigger loan amount, and a better team building energy, etc., and delivering different kinds of rewards and financial support for all members.

(Gupta, 2020) has done research on “Self-help Group: the challenges faced and strategies to overcome them: A case of Punjab”. There has been categorized challenge faced by the SHG like Financial challenges, psychological challenges, Social Challenges, Marketing Challenges, Legal Hassles, Education and Literacy level and Leadership as a challenge.

## 6. Supportive/Motivational Factors

Supportive or motivational factor means the elements or situation which can support, motivate, contribute or helpful for effective implementation of Self-help group bank Linkage programme in India. Motivational/supportive factors are very crucial for the development of SHG. If the implementing authorities focus on these factors, it will give better result for the sustainability of SHG.

(Dr. Gayatri Biswal, 2016) has studied on the motivational factors for formation of SHG and given order to all the motivational factors based on the primary data.

Contribution Rank for motivational Factors	
Variables	Contribution Rank
Family support	1
Available credit	3
Technology	4
4 Marketing support	8
Govt. support	7
Community support	2
Public program	6
Inclusion of non-farm activities	5
Unknown factors	9

(Poonam and Chhaya Shukla, n.d.) have concluded base on primary data collected from 90 members of SHG and concluded that the major motivational factors to join the SHG are desire to work independently, to spend time fruitfully, to be self – dependent and to improve the financial condition of the family.

(Mubeen Sultana, Sakthi, & Abdurraheem, 2021) have done research on “Factors encouraging Women Self-help Group members and their sustainable Development: Evidence from Tamil Nadu” and find out several motivational factors which can have positive impact over the development of SHG participations are Guidance from NGO, guidance from bank, adequate facility to save, rate of interest, no difficulties in repayment, government attentions.

## 7. Discussion

It has been found out that Women Empowerment of Self-help groups has been measured with Economic, Social and Political dimensions. (Ahmed, Nayamath Basha, Head, & Azad, n.d.-c; Kumar Srivastava Research Scholar et al., 2021; Midya et al., n.d.) The women empowerment has been considered by developing Average women empowerment index by N. Kumar & Kumar, n.d. The researches are also available about SHG and improvement in education levels. (Anand, 2018; Bali Swain & Wallentin, 2012; Midya et al., n.d.) The cultural factors with respect to self help group and women empowerment is the area which has been very less discussed and can be more highlighted by the researcher in future.

## 8. Conclusion:

Based on the Literature reviewed, we can say that self Help Group Scheme is the one of the best Scheme implemented by the Indian Government for financial inclusion and women empowerment by improving standard of living of SHG members. The country's Economic, social, political and educational area have a very significant impact of Self - Help Group. While discussing the research Paper of different parts of the Country, it has been summarized that SHG women member have more power for decision making, better social status, have increased the education level and can get equal chance for political participation in the country. So ultimately, can be said that the goal of women empowerment can be achieved for SHG members compare to non SHG members.

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