WOMEN’S PARTICIPATION IN ECONOMIC DEVELOPMENT OF INDIA THROUGH SELF HELP GROUPS (SHG’s)

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ABSTRACT

The role of women in economic development is most intimately related to the goal of comprehensive economic development and is a strategic question for the development of all societies. Any development strategy which neglects the need for enhancing the role of women cannot lead to comprehensive economic development. The economic contribution of women has been found to be related to her role and status in the society. The Self-help groups provide economic benefits to the women by providing income generating activities and increase in women’s income translates more directly into family well being. The SHG method is used by the government, NGOs and others worldwide. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self help groups. Self-help Groups have been playing considerable role in infrastructure development. The main aim of this paper is to examine the role of Self-help Groups in Economic development of India. Mostly secondary data is used for this analysis. It analyses the need of the study and the present status of self-employment in India, the concept of Self-Help Groups and the role of Self-Help Groups.

KEYWORDS: Economic Development, Economic Contribution, Self-help Groups, Infrastructure
INTRODUCTION

Definition: -“A Self Help Group is a group of 10-20 women or men who work for the capacity building of themselves. Their goal is to become effective agents of change. They serve as a platform to establish the banking with the poor which is reliable, accountable and a profitable business and also enable livelihood opportunities for village women through micro-credit with the existing banks in the area”.

The concept of SHG serves the principle, ‘by the women, of the women and for the women’. Self-help groups are voluntary associations of people with common interests formed to achieve collective social and economic goals. Such groups are organized for mutual help and benefit. It is formed democratically without any political affiliations. They may comprise of 15–20 women and/or men, although they generally consist exclusively of women members. In India, more than 90 per cent groups are formed by women.

The initial operations of SHGs start with collecting savings from members. These groups inculcate the habit of thrift among the members. By collecting small savings, huge amount can be raised. These groups advance loans to the needy members. The total funds owned by the group are thus circulated in the form of loan among the members.

A Self help group is a socially and economically homogeneous group of 12-20 poor people voluntarily coming together to achieve common goals. These groups start with savings and not with credit; the group then uses its savings to give loans to members to meet their emergency and other needs. The interest rates on the loans are market driven. The members decide on savings per member, maximum size of loans, guarantee mechanisms in loan sanction. Self Help Groups are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women. It is an important institution for improving the life of women on various social components. The basic objective of an SHG is that it acts as the forum for members to provide space and support to each other. SHGs comprise of very poor people who don’t have access to formal financial institutions. It enables its members to learn to cooperate and work in a group environment.
Poverty and unemployment are the major problems of any underdeveloped country, to which India is no exception. At the end of the ninth plan various schemes were implemented to reduce poverty and to promote gainful employment. But the more attractive scheme with less effort is self-help groups. They have been recognized as a useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of the poor through thrift. SHG is a medium for promoting the habit of saving among the women and to enhance the equality of status of women as participants, decision makers, and beneficiaries in the democratic, economic, social, and cultural spheres of life.

A Self Help Group is a registered or unregistered voluntary association of poor people of 10 to 20, from the same socio-economic backgrounds and it involves primarily in saving and credit activities. A SHG is formed independently without any political influences. It can be all-women group, all men-group or even a mixed group. However, it can be seen that over 90 per cent of these groups have only women members. The SHG provides not only a savings mechanism, which suits the needs of the members but also provides a cost-effective delivery mechanism for small credit to its members. These groups start with saving and not with credit; the group then uses its savings to give loans to members to meet their emergency and other needs.

OBJECTIVES OF THE STUDY

The proposed study is intended to carry out the following objectives in view:

- To study about the concept of self-help groups
- To study about women’s role in economic development of the country.
- To assess how can women promote India’s economic development through SHG’s.

METHODOLOGY

The study is analytical and descriptive in nature. Secondary data was used for the study. Secondary data required for the study are collected from books, journals, and other periodicals and reports of the Government and other agencies.
WHAT IS SELF-HELP GROUP (SHG)?

The concept of self help groups had its origin in the co-operative philosophy and the co-operators by and large, including the National Federations in the credit sector, could not think of any better SHG than a primary co-operative credit society itself. Self help group (SHG) is a village-based financial intermediary usually composed of 10-15 local women. It should be Registered or unregistered group of having homogenous social and economic backgrounds; voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment.

As SHGs are small and economically homogenous affinity groups of rural poor, they are voluntarily coming together for achieving the following.

SHG’S MOVEMENT IN INDIA

The Self-Help Group movement became a silent revolution within a short span in the rural credit delivery system in many parts of the world. It has been documented that nearly 53 developing countries including India, 88 have taken up this on a large scale. The Government of India is supporting the SHG movement. The main object of National Policy for
Empowerment of Women (NPEW), 2001 is economic empowerment of women. The policy aims at enhancing supply of credit to the women through SHGs.

**WHY SELF-HELP GROUP IS SO IMPORTANT IN INDIA?**

- To accelerate economic growth
- To alleviate poverty
- To increase employment opportunity
- To raise status in society is the prime reason for respondents joining the SHG
- To promote income generating activities

**NEED AND IMPORTANCE OF SELF HELP GROUP**

Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure, and also necessary for the economic development of the country.

However, in a group, they are empowered to overcome many problems, hence there are needs for SHGs whose specific terms are as under:-

- To mobilize the resources of the individual members for their collective economic development.
- To create a habit of savings, utilization of local resources.
- To mobilize individual skills for group's interest.
- To assist the members financially at the time of need.
- Entrepreneurship development.
- To uplift the living conditions of the poor.
- To identify problems, analyzing and finding solutions in the groups.
- To gain mutual understanding, develop trust and self-confidence.
- To build up teamwork.
- To develop leadership qualities.
- To use it as an effective delivery channel for rural credit.

**SHG Bank Linkage program (NABARD's)**

- Many self-help groups, especially in India, under NABARD's SHG Bank Linkage program, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments.
This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest."

NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date.

SOME BARRIERS TO DEVELOP SHG'S

- Lack of awareness among women members.
- Lack of social and economic empowerment
- Lack of political will
- Feebleness of accountability mechanisms
- Lack of Encouragement from public and private organizations

HOW CAN WOMEN PROMOTE INDIA’S ECONOMIC DEVELOPMENT THROUGH SHG’S?

1. **Generate income:** - With the help of Self Help Groups, we can develop the women as entrepreneurs with which we can improve the employment opportunities and can generate income.

2. **Create employment Opportunities:** - With the help of SHG’s, we can create employment opportunities through Microenterprise development with the help of microfinance. Microfinance is considered as a mechanism for poverty reduction based on its capacity to generate employment and raise earnings in country.

3. **Access to Public Resources:** - With SHGs, members can get opportunities for gaining and sharing new learning and new information. Members can learn about management, accounts and money transactions. This will create a sense of self-reliance and ownership of their resources. With the SHG’s, women are able to access
information on a range of issues such as government schemes, i.e., Rural Employment Guarantee Scheme

4. **Infrastructure Facilities:** With the help of SHG’s, good infrastructure facilities are available like better communication facilities with markets and adequate availability and nearness to all public utilities. This gives enough scope for sustainability of SHGs.

5. **Sustainable Development:** In the area of sustainable development for women, the focus must be laid on developing the capacity of women through increasing their economic power, social power, participation and decision making levels. This is being achieved to a large extent through the formulation of Self Help Groups only.

6. **Saving intervention:** The saving intervention under the groups in the SHGs help to inculcate discipline on group members in developing saving habit, it increases the self confidence levels of the women, and savings serve as cushion during any abnormal happenings in which there is requirement of funds. It imposes the sense of solidarity and cooperation among the members which leads to unity among the group. This unity is channelized to fight out various social evils from the society. Savings plus credit is a good starting point for group formation in the form of SHGs. There is a great incentive to form a group if people feel that it is the only way to have access to credit.

7. **Women entrepreneurs:** With the help of SHG’s, we can build women entrepreneurs by starting up new firms which increases the productivity. By running a business activity, the women members have been earning certain income thereby supplementing their family income.

8. **Reduction of women labor force:** With the help of Self Help Groups, we can reduce the women labor force because we are helping them to develop as entrepreneurs with this we can reduce women labor force.

9. **Reduction of poor women:** Poverty reduction in India depends largely on women, whose work tends to go unremunerated. In addition to their key role in household management and caring for children, the sick and the elderly, women are responsible for essential tasks such as fetching increasingly scarce firewood and water. In many regions, women spend up to five hours a day collecting fuel and water and up to four hours a day preparing food. Women’s productivity in these home-based roles is low due to their more limited access to education, health care and other services.
10. **Women areas active political members:** SHGs can also be community platforms from which women become active in village affairs, stand for local elections or take action to address social or community issues like alcohol, dowry system, schools and water supply.

11. **Financial Inclusion of Poor Women:** In India more than 90% of the members of SHGs are women and most of them are poor and asset less. The SHG movement has been instrument or collection of money. The members of SHGs are poor with low or nil saving capacity, and who depend on moneylenders or private sources to meet their expenditure and other obligations. During the group meetings, the thrift amount is pooled and given as loans to members for utilization, production or investment purposes based on the priorities determined by the group.

12. **Increase literacy rate:** With the help of SHG’s we increase the literacy rate among the women because they should be aware of the importance of education.

13. **Increase in Social awareness:** Increase in Social 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, untouchability.

14. **Contribution towards family:** With the help of SHG’s, we can empower the women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect their lives.

15. **Making Female Human Capital:**
   - With SHG’s economic, growth would increase throughout the country.
   - The number of women living in poverty would decline in all villages.
   - Among women, we can enhance the innovation.
   - Increased access to finance and support services for women entrepreneurs.
   - Better integration of women migrants in society.

16. **Financial management:** By initially managing their own common funds for some time, SHG members not only take care of the financing needs of each other, but develop their skills of financial management and intermediation as well. Lending to members also enhances the knowledge of SHG members in setting the interest rate and periodic loan installments, recovering the loan, etc.
17. Reduction of Caste feeling: - With the help of SHG’s, we can reduce the caste feeling among the women members because SHG can be mixed community women group. However, group members are actively participating in all the important activities of SHG’S; this will be helpful for the creation of caste free India.

SUGGESTIONS

❖ India has been developing fast, but the biggest issue we face is the empowerment of women. We must focus on the women empowerment through self help groups and this will help for the economic development of the country.

❖ Across the world, empowering the women has proven time and again to be the catalyst for rapid economic growth. Conversely, societies where women are repressed are among the most backward.

❖ Women are undoubtedly the foundation of the basic unit of society – the family. Even in traditional roles they demonstrate great innovation, skill, intelligence, hard work and commitment. If we can enhance these attributes effectively, India’s growth can be more inclusive and equitable; the empowerment of women is therefore a key.

❖ Encouraging the Self Help Groups (SHG) is helpful for women’s economic independence and also Country’s economic development.

❖ Since last decades the inspirational efforts of self-help groups have created the spirit of entrepreneurship in thousands of women in India.

❖ We can believe that by neglecting the development of women, we will compromise the future of the Indian nation. By investing in women through Self Help Groups, we are investing in our present and in our future economic development of the Country.

CONCLUSION

Women empowerment through SHG Programmes clearly plays a central role in the economic development of India. Today, in India the role of Self Help Groups in the economic development of country has attracted attention from all over the world. Hence, the study is placed to evaluate the SHGs important role in increasing economic development of the country. With the support from SHG’s, the Indian women have now transformed their lives into full time and active entrepreneurs with lot of hope and are able to lead a life with self-esteem. Thus SHG’S are becoming a powerful tool in bringing women together, in the remote rural areas and thus helping them to emancipate the once mute sufferers in silence, to march
forward towards collective community progress/development, on a Substantial basis. The major findings in the study justify the greater role played by the SHGs in increasing empowerment of women and economic development, by making them financially strong, as well as helping them to save some amount of money and invest it in further development.

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