



---

## ROLE OF SELF HELP GROUPS(SHGS) IN ECONOMIC EMPOWERMENT OF WOMEN IN INDIA THROUGH SHGS-BANK LINKAGE PROGRAMME

**Dr.Jutika Medhi**

Assistant Professor

Department of Economics, Kanya Mahavidyalaya

### Introduction

Empowerment is a process of acquiring knowledge and awareness which enable people to move towards life with greater dignity and self-assurance. Women empowerment is very crucial for the all-round development of a nation. In order to improve the socio-economic conditions of the population of any country, it has become prerequisite to empower women by enhancing and ensuring their role to the optimal level. Women constitute nearly half of the population of a country and development of a nation is not possible without improving the condition of the women. Empowerment of women are an effective strategy to cope with gender biased discrimination and attain gender equality. Bringing women into the mainstream of development is one of the major challenges for developing countries like India.

One of the important dimensions of women empowerment is to empower them economically. Women empowerment cannot be fully realised without economic freedom of the women. Economic empowerment of women is one of the most important parameters of the overall empowerment which includes social, psychological and political aspects of empowerment. Over the last few decades, women have come forward to establish their own enterprises. It is well recognised that the status of women is intimately associated with its economic position which depends on opportunities for participation in productive activities. Entrepreneurship development of among women is therefore seen as one of the important tools to remove unemployment and gender discriminations for poverty alleviation in India.

Formation of self help groups(SHGs) is one of the important steps towards the economic empowerment of the women. SHGs by definition and in practice is a group of individual members who by free association come together for a common collective purpose. They are homogenous and have certain pre-group social binding factors. SHGs do not start with credit, they start with savers group, with regular or fortnightly saving target. Rural poor especially women are organized into Self- Help Groups (SHGs) to enable them to take up viable economic activities on their own on a sustained basis with the support from bank loans and government subsidy. Micro finance facilities through SHG – Bank linkage programme paves the way for the poor people to reach banking services through the medium of SHGs.

### Objectives

The objectives of this study are-

1. To find out the effectiveness of the SHGs in economic empowerment of the women
2. To highlight the role of micro-finance facilities in accelerating SHGs in India.

### Methodology

The study is based on secondary data. The required secondary data for this study were collected from Reserve Bank of India publication on SHGs, NABARD microfinance annual report, different journals and various publications of other agencies. Statistical tables and figure will be use to represent different data. SPSS software has been used to find out the correlation between all women SHGs and all women SHGs saving with bank.

### Need and Importance of Economic Empowerment of Women

The idea of women empowerment was introduced at the World women's conference in 1985. In India, the empowering women was focused in the eight five-year plan (1992-1997) at the grassroots level and empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action and ensuring survival, protection and development of women and children through right based approach was taken care in tenth five-year plan (2002-2007). Economic empowerment of women is one of the very important dimension of women empowerment because it increases the self- reliance of the women and provides women their necessary economic freedom. It increases self confidence among the women and also contributes towards the economic development of a nation. In the patriarchal structure that present in our country, gender discrimination is one of the main barrier in the development of the women. Economic independence of women can be an important drive to reduce gender discrimination as women will no further remain dependent on their male counterpart and in other word, they can now able give economic support to their family. Thus, it is equally important that increase in income generating ability should get translated in important goals such as control over income and profits and using them for their own and household's welfare.



## SHGs and Economic Empowerment Of Women

SHGs are playing significant role in the self-employment by raising the level of income and standard of living rural people. Self Help Group is a visible organized setup to disburse microcredit to the rural women and encourage them in entrepreneurial activities. SHGs and micro-credit are the solutions to speed up the socio-economic development of poor women.

Thus, the main objective of SHG concept is to improve the economic development of women and create facilitating environment for their social transformation in the lift of gender discrimination in work and the household. The microfinance movement through SHGs across India is to make women manage themselves for social mobilization, to create self-confidence, rise their self-esteem through participation in socio-economic and political life. The SHGs programme generally targets the rural poor, particularly the women, who are often discriminated against not only by institutions but also with their own family.

The vision of the formation of SHG is to empower rural poor women for overall development of the country. The main object of the SHG approach is providing access to credit in the context of poverty reduction and women empowerment. The SHGs are meant for empowerment of women through focusing on women of below the poverty line to improve their status in the family as well as in the society and to create better awareness in social issues among rural people.

### Micro-Finance Facilities and SHGs (SHG-Bank linkage programme)

Micro finance is defined as the provision of thrift, credit and other financial services and product of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve standard of living. The term micro finance can be used interchangeably with the term micro credit. However, the term micro finance has a broader meaning than the micro-Credit, as it covers financial services like savings, insurance etc., on the other hand, micro credit covers only purveyance of loans in small quantity. The important characteristic of micro finance is to provide financial services through groups of individuals. In this connection micro finance with self-help groups (SHGs) play an effective role for promoting women empowerment. It is not only an effective tool to fight against poverty, but also as a means of promoting the empowerment of marginalised sections of the society.

The concept of linking SHGs to banks was launched as a pilot project by National Bank for Agriculture and Rural Development (NABARD) in 1992. The pilot envisaged linking of just 500 SHGs to banks. By the end of March 1994, 620 SHGs had been linked to banks. The success of the pilot led to its transformation into the SHG bank linkage programme with an ever-increasing number of banks and NGOs participating therein. NABARD has been working as a catalyst in promoting and linking more and more SHGs to the banking system. NABARD continues to provide 100 percent refinance to banks at an interest rate of 6.5 percent per annum. The micro-finance initiative of NABARD which started with a modest target of formation of 500 SHGs in 1992, has emerged as the largest micro-finance programme in the world. On 31 March 2004, a cumulative no. of 10,79,091 SHGs were credit linked which is ahead of NABARD's corporate goal for credit linking of 1 million SHGs by March 2007.

**Table-1**  
Self-Help Group – Bank Linkage Programme

Year *	No. of SHGs linked with Bank (in lakhs)	Bank loan (Rs. in billion)
2005-06	6.20	44.99
2006-07	11.05	65.70
2007-08	12.27	88.49
2008-09	16.09	122.54
2009-10	15.86	144.53
2010-11	11.96	145.48
2011-12	11.48	165.35
2012-13	12.20	205.85
2013-14	13.66	240.17
2014-15	16.26	275.82
2015-16	18.32	372.87
2016-17	18.98	387.81
2017-18	22.61	471.85
2018-19	26.98	583.17

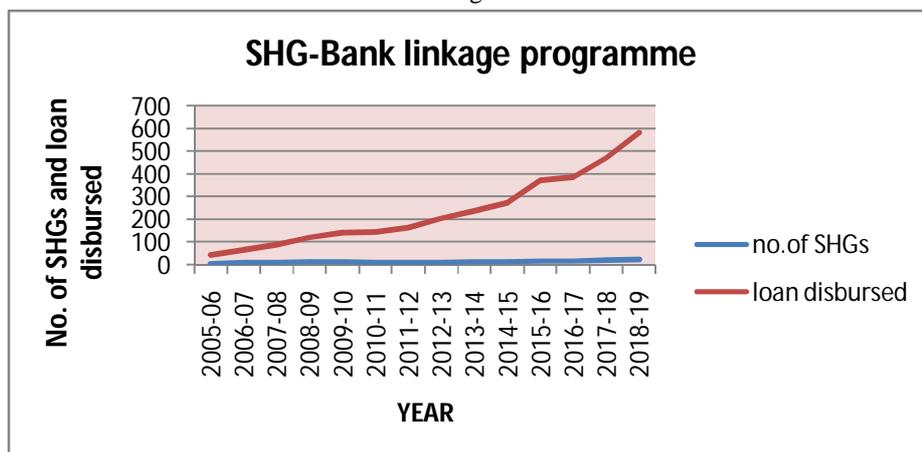
Source: Reserve Bank of India (RBI)

\*Data relate to Commercial Bank, RRBs and Co-operative banks.



The above table shows the no. of SHGs linked with bank and amount of bank loan. The figure shows that the no. of SHGs financed by bank has been increasing since 2011-12 (6.20 lakhs) and reached to 26.98 lakhs in during the year 2018-19. Again, the volume of bank loan disbursed to SHGs has been increasing from 44.99 billion during 2005-06 to 347.81 billion during the year 2018-19 which was more than 12 times what was during 2005-06. This means that the importance of bank loan in financing Self-Help Groups has been increasing over the period of time. The above data can be represented with the help of a line diagram-

Figure-1



### Position of Women SHGs

Self-help groups are mainly women dominated. Over the last few decades, women in India came forward with new enterprises to make them self economically sound. Almost 90% of the total SHGs are constituted by woman participants. As a result, income generation among the women beneficiaries are high due to which their economic condition also improved. The following table shows all women SHGs in total that are linked with bank and saving link to SHGs from 2011-12 onwards-

**Table-2**  
Women participation in SHGs

Year	No. of SHGs linked to bank (lakhs)		SHGs savings with banks (billion)	
	Total SHGs	All women SHGs	Total SHGs saving	All women SHGs saving
2011-12	11.48	9.23 (80.4%)	65.51	51.04 (77.9%)
2012-13	12.20	10.37 (85.1%)	82.17	65.14 (79.3%)
2013-14	13.66	11.52 (84.3%)	98.97	80.12 (80.9%)
2014-15	16.26	14.48 (89.0%)	110.59	92.64 (83.7%)
2015-16	18.32	16.29 (88.9%)	136.91	120.35 (87.9%)
2016-17	18.98	17.16 (90.4%)	161.14	142.83 (88.6%)
2017-18	22.61	20.75 (91.7%)	195.92	174.97 (89.3%)
2018-19	26.98	23.65 (87.6%)	233.24	203.73 (87.7%)

Source: NABARD microfinance annual report, RBI publications.

From the data presented in the above table shows a clear picture about the position of women SHGs in total. Year after year, the no. of all women SHGs are increasing in total and saving with bank also increases which occupies a large share in total and this is a good sign of women development and economic empowerment. From 2011-12, all women SHGs constitute almost 80%-90% in total SHGs in India. This means that women has been increasingly involved in business activities with setting up new enterprises. Also, if we look at the amount of saving of SHGs with bank, we find that saving of both total SHGs and all women SHGs are increasing over the period of time. The total SHGs saving was 65.51 billion out of which women SHGs saving was 54.01 billion (77.9% in total) which increase to 233.24 billion in total and women SHGs saving was 203.73 billion (87.73% in total) during 2018-19. Therefore, it is clear that, the all women savings with bank has been increases continuously, occupying the highest share in total, which means economic independence of women beneficiaries has been increases over the period of time.



The above data can be presented with the help of two separate multiple bar diagram-

Figure-2

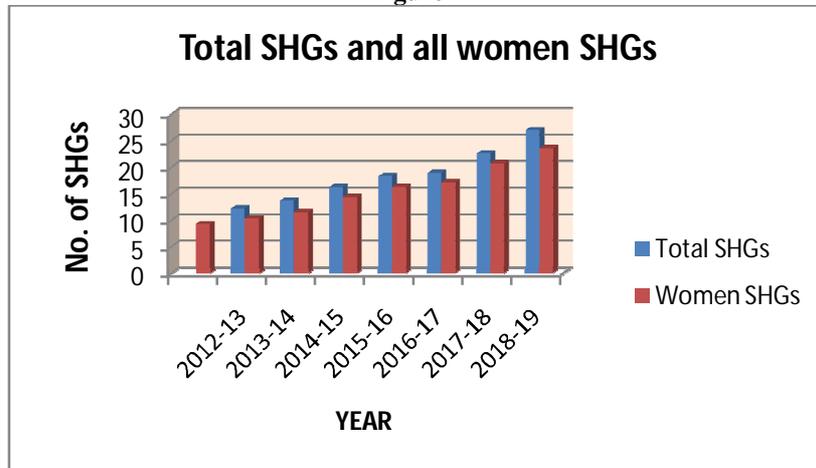
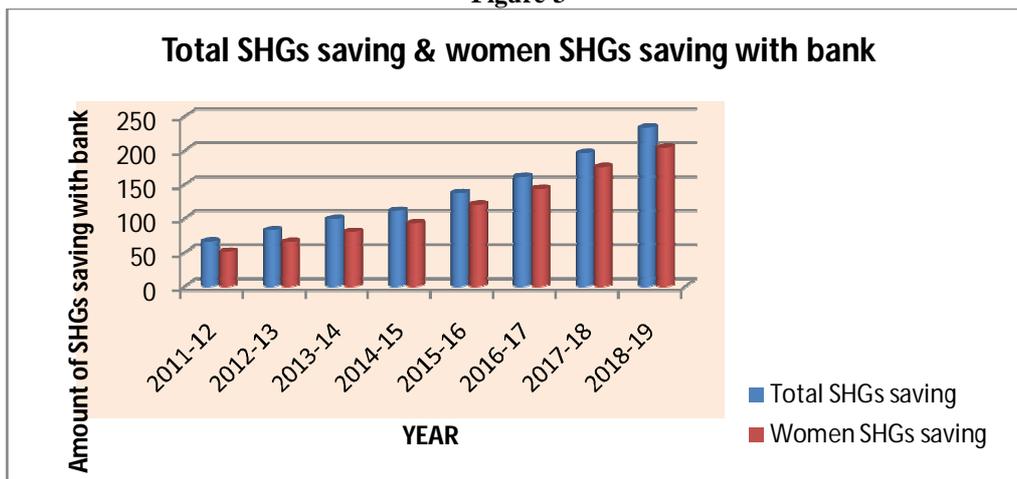


Figure-3



The above figure (2&3) clearly shows the strong position of all women SHGs in total no. and in total saving with bank. In both the situation women participation has been increases over the period of time.

**An Analysis of The Relationship Between All Women SHGs and All Women SHGs Saving with Bank**

After making a study about the no. of all women SHGs and all women SHGs savings with bank, it is now important to find out the relationship between the two i.e., whether formation of women SHGs have a positive impact or negative impact on increasing the saving habits of women SHGs or to find out whether the relationship is statistically significant or not. One of the important ways to find out the relationship between the two is correlation analysis to find out the correlation co-efficient between the two. Correlation co-efficient find out the strength and direction of relationship between a dependent and an independent variable. In this correlation analysis, all women SHGs is the independent variable and all women SHGs savings with bank is the dependent variable.

**Results of correlation analysis**

The results of the correlation analysis can be summarized in the following table –

**H<sub>0</sub>:** There is no significant relationship between all women SHGs and all women SHGs savings with bank.

**H<sub>1</sub>:** There is significant relationship between the two.

Level of significance set at 0.01 or 99% confidence level.



**Table -3**  
**Results of correlation analysis**

Variables	All women SHGs	All women SHGs saving with bank
All women SHGs	1.000	
All women SHGs saving with banks	<b>0.992</b> (0.000**)	1.000

\*\* Correlation is significant at 0.01 level.

The results of the correlation analysis between all women SHGs and all women SHGs saving with banks presented in the above table-3, shows that the correlation coefficient is positive and highly significant at 0.01% level of significance. The value of correlation coefficient is 0.992 which reveals that there is strong correlation between the two (near to perfect correlation) which means that the volume of all women SHGs savings with bank increases by 99% as a result of increase in the no. of all women SHGs by one unit. Thus, we can conclude that formation of more and more women SHGs increases their savings with bank, as a result of which economic independencies of women increases and women become economically empowered.

### Findings of The Study

The major findings of this study are-

1. Economic empowerment of women is one of the most important parameters of the overall empowerment which includes social, psychological and political aspects of empowerment.
2. Formation of self help groups (SHGs) is one of the important steps towards the economic empowerment of the women.
3. Micro finance facilities through SHG – Bank linkage programme paves the way for the poor people to reach banking services through the medium of SHGs.
4. NABARD has been working as a catalyst in promoting and linking more and more SHGs to the banking system. NABARD continues to provide 100 percent refinance to banks at an interest rate of 6.5 percent per annum.
5. The no. of SHGs financed by bank has been increasing since 2011-12 (6.20 lakhs) and reached to 26.98 lakhs in during the year 2018-19.
6. The volume of bank loan disbursed to SHGs has been increasing from 44.99 billion during 2005-06 to 347.81 billion during the year 2018-19 which was more than 12 times what was during 2005-06.
7. The total SHGs saving was 65.51 billion out of which women SHGs saving was 54.01 billion (77.9% in total), increase to 233.24 billion in total of which women SHGs saving was 203.73 billion (87.73% in total) during 2018-19.
8. The correlation analysis shows that there is strong positive correlation (0.99) between all women SHGs and all women SHGs saving with banks which reveals that formation of SHGs increases the savings of the women and thus their economic independencies increases over the period of time.

### Conclusion

From the ongoing study it can be conclude that economic empowerment of women is the most important parameter for the all-round development of women in India. Formation of Self-Help Group (SHGs) paves the way for the women to come forward by breaking the traditional mould of the society and they can fully engage in different activities with new business setup. This brings the economic independence of women with higher income which reduce their dependency level on male counterpart. The SHGs- Bank linkage programme provides financial help to these groups and all women SHGs savings with bank also increases to a considerable extent as the no. of all women SHGs increases over the period of time. Thus, economic empowerment or economic independency of women enhance the overall wellbeing of women and also brings development of the economy.

### References

- Cheston, S. and Kuhn, L., (2002), "Empowering Women Through Microfinance", Published by UNIFEM for Microcredit Summit 2002.
- Choudhury S. (2008), "Women Self Help Groups (WSHG) in Empowering Women in a Conflict Situation: in Nalbari (Assam)." Dialogue, January - March, 2008, Volume 9 No. 3
- Mula G. and Sarkar, S. C., (2013), "Impact of Microfinance on Women Empowerment: An Economic Analysis from Eastern India", African Journal of Agricultural Research, Vol-8, No-45, pp.5673-5684
- Savita, B and Jyothi, P., (2012), "Self Help Groups and their Role in Socio Economic Empowerment- A Study in the States of Andhra Pradesh and Tamil Nadu", Research Journal of Social Science and Management, Vol-02, No-04, pp.78-88
- Singh, Y., (2013), "Effect of Self-Help Group in Economic Empowerment of Rural Women in Himachal Pradesh", Journal of Indian Research, Vol-1, No-3, pp.54-61
- Reserve Bank of India publications.
- NABARD micro finance annual report.