

# SELF HELP GROUPS AND WOMEN EMPOWERMENT

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in loving memory of  
My Grand Mother  
Smt. Dommeti Chandramma (Late)**

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# 19

## Women's Empowerment through Self Help Group in Coimbatore City

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*K.T. Geetha\**

### Introduction

Although women form nearly half of the human capital in the country, they are still the most deprived and neglected segments of society despite the constitutional guarantee for equal rights and privileges for men and women. Women continue to be victims of a process of economic, social, cultural and political marginalization. It is often believed that the development of a society or a nation depends on the social and economic well-being of women, as she is instrumental in several primary and secondary tasks both at home and otherwise. Involving women in the productive sector leads not only to empowering women but also contributes to the social development which in turn brings economic growth irrespective of developed or developing status of the nations. Today, the nation's perspective on the development of women has undergone a radical change,

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moving from welfare approach, where the focus was on the role of women as mothers and wives, to empowerment and rights based approach which acknowledge that women have rights which have to be recognized to allow full development (Sudha Rani et al, 2002). Today, state has accepted women as active agents and an indispensable factor of development. Realising the significance of women's development, the government of India has implemented a number of general and specific developmental programmes to provide employment to improve their socio-economic conditions.

In this context, the concept of Self-Help Group (SHG) has caught up with the momentum of women's development. In fact, women's self-help groups which have become a movement in India, is considered as a powerful means to strengthen the socio-economic development of women through integrated approach. It is treated as a platform to provide opportunity to its members for overall development through group efforts. It was felt that the empowerment of women through SHGs would lead to benefits not only to the individual women but also for the family and the community as a whole through collective action for development.

The concept of SHG serves to underline the principle of 'for the people, by the people and of the people'. Generally speaking, the SHGs is an informal institution and arrangement for credit supply to the poor and has been emerging as a promising as "a promising tool" for promoting income generating enterprises. It is an informal association of the poor created at the grass-root level for the purpose of enabling members to reap economic benefits out of mutual help, solidarity and joint responsibility. In India, self-help groups have been in operation for a long time in many fields such as dairying, environment, etc. The rural poor with the intermediation of voluntary organization also join together for self-help to secure better economic growth. Since 1992, the SHGs are being linked with the banks for external credit under the projects for rural development. Besides, focusing on entrepreneurial development of the beneficiaries and the society as a whole, the groups also

undertake the responsibility of delivering non-credit services, such as literacy, health, environment, etc.

Experience in different parts of India and across the globe have demonstrated that organizing and involving women as equal partners and participants in the process of empowerment is the need of the day. Earlier studies have focused on the functions of SHGs (Lakshmanan, 2001; Shanthi and Dhanalakshmi, 2004), its impact on income generation and employment (Malaiswamy, et al, 2001; Shubham Singh, 2003; Nirmala, 2004) and to identify the major problems and constraints of the group. Not many studies have been done to compare and contrast the SHG members from urban areas with that of rural areas in terms of their socio-economic status. The present study is a modest attempt in this direction.

### **Objectives**

The specific objectives of the study are:

- To analyse the socio-economic profile of women in self – help groups.
- To identify the main determinants of net earnings of the SHG women.
- To analyse the factors that distinguish urban SHG women from rural SHG women.

### **Hypothesis**

- Net earnings of the SHG women are significantly influenced by age, skill and experience.
- Experience, education and husband's income were the factors that discriminate urban SHG women from rural SHG women.

### **Methodology**

The study was based on primary data, which was collected with the help of a well structured interview schedule

administered to 100 SHG women, of whom 50 were from urban areas and 50 from rural areas in Coimbatore corporation limits. The samples were selected by adopting purposive sampling technique since not all members were willing to supply the required information. Hence the investigator approached only those members who were willing to cooperate and supply required information. Multiple regression analysis and discriminant analysis were used to analyse the data.

### **Empirical Findings**

Irrespective of their place of residence, all the selected SHG women belong to Hindu community, and were from backward community. Nuclear family was the dominant feature among SHG women in both rural and urban areas. The average size of the family for rural SHG women (3.74) was slightly higher than for urban SHG women (3.08). Most of the SHG women were married in both rural and urban areas and belong to the age group of 26 to 45 years. The incidence of illiteracy was higher among rural SHG women (40%), while it is less pronounced among urban SHG women (10%). The analysis of the previous occupation pattern of the SHG women reveals that they come from different background like housewives, wage-earners, service activities, etc. The percapita income of rural SHG women was Rs. 1331.55 per month, while it was Rs. 1858.44 for urban SHG women indicating both group of women come from lower strata in the society.

Petty business was the most preferred form of enterprise among the SHG women in both rural (50%) and urban (40%) areas, followed by processing units, 40 percent of rural SHG women and 30 percent of urban SHG women opting for it. Thus SHG women selected enterprises which were generally traditional and less remunerative in nature. The SHG women from rural and urban areas have unanimously stated the major reason for taking up self-employment was 'to add to family income' (1<sup>st</sup> rank), 'to supplement family income'

(2<sup>nd</sup> rank) and 'boredom at home' (3<sup>rd</sup> rank). The economic factors, thus dominated over non-economic reasons for both group of SHG women. The major source of information about the SHG for 80 percent of the respondents in rural areas and 62 percent in the urban areas was through Mahalir Thittam, the handbook issued by the Government of Tamil Nadu. Majority of the members in the rural (60%) and urban (48%) areas had unanimously conceded that obtaining 'credit at reasonable terms' has been one of the prime motives for joining SHGs.

The average net income received by SHG members is shown in Table 1.

**Table 1: Average Income From Different Activities**

Type of Units	Rural	Urban
Petty Business	976	1425
Processing Units	1050	1300
Production Units	-	1257
Services	1060	1388
<b>Source:</b> Estimation based on Field Survey, 2004.		

The mean performance of the various business activities in terms of net income reveals that in rural areas the service units were showing better performance with an average net income of Rs.1060 per month, followed by processing units (Rs.1650) and petty business (Rs.976). However, in urban areas the net income from petty business was maximum (Rs. 1425), followed by services (Rs. 1388), processing units (Rs. 1300) and production units (Rs. 1257). Thus service and processing units which were less risky in nature were able to secure more profit.

The determinants of the net profit earnings of the SHG members were analysed by using multiple regression analysis and the results are shown in Table 2. Age of the respondents, skill and experience were observed to have positive and significant effect on the earnings of the SHG women in both rural and urban areas. Maturity, experience and skill help women to be more purposive in their decision

making, which in turn helps in enhancing their earning capabilities. However, education had a negative, but insignificant effect on the monthly earnings of the respondents.

**Table 2: Determinants of Earnings Function**

Sl. No.	Variables	Rural		Urban	
		Regression co-efficient	t-values	Regression co-efficient	t-values
1	Age	11.342	2.585*	37.15	2.532*
2	Education	-1.060	-0.034	-65.814	-0.387
3	Skill	848.027	2.123*	139.881	2.594**
4	Family Type	-44.793	-0.120	-764.983	-2.144*
5	Experience	198.105	2.915*	356.622	2.567*
6	Labour Supply	0.125	1.067	4.611	1.585
7	Husband's Income	-4.252	-0.982	0.0761	1.346
8	Age of the youngest Child	5.625	0.275	2.189	0.109
9	Credit	0.0142	1.50	0.0044	0.569
	R <sup>2</sup>	0.456		0.546	
	Adjusted R <sup>2</sup>	0.43		0.524	
	F ratio	17.64**		32.79*	

**Source:** Estimation based on Field Survey, 2004.  
**Note:** \* and \*\* indicate significance at 1 percent and 5 percent level.

Belonging to nuclear family reduced the earnings of the women in both rural and urban areas, but insignificantly in the former while in the latter there was a significant reduction. Non-availability of other family members to take care of family needs may have restricted the activities of the respondents.

The impact of labour supply was positive but insignificant on their earnings. Meanwhile, increase in husband's income was found to reduce the earnings of the respondents in the rural areas, though the reduction was insignificant. But in urban areas, husband's income had positive but insignificant effect on the earnings of the members. This could be due to the conservative attitude among the men in the rural areas which may have prevented the women from

taking up such activities while in the urban areas, the exposure of the men to SHG activities may have made them more supportive to the idea.

Presence of young child was found to reduce the earnings of the respondents, while larger credits are found to significantly increase their earnings in both rural and urban areas. However, the influence of these two variables emerged statistically insignificant. The earning capabilities of the women were enhanced with age, skill and experience.

### Discriminant Analysis

To identify the factors/variables that distinguish the urban SHG women from that of rural SHG women a discriminant function was fitted to the data. The residential status of SHG women was hypothesized to be a function of net earnings ( $X_1$ ), age of the respondents ( $X_2$ ), years of education ( $X_3$ ), Skill acquired through training ( $X_4$ ), type of family ( $X_5$ ), years of experience ( $X_6$ ), labour supply in hours in month ( $X_7$ ) and husband's income ( $X_8$ ). The means, Wilks' Lambda and F ratio is shown in the Table 3.

**Table 3:** Means And Tests of Equality of the Independent Variables

Sl. No.	Variable	Mean (urban)	Mean (Rural)	Grand Mean	Wilks' Lambda	F ratio
1	Net Earnings	2598	2250	2424	0.963	3.724**
2	Age	38.24	35.24	36.74	0.966	3.457**
3	Years of Education	8.10	4.84	6.47	0.868	14.851*
4	Skill	0.38	0.12	0.25	0.910	9.708*
5	Family Type	0.86	0.82	0.84	0.997	0.293
6	Experience	1.82	1.10	1.46	0.800	24.481*
7	Labour Supply	213.30	197.7	205.50	0.964	3.673**
8	Husband's Income	3970	2752	3361	0.877	13.744*

**Source:** Estimation based on Field Survey, 2004.

**Note:** \* and \*\* indicate significance at 1 percent and 5 percent level.

The comparison of means of the selected variables with grand mean reveal that the two groups were more widely separated on education, skill., experience, husband's income, net earnings than on family type. The significance of the univariate F ratios indicate that all the predictors, excepting family type, differentiated between the two groups of SHG members coming from rural and urban areas. Based on the above group means, the standardized canonical discriminant function which represents a linear composite of the original data variability to within group variability was estimated as follows:

$$Z = 0.294 X_1 + 0.31X_2 + 0.586X_3 + 0.307X_4 + 0.115X_5 \\ + 0.654X_6 + 0.147X_7 + 0.320X_8$$

Wilks' Lambda = 0.547

Chi-square value = 56.734\*

Eigen Value = 0.829

Canonical Correlation = 0.673

(\* significant at 1 percent level).

In the above function, all the variables excepting type of family had a positive sign indicating that these variables had a higher discriminating power between the groups. The variable family type had a negative sign implying that this variable acted as a suppressor variable. The value of Wilks' Lambda and chi-square value indicate that the estimated function was significant at one percent level. The canonical correlation associated with the discriminant function was 0.673 indicating that 67 percent of the variance of the dependent variables was accounted for by this model.

The relative importance of the predictors was obtained by examining the structure of correlations called factor loadings or discriminant loadings. These simple correlations between each predictor and the discriminant functions represent the variance the predictor shares with the function. The simple correlation between the predictor and the function are listed in table 4 in order of magnitude. The

predictor 'experience' was the single most influential factor differentiating urban SHG from that of rural SHG women. The next important variable was 'education'. The results suggests the higher the education level of women in urban areas, the higher the opportunity cost for them producing non-market output and hence, the probability of participating in the market or income producing activities outside home.

**Table 4:** Correlation Between The Predictor And Discriminant Function

Sl. No.	Variable	Correlation Co-efficient
1	Experience( $X_6$ )	0.549
2	Education( $X_3$ )	0.428
3	Husband's Income( $X_8$ )	0.411
4	Skill( $X_4$ )	0.346
5	Net Earning( $X_1$ )	0.214
6	Labour Supply( $X_7$ )	0.213
7	Age( $X_2$ )	0.206
8	Family Type( $X_5$ )	0.060

**Source:** Estimation based on Field Survey, 2004.

The third most important variable was husband's income. Higher the husband's income, stronger seems to be effect of urban women to participate in SHG activities. The other variables like net earnings, labour supply and age though positively influencing the participation of women in SHG activities its impact was much less. The results of discriminant analysis also suggest that type of family does not seem to play a very important role in influencing the participation of women in SHG activities, since its impact was only 0.060.

The validity of the discriminant function was evaluated at group centroids and the classification accuracy percentage was found to be 82 percent. The significance of this ratio was inferred by calculating Press's Q statistics, which gave a value 10.24 (greater than theoretical value of 6.63 at 0.01 percent) indicating that predictions are significantly better than chance.

## Conclusion

From the above discussion, it may be concluded that SHG as a system has infused certain synergy among its members to move up in the socio-economic ladder from passive on looker into an active partner/stakeholder in the development process. In fine, SHGs have served the cause of women empowerment and socio-economic betterment of the poor in their own setting. To further strengthen the SHG activities the following suggestions are given:

- Banks, financial institutions as well as government should come forward to provide liberalized credit at cheaper rates of interest to women through SHGs.
- Besides credit, intensive training and skill development should be imparted to the SHG members to make them independent and self-reliant.
- Group cohesion, homogeneity and mutual trust are essential for the life and well being of a group. It is therefore essential that group formation takes place as a felt need of the community rather than to fulfill certain predetermined target. The politicalisation of groups should be avoided at all costs.
- Above all, the self-help groups should not only provide a means of survival for poor women, but also serve as nascent institutions for building up of women's specific social capital, which can serve a long-term sustainability function in poverty reduction.

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