

## **EMPLOYMENT GENERATION AMONG RURAL WOMEN THROUGH SELF HELP GROUPS (SHGs) FORMATION**

**Jyoti Bhadouria<sup>1</sup>, Manoj Pandey<sup>1</sup> and Gourav Kumar Singh<sup>2</sup>**

1. Amity Business School, Amity University Madhya Pradesh, Maharajpura, Gwalior- 474020
2. Department of Environmental Science, Amity University Madhya Pradesh, Maharajpura, Gwalior- 474020

\*Jyoti.bhadouria1407@gmail.com

### **Abstract:**

Rural Development is a very dynamic process which involves in improving the socio-cultural, environmental, political and economic well-being of the rural poor living in relatively isolated areas. In a country like India where majority of the people are living in rural areas, the concept of rural development assume great significance. Providing economic support or loans to the rural women helps them to empower, not only economically but also socially, further this strengthens the whole society in general. Self-Help Groups are formed for the women's empowerment. The participation of women in Self Help Groups (SHGs) made a significant impact on their empowerment both in personal and social aspects. SHGs formation has huge potential of employment generation among rural women. SHGs formation has huge potential of employment generation among rural women. The empowerment of women through Self Help Groups (SHGs) led to benefits not only to the individual woman, but also for the family and community as a whole through collective action for development. The women experienced feelings of freedom, strength, self-identity and increase in levels of confidence and self-esteem. Besides, involvement in SHGs has enabled women to tackle problems and have gained power over decision making in the households. Hence, the present study is placed in this context to examine the relationship between Self Help Groups formation and employment generation among rural women also to suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural women. The self-help group SHGs approach is a new instance into the field of rural development which aims at improving the living condition of the rural poor by creating sustainable community based institutions.

**Keywords:** SHGs, Employment Generation, Rural Development, Women's Empowerment, Self-identity, SHG Formation

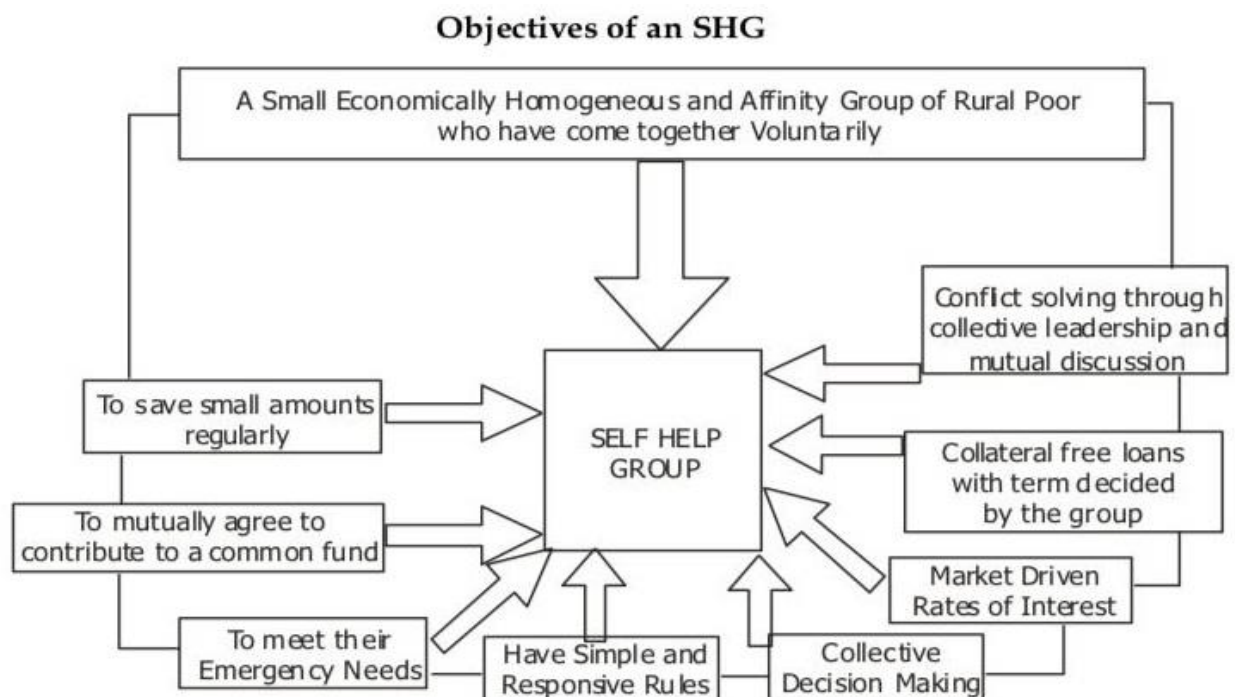
**Introduction:**

The empowerment of women is one of the vital issues in the progression and improvement of countries all over the world. In India, women Empowerment is a buzz word today. As a nation, India is committed to the empowerment of women. Though women is regarded as “the unsung heroine who works from dawn to dusk”, yet it is unfortunate that even the ignorant and worthless men had been enjoying superiority over women which they do not be worthy of and should not to have. In the early decades of planning problems of women were looked upon as problems of social welfare, rather than of development. The drawback of the welfare approach was that it did nothing to eliminate the social discrimination against and subordination of women. In almost all plans for poverty alleviation and social change, disadvantaged women became a ‘target’ in developmental activities rather than a group to be co-opted as active participants (Beijing Conference, 1996). Since 1970, policy makers and academicians started thinking as to how development programmes could be linked to poor women. Women issues are development issues and by-passing them in development programmes means leaving almost half of human resources outside development intervention (CIRDAP Development Digest, 1998). Issues of poverty among women are quite distinct and complicated. Their general poverty conditions, morbidity, lack of food, drinking water, and sanitation facilities are some of the major issues that need attention. Female members of a poor household are often worse off than its male members because of gender discrimination in the distribution of food and other entitlements within the household. Increasingly poverty has a woman’s face (Human Development Report, 1995). The Human Development Reports of UNDP from 1990 onwards attest to the fact of growing feminization of poverty.

Experience in many countries demonstrates that poor women make investments wisely and earn returns (Human Resource Development, 1995). However, the flow of financial assistance to them was too marginal, if at all, to enable them to cross the poverty line. The need to create a grassroots organizational base to enable women to come together, to analyse their issues and problems themselves, and to fulfill their needs was strongly advocated. In fact, experience shows that some of the successful ‘group-based

participatory programmes' have made significant improvement in the conditions of living poor women. The concept of self-help groups gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication 'by empowering the poor women'.

**Figure 1:** Objective of Self Help Groups (SHGs)



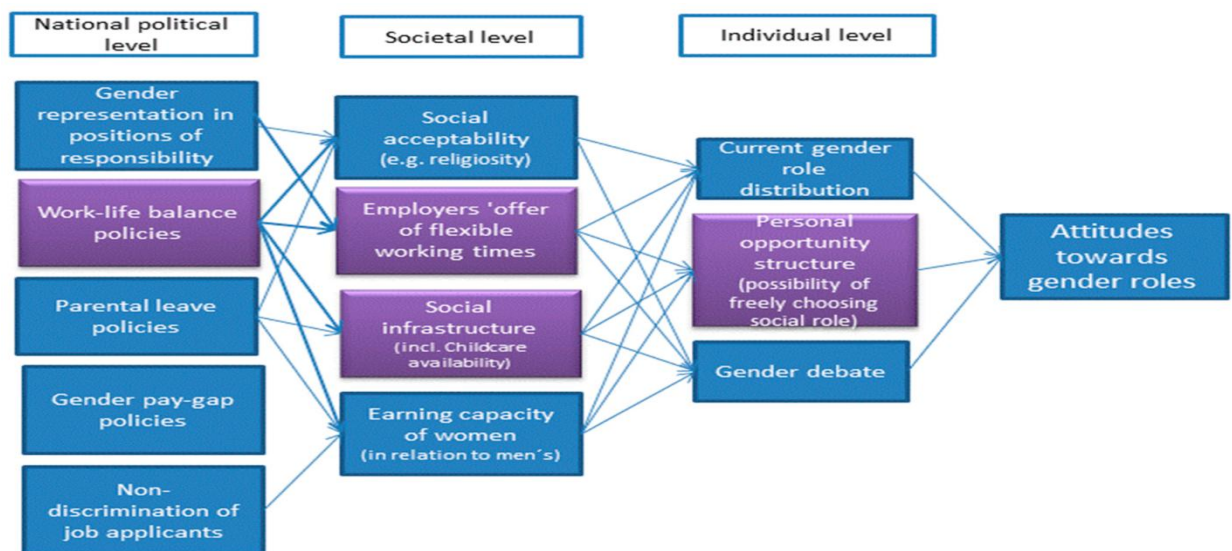
**The Concept of SHG Is Based On the Following Principles**

- Self-help supplemented with mutual help can be a powerful vehicle for the poor in their socioeconomic development;
- Participative financial services management is more responsive and efficient;
- Poor need not only credit support, but also savings and other services;
- Poor can save and are bankable and SHGs as clients, result in wider outreach, lower transaction cost and much lower risk costs for the banks;
- Creation of a common fund by contributing small savings on a regular basis;
- Flexible democratic system of working;
- Loaning is done mainly on trust with a bare documentation and without any security;
- Amounts loaned are small, frequent and for short duration;
- Defaults are rare mainly due to group pressure; and
- Periodic meetings non-traditional savings.

## Review of policies approach to Women

“Nothing, arguably, is as important today in the political economy of development as an adequate recognition of political, economic, and social participation and leadership of women” (Amartya Sen, 1999). While a large part of the world continues to look at women’s issues in terms of paternalism and well-being, the concept of women’s empowerment in the social, political, and economic order as a pre-requisite of human development is hardly given the priority that it deserves. Throughout the Third World, particularly in the past 15 years, there has been a proliferation of policies, programmes, and projects designed to assist low-income women. This concern for low-income women’s needs has coincided historically with recognition of their important role in development. Since the 1950’s, many different intervention strategies have been formulated to address women’s needs which reflect changes in macro-level economic and social policy approaches to Third World Development, as well as in state policy towards women.

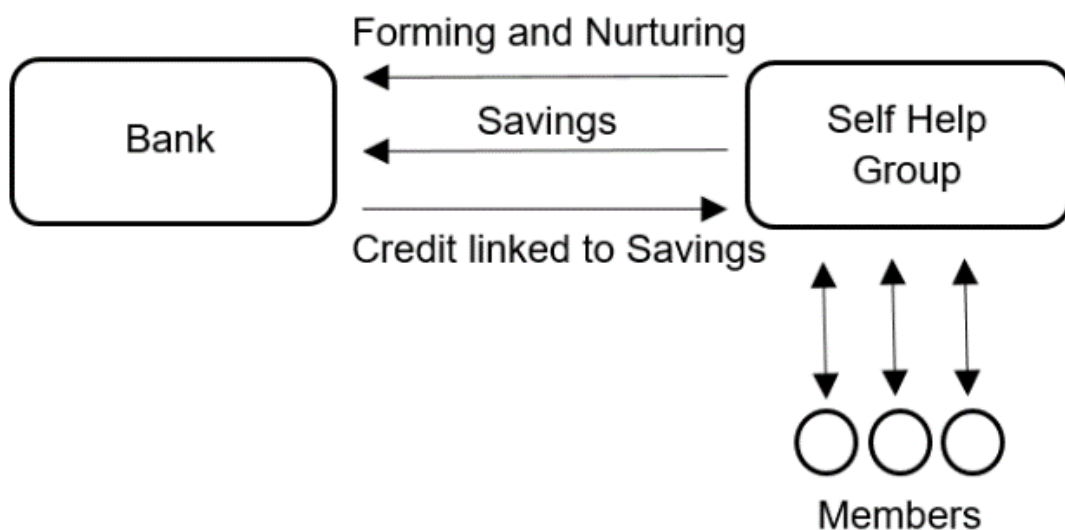
Figure 2: Attitudes towards Gender Roles



SHGs are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The benefits include mobilization of savings and credit facilities and pursuit of group

enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities (Shylendra, 1998). These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. The joint liability not only improves group members' accessibility to credit, but also creates mechanisms like peer monitoring leading to better loan recoveries (Stiglitz, 1993). Besides, some of the basic characteristics of SHGs like small size of membership and homogeneity of composition bring about cohesiveness and effective participation of members in the functioning of the group (Fernandez, 1994). In general, SHGs created on the above lines of functioning have been able to reach the poor effectively, especially women and help them obtain easy access to facilities like savings and credit and empower them (National Bank, 1995). Studies reveal that certain elements become crucial or critical for the successful formation and functioning of the groups. These include voluntary nature of the group, small size and homogeneity of membership, transparent and participative decision-making and brisk use of funds for micro-enterprise creation. (Fernandez, 1994). Regular meeting of the members fosters meaningful relationship among them and issues other than thrift and credit, issues on gender and social problems also get a platform for discussion.

**Figure 3:** Functions and Correlation among Banks, SHGs and Members





**Figure4:** Mechanism of SHGs



## **WOMEN IN DEVELOPMENT (WID)**

The welfare approach introduced in the 1950's and followed through the 1960's may be considered the earliest policy approach concerned with women in developing countries (Moser, 1993). Here, women are seen as passive recipients of development, rather than participants in the development process. The reproductive role of women is recognised and policy seeks to meet practical gender needs through that role by top-down handouts of food aid, measures against malnutrition, and family planning. As such it did not include women in participatory planning processes. However by 1970, the limitations and the critique of the welfare approach became obvious and resulted in the development of a number of alternative approaches based on equity, poverty alleviation, efficiency, and empowerment. These approaches are not entirely mutually exclusive and have been categorized, in general as the women in development (WID) approach. The original WID approach was the equity approach, introduced during the 1976-'85 UN Women's Decade. Its purpose is to gain equity for women in the development process. Women are seen as active participants in development. It seeks to meet strategic gender

needs through direct state intervention giving political and economic autonomy to women, and thus reducing inequality with men. It acknowledges that they must be 'brought into' the development process through access to employment and the market place.

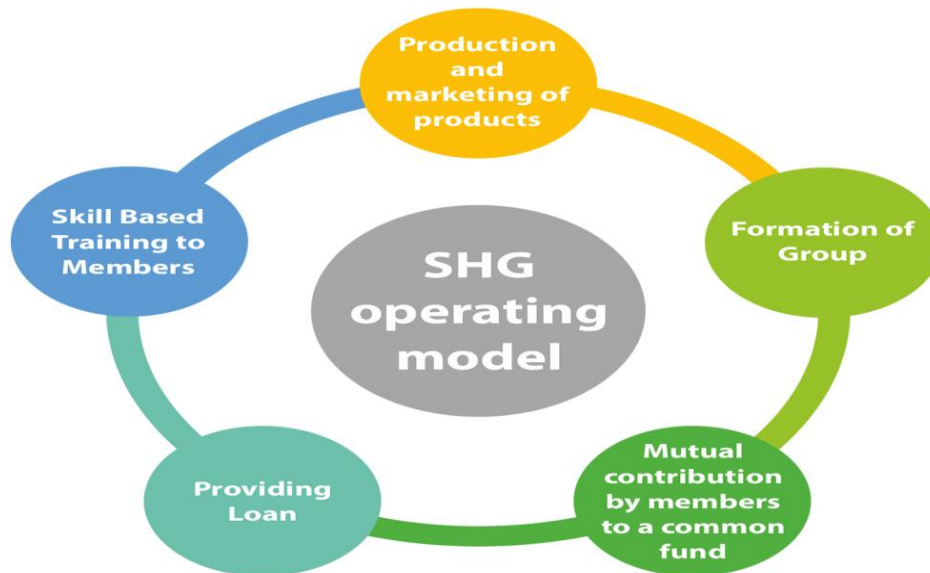
However, equity programmes encountered problems from the outset. The lack of a single unified indicator of social status and of baseline information about women's economic, social, and political status meant that there were no standards against which 'success' could be measured (USAID, 1978). Politically the majority of development agencies were hostile to the programmes because of their intention to meet not only practical gender needs but also strategic gender needs whose very success depended on an implicit redistribution of power. The anti-poverty approach, the second WID approach, the 'toned down' version of equity was also introduced in the 1970's. This approach to women focuses mainly on their productive role, on the basis that poverty alleviation and the promotion of balanced economic growth require the increased productivity of women in low-income households. It aims to increase the employment and income-generating options of poor women through better access to productive resources. It was soon realized, however, that though the approach might meet practiced gender needs by augmenting their income, unless employment leads to greater autonomy, it would not meet strategic gender needs. Moreover, the income-generating programmes implemented under the assumption that women have free time, often succeed only by extending their working day and increasing their burden. The purpose of the efficiency approach – the now predominant WID approach – is to ensure that development is made efficient and effective through women's economic contribution. Women's participation is equated with equity for women. It seeks to meet practical gender needs. Experience illustrates the fact that the efficiency approach only meets practical gender needs at the cost of longer working hours and increased unpaid work. In most cases this approach failed to reach any strategic gender needs.

The empowerment approach is the most recent and is aimed at empowering women through greater self-reliance and internal strength. It seeks to meet strategic gender needs indirectly through bottom-up mobilization around practical gender needs. When

the first welfare approach recognizes only the reproductive role of women and utilizes women's organisation as a top-down means of delivering services, the empowerment approach recognizes the triple role of women and seeks through bottom-up women's organisations to raise women's consciousness to challenge their subordination. A diverse range of women's organisation including Self-Help Groups (SHGs), have developed in this context conveying a multitude of issues and purposes.

### **The concept of self-help group**

**Figure 5:** The Model Operates SHGs



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. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. Groups become the basis for action and change. It also helps buildings of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self-help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication



and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self-help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural and urbanpoor women are fulfilled totally through the SHGs. SHGs enhance equality of status of women as participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The rural poor are incapacitated due to various reasons such as; most of them are socially backward, illiterate, with low motivation and poor economic base. Individually, a poor is not weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process.

However, in a group, they are empowered to overcome many of these weaknesses; hence there are needs for SHGs which is specific terms are as under:

- To mobilize the resources of the individual members for their collective economic development.
- To uplift the living conditions of the poor.
- To create a habit of savings, utilization of local resources.
- To mobilize individual skills for group's interest.
- To create awareness about right.
- To assist the members financial at the time of need.
- Entrepreneurship development.
- To identify problems, analyzing and finding solutions in the groups.
- To act as a media for socio-economic development of village.
- To develop linkage with institution of NGOs.
- To organize training for skill development.
- To help in recovery of loans.
- To gain mutual understanding, develop trust and self-confidence.
- To develop leadership qualities.
- To build up teamwork.
- To use it as an effective delivery channel for rural credit.

### **Empowerment and Employment Generation through SHGs:**

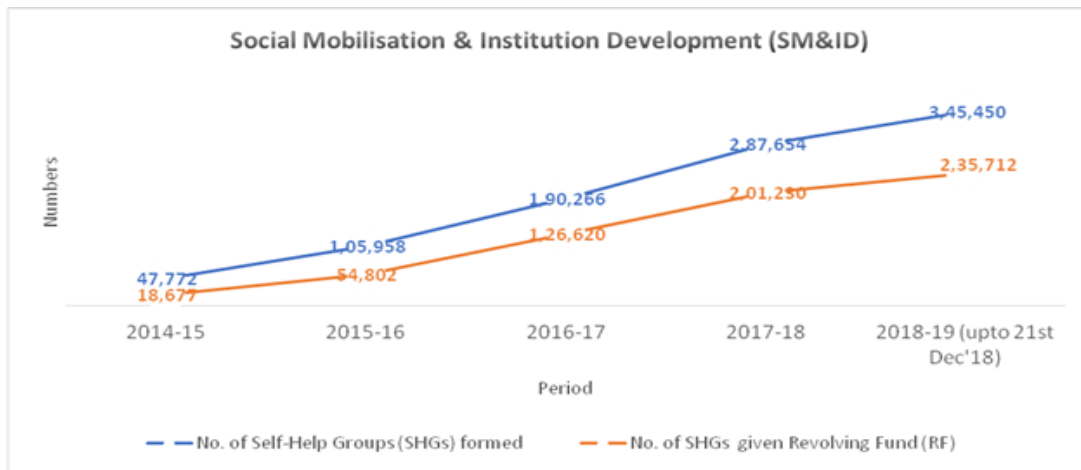
A self-help group (SHGs) is as an instrument to change the conditions of women socially and economically. Once socio-economic experiment is 92 achieved it would have implication on the overall development of women. SHGs enable economic, social, political and psychological empowerment of women. Economic Empowerment: 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. Economic independence facilitates in bringing about sexual equality and increase in women's income translates more directly into family wellbeing. Social Empowerment: Self-help Groups improve the equality of status of women as participants, decision-makers and beneficiaries in the social, democratic, economic and cultural spheres of life. SHGs ensure the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. Political Empowerment: SHGs as active, articulate and organized citizenry act on a range of issues, holding the Panchayats accountable in terms of the use, production and distribution of public resources for the common public good. SHGs enable women to develop their communication skills to speak at the Grama Sabha, public meetings, etc.

Formation of Self Help Groups (SHGs) and their federations i.e. Area and City Level Federations (CLFs), is the backbone of DAY-NULM. These structures provide support to the poor women in meeting their social and financial needs. So far 3,45,450 SHGs comprising of more than 34 lakh women have been formed and 2,35,712 SHGs have been assisted with Revolving Fund under the NULM.

Conscious of the issues of slums and poverty, the Ministry of Housing and Urban Affairs has channelized its efforts in promoting equitable growth in urban areas through Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM). The Mission addresses major social challenges of urbanization & economic growth such as urban poverty, unemployment and social exclusion through five key components: Social Mobilization and Institution Development (SM&ID), Employment through Skills

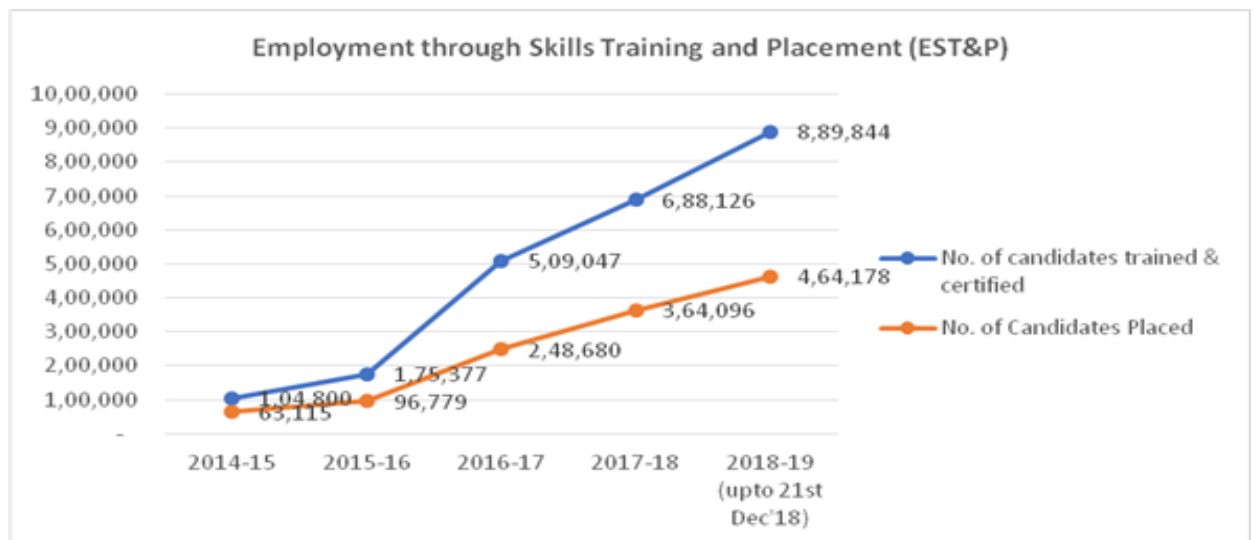
Training & Placement (EST&P), Self-Employment Programme (SEP), Support to Urban Street Vendors (SUSV) and Scheme of Shelter for Urban Homeless (SUH).

**Figure 6:** Social Mobilization and Institution Development



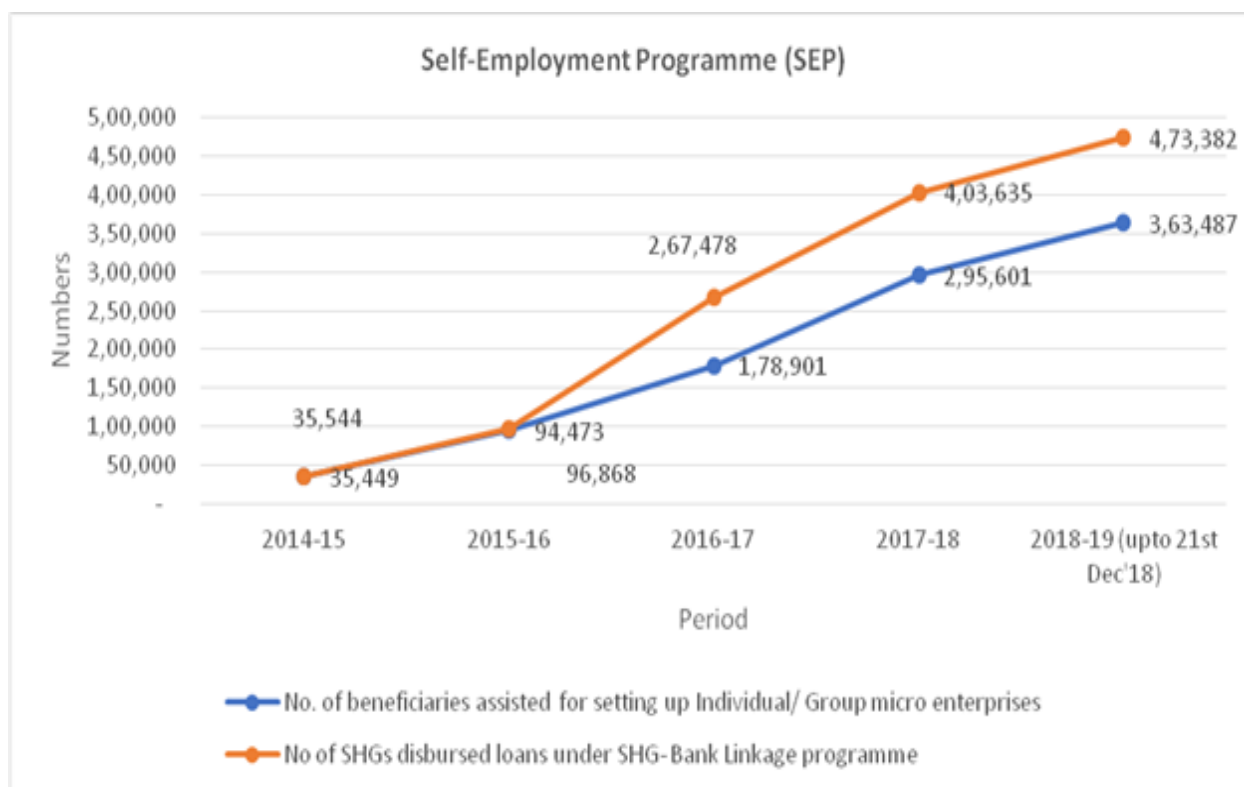
Skill training and placement under the Mission is one of the vital cogs of Skill India Mission. So far, 8,89,844 persons have been trained & certified, and 4,64,178 candidates have been placed wage as well as self-employment. In order to improve skill training programmes based on direct feedback by the candidates through SMS/online mode, a Personalized After Training Rapid Assessment System (PARAS) has been introduced.

**Figure 7:** Employment through Skills Training and Placement



City Livelihoods Centres (CLC) provide an interface between service providers, such as plumbers, electricians, carpenters, tailors, tutors etc., and service seekers i.e. households and local institutions. More than 350 CLCs are functioning, acting as aggregators for local urban services. CLCs also provide marketing support to SHGs to improve sales of their products. To promote self-employment, interest subvention is provided on bank loans over and above 7% ROI. So far Rs 16,160 crores has been sanctioned for 8,36,869 loan accounts. This comprises of 3,63,487 Individual and Group enterprises loans and 4,73,382 as SHG credit linkage accounts.

**Figure 8:**Self-Employment Programme



The Street Vendors Act, enacted in 2014, is an inclusive initiative aimed at protecting the livelihoods of street vendors, giving them representation in a decision-making body that regulates conditions related to vending, and most importantly, seeks to include them within the social security safety nets. The SUSV component of DAY-NULM is aimed at bringing formal recognition to street vendors, in line with the spirit of the Act. The

survey for identification of street vendors has been completed in 2,322 cities; 16,89,564 street vendors have been identified and 8,18,095 vendors have been given ID cards.

An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. Social mobilization through SHGs is inevitable for political empowerment. Psychological Empowerment: Self-help groups enhance the equality of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The SHGs inculcate a great confidence in the minds of rural women to success in their day-to-day life. SHGs and Rural Development In order to change the face of socio-economic scenario, micro enterprises and SHGs are playing significant role in the self-employment by raising the level of income and standard of living rural people. In this framework, one of the most vital aspects of rural self-employment is the formation of SHGs which is a valuable investment in human capital through training and capacity building measures. From dairy to mechanized farming, weaving, poultry, food processing units, mushroom cultivation; Rural India has been busy setting up micro-enterprises by forming SHGs. The group members use collective wisdom and peer pressure to ensure appropriate use of fund and its timely repayment. These are informal groups in nature where members come together towards collective action for common cause. The common need is meeting their emergent economic needs without depending on external help. SHG movement is supposed to build economic self-reliance of rural poor, overcome misuse and create confidence predominantly among women who are mostly unseen in the social structure.

**Conclusion:**

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. Importantly; there is evidence of increased household income. This is a very significant indicator of impact. Standard of living for the program participants has increased and also the food security is much more for the program clients. Programme loans are one of the main ways clients overcome food insecurity with sickness, disease, emergencies and crises,

where programme participants seem to transfer the loan source from friends and moneylenders to SHG loans to meet these expenses. At the individual level, there is evidence that the programme attracts already relatively empowered people and that empowerment occurs among some clients through programme participation. The process of empowerment manifests itself in increased self-esteem. Programme participation is also associated with changes in decision-making at the family level. Program participants are far more aware about the various programs and organizations and have an access to these organizations. Microfinance is playing a significant role in alleviate poverty and rural development. Since women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards of the rural women. The Self Help Groups have proved the way for economic independence of rural women. On the whole, it may be concluded that SHG movement has achieved a grand success in bringing out many positive and rapid changes in the lives of poor in term of socio-economic and politico-cultural aspects and paving a concrete path towards their social, economic and political development, despite many problems and constraints.

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