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## MICRO-CREDIT AND GENDER EMPOWERMENT: FORMATION OF SELF-HELP GROUPS FOR SELF-RELIANCE

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### Abstract

*Gender Empowerment and mainstreaming have been the area of focus in the developing planning agenda of nations. Following the success of the Bangladesh model, micro-credit mechanism and the formation of SHGs is gathering momentum in India with the view to achieve the targets of gender empowerment. Government schemes and programmes are being designed with a view to make women self-reliant, especially at the grassroots level. Some observations regarding the implementation of the empowerment strategies have been made in the paper. The assertions are being made on the basis of primary field data collected to assess the level of self-reliance among grassroots women covered under the field study.*

**Keywords:** Gender Empowerment, Self-Help Groups, Micro-credit, Rural and Urban

### Introduction:

Planning and policies aimed at the upliftment of women received foremost attention of the policy makers in the post-independence era. In the early years, the legislators and policy makers concentrated on social and labour reforms. Legal provisions in favour of women relating to inheritance of family property, marriage, adoption, maintenance, prevention of immoral traffic, dowry and sati, equal remuneration for equal type of work were some areas which received the attention of the policy makers. The first five-year plan (1951-56) emphasized on women and social welfare by tackling problems related to health, education and vocational training. The agenda for gender upliftment was integrated with the community development programme. In the subsequent five-year plans, many programmes and policies were formulated and implemented for women like promotion of women's education, family planning and strengthening of public health care delivery system, home for destitute women. These measures could not generate substantial change in the life of women due to resource constraints and rigid social systems.

The sixth plan separately mentioned women's development on the agenda and stressed on a three-fold strategy for women's development- education, employment and health. It was felt that economic independence would accelerate the process of improvement in the status of women. The seventh five-year plan stressed that confidence building and awareness of rights among women must be accelerated to enable them to realize their potentials for development. Beneficiary-oriented-schemes in various development sectors were promoted

to extend direct benefits to women. There was a marked shift in emphasis in the eighth five-year plan and the strategy for women's empowerment would be to enable them to function as equal partners and participants in development and not merely as beneficiaries. The ninth five-year plan categorically stated that empowering women as agents of social change and development should be the foremost objective to reduce gender disparity. The tenth plan was committed to empower women by adopting a sector-specific three-fold strategy for empowering women based on prescriptions of the National Policy for Empowerment of Women. Apart from providing easy and equal access to basic minimum services like health and education, it was felt necessary to create an enabling environment for empowering women. This enabling environment could be provided through the portrayal of positive images of women and the girl child in the media. As such, a well-planned media strategy was consciously addressed in the plan. The strategy aimed at bringing about massive awareness and education on gender issues while preventing derogatory, demeaning and degrading portrayals of women in the media.

The National Policy and Plan documents have identified women as the hardest hit victims of poverty. With the objective empowering women economically, planners have aimed at the establishment of new micro-credit mechanisms or micro-financial institutions catering to women.

### **Micro-Finance and Gender Empowerment**

The economic status of women is being considered as an indicator of the country's development. The gender empowerment approach seeks to improve the status of women by making them self-reliant and improving their internal strength. Empowerment aims at the holistic development of feminine personalities apart from catering to their economic needs. Empowerment entails an enhancement in the level of self-reliance in women and strengthening the decision-making ability of women from an array of available choices.

The access of women to micro-credit mechanisms or micro-financial institutions is being increasingly emphasized. Within the paradigm of development, the government aims to achieve gender equity by adopting a group approach. The support will manifest through policy formulations and an appropriate programme back-up coupled with a felt need for external agencies for the implementation of the policies framed. Since the functioning of SHG's are based on collective efforts, their formation would benefit not only individual women by raising their income earning capabilities but also other social institutions like the associated family and the community. In this process of planning, gender disparity can be minimized and the overall goals of development can be realized.

The formation of Self-Help Groups is now being promoted to achieve the goals of development. The origin of the concept of self-help groups (SHG's) can be traced to initiative made by Prof. Mohammad Yunus under the aegis of the Grameen Bank in Bangladesh in 1975. In India, the micro-credit mechanism was introduced through NABARD in 1986-87. The idea was to mobilize small and voluntary savings among the rural poor and raise collateral free loans for meeting their productive and consumption needs. The Bangladesh model was adopted in a modified form with a two-pronged strategy

for poverty-alleviation and gender empowerment. The formation and functioning of SHG's are based on certain operational principles like the mutual trust and commitment among members of a small and economically homogeneous group. The rationale behind the formation of SHGs was to encourage saving habits of the poor women and empower the under-privileged through mutual help of the members. The self-help groups are expected to empower themselves through mutual help in the form of joint savings and joint efforts. This task involves intense monitoring and regulation of the activities of the members. The state has entrusted the task to voluntary organizations which essentially act as promoters of groups. For the smooth functioning of the joint enterprise of the SHG, necessary measures for skill-development and capacity-building would be undertaken by the government or in partnership with voluntary organizations and NGO's. The SHG movement has gained momentum in India.

### **Gender Empowerment in Odisha**

In tune with the Central Government, the Government of Odisha has been trying to reduce traditional gender-based disparities and discriminations between men and women. The State Government has been encouraging the employment of women in certain departments with a provision of 30 percent of the vacancies for women in various Government departments. In its effort to empower women in the state, the State Government has launched a "Mission Shakti" campaign which focuses on the formation of SHG's through savings and micro-credit mechanisms. "Mission Shakti" has been dubbed by the State Government as a campaign to create and consolidate all the women SHG's already formed and those being formed. These groups will be nurtured by various agencies-NGO's, banks or different departments of the state government. In fact, it acts as an umbrella organization for all SHG related programmes in the state. Launched on the International Women's Day 2001, the target-oriented scheme focuses on the formation of one lakh 'quality SHGs'. Considering the success of the campaign, the state government has decided to extend it with a vision to have over three lakh SHGs enabling easy access of poor women to their savings, credit and other financial services; thereby facilitating their economic empowerment and self-reliance. The findings of the research based on the study of SHGs in Odisha and the efforts made by the state and voluntary agencies towards gender empowerment will provide insights about the implementation of the policy formulation.

### **Findings and Observations:**

The field study was conducted in Bhubaneswar, the capital city in the Khurda district of Odisha and its hinterland that forms the Bhubaneswar block. This area was selected because it could present a picture of both rural and urban areas. The sub-urban villages/gram panchayats coming under Bhubaneswar block were taken as rural areas. The women SHGs formed in the rural areas are monitored directly by the Government of Odisha. For the study of urban areas, the slums of Bhubaneswar were selected as the area of study. The SHGs in the slums were formed and monitored by a leading NGO of Odisha, Centre for Youth and Social Development (CYSD). As such, both rural and urban areas were covered and a rural-urban comparison can be analyzed. Two hundred and sixty respondents were selected for inclusion from the rural area and eighty were selected from

urban area. Thus, a total of 340 respondents (15% from each area) were selected after identification of SHGs operational in the selected areas. The selection of respondents was done following the simple random sampling method. Joint Activity and formation of Self-Help Group:

The membership in the SHG is voluntary but guided by certain personal factors. Table No.1 throws light on the factors involved.

**Table No.1**  
**Influential Factors of SHG Membership**

Factors	No:of Respondents		Total
	Rural	Urban	
Caste Important	15 (5.76)	-	15 (4.41)
Caste not Important	245 (94.23)	80 (100.00 )	325 (95.5)
Total	260 (100.00 )	80 (100.00 )	340 (100.00 )
Similar Occupational Background	45 (17.30)	5 (6.25)	50 (14.70)
Dissimilar Occupational Background	215 (82.69)	75 (93.75)	290 (85.29)
Total	260 (100.00 )	80 (100.00 )	340 (100.00 )

**NB: The numbers in parentheses in each box represents the percentages of the column total.**

The table brings out the significance attached by the group members to factors like ‘caste affiliation’ and ‘occupational background’ while joining the group. This table reveals that the consideration of caste factors is not very important; 95.5% of the respondents do not attach any importance to caste considerations. This factor is a matter of concern only for a minority of the respondents belonging to rural areas (5.76% of the rural respondents). Likewise, occupational background is also not a major consideration determining

membership in the groups. The table shows that 82.69% of rural respondents and 93.75% of urban respondents join the group and are eager to work together in an enterprise irrespective of whether they have the past experience in the chosen field of activity that is practiced in group. This indicates the adaptability as well as the eagerness for learning and growth. The economic background of the members influences the membership in the groups. During personal interviews with the respondents, it was found that APL category members were not formally included in the group. Since BPL membership can fetch subsidies on the loans raised for the group income-earning activities, the formation of groups was guided by this criterion especially in the rural areas.

### Reasons for joining SHGs

The reasons cited by the women respondents for joining the SHGs also provides an insight about their expectations. They have been motivated to join the SHGs by factors like increased earning, starting a business enterprise, raising funds through loans, as a status/prestige symbol and flexibility in rules. The table No.2 provides a bird eye’s view of the reasons and allied expectation of women from the rural and urban background. Table No 2 Reasons for Joining SHGs

RURAL RESPONDENTS							
Category of Respondents	Earning More	Business	Loans	Prestige	Saving	Flexible Rules	*TOTAL
Above 35 years	93 (26.95)	84 (24.34)	80 (23.18)	12 (3.47)	75 (21.73)	1 (0.28)	345
Below 35 Years	119 (27.73)	82 (19.11)	106 (24.7)	20 (4.66)	97 (22.61)	5 (1.16)	429
<b>Total</b>	<b>212</b> <b>(27.39)</b>	<b>166</b> <b>(21.44)</b>	<b>186</b> <b>(24.03)</b>	<b>32</b> <b>(4.13)</b>	<b>172</b> <b>(22.22)</b>	<b>6</b> <b>(0.77)</b>	<b>774</b>
Married	165 (27.31)	118 (19.53)	147 (24.33)	20 (3.31)	148 (24.50)	6 (0.99)	604
Unmarried	23 (27.38)	24 (28.57)	21 (25.00)	6 (7.14)	10 (11.90)	0	84
Widow	15 (28.30)	14 (26.41)	14 (26.41)	1 (1.88)	9 (16.98)	0	53
Divorcee	4 (33.33)	4 (33.33)	1 (8.33)	3 (25.00)	0	0	12

Destitute	5 (23.80)	6 (28.57)	3 (14.28)	2 (9.52)	5 (23.80)	0	21
<b>Total</b>	<b>212</b>	<b>166</b>	<b>186</b>	<b>32</b>	<b>172</b>	<b>6</b>	<b>774</b>
Illiterate	32 (30.76)	17 (16.34)	25 (24.03)	4 (3.84)	26 (25.00)	0	104
Below Matric	163 (27.44)	129 (20.87)	145 (24.41)	25 (4.20)	127 (21.38)	5 (0.84 )	594
Matric	9 (21.95)	9 (21.95)	10 (24.39)	2 (4.88)	10 (24.39)	1 (2.44 )	41
+2	7 (28.00)	8 (28.75)	5 (17.85)	1 (3.57)	7 (25.00)	0	28
+3	1 (14.28)	3 (42.85)	1 (14.28)	0	2 (28.57)	0	7
<b>Total</b>	<b>212</b>	<b>166</b>	<b>186</b>	<b>32</b>	<b>172</b>	<b>6</b>	<b>774</b>
<b>URBAN RESPONDENTS</b>							
Above 35 years	7 (12.28)	6 (10.52)	19 (33.33)	4 (7.01)	21 (36.84)	0	57
Below 35 Years	24 (16.90)	14 (9.85)	50 (35.21)	6 (4.22)	48 (33.80)	0	142
<b>Total</b>	<b>31</b> <b>(15.57)</b>	<b>20</b> <b>(10.05)</b>	<b>69</b> <b>(34.67)</b>	<b>10</b> <b>(5.02)</b>	<b>69</b> <b>(34.67)</b>	<b>0</b>	<b>199</b>
Married	30 (15.95)	20 (10.63)	64 (34.04)	10 (5.31)	64 (34.04)	0	188
Unmarried	0	0	0	0	0	0	0
Widow	1 (11.11)	0	4 (44.44)	0	4 (44.44)	0	9
Divorcee	0	0	1 (50.00)	0	1 (50.00)	0	2

Destitute	0	0	0	0	0	0	0
<b>Total</b>	31 (15.57)	20 (10.05)	69 (34.67)	10 (5.02)	69 (34.67)	0	199
Illiterate	4 (17.39)	1 (4.34)	8 (34.78)	2 (8.69)	8 (34.78)	0	23
Belo w Matri c	23 (15.33)	17 (11.33)	52 (34.66)	7 (4.66)	51 (34.00)	0	150
Matric	3 (18.75)	1 (6.25)	6 (37.50)	1 (6.25)	5 (31.25)	0	16
+2	0	0	1 (25.00)	0	3 (75.00)	0	4
+3	1 (16.66)	1 (16.66)	2 (33.33)	0	2 (33.33)	0	6
<b>Total</b>	<b>31</b> (15.57)	<b>20</b> (10.05)	<b>69</b> (34.67)	<b>10</b> (5.02)	<b>69</b> (34.67)	<b>0</b>	<b>199</b>

**NB: Multiple responses recorded across the columns; thus, total exceeds the total number of respondents. The numbers in parentheses are percentages of row total.**

From the given table.no. 2, it can be deduced that,

- Rural Women have been motivated to join the SHGs with an urge to earn more (27.39% of the total rural respondents), and engage themselves in business activity through collective effort (21.44% of the total rural respondents). The small savings campaign made by the Government by the group members (especially among rural women) has encouraged them to make compulsory savings enabling them to raise loans (24.03% of the total rural respondents) to run their business activity with a scope to earn. Factors like rise in social prestige and flexible working rules have also been a source of motivation though to a very negligible extent.
- Urban women have joined the SHG with an urge to save (34.67% of total urban respondents) and raise loans. They have also joined the groups to earn more (15.57%) by doing some business (10.5%) and to enhance their prestige in the society (5.02%). Older women in the urban areas show a marginally higher inclination towards saving (36.84% of the total responses of older women more than 35 years of age) than the younger women.
- Urban women are more inclined towards the idea of saving and raising loans than rural women who appear comparatively untouched by the concept of loans and savings.

The responses regarding the perception of women with respect to the functioning of SHGs they joined as well as those under their observation was elicited during the study. About 53.25% of the total respondents categorize the SHGs they belong to as active. This figure includes 45% of rural respondents and 76.25% of urban respondents. This indicates that the urban respondents are themselves more active in the group activities and their competitive spirit to do business is higher as they appear to be observant about the activities undertaken by other groups in their immediate surrounding. The study also revealed that some SHG members (11.17% of the total respondents) lack a clear perception about the group activities and have remained ignorant about the functioning of the group. Rural respondents mention that the group they belong to are dormant; 47.69% of the rural respondents state that the SHGs they belong to are weak.

### **Gender Empowerment through SHGs:**

The studies conducted by Kelkar, Nathan and Jahan on the performance of micro-credit institutions for women in Bangladesh indicates encouraging results. According to them, 'micro-credit' has enabled women to undertake small entrepreneurial activities to earn an income. To quote them,

*“The critical difference that micro-credit to women has made in patriarchal Bangladesh is that it enabled women themselves to be the agents of the formation of domestic activity for household consumption into a commercial activity for sale”.* (Kelkar, Nathan and Jahan 2004:3629)

The present study conducted in Bhubaneswar, Odisha reveals that the women entrepreneurs face problems like marketing of the produce and crop failure. Some energetic and enthusiastic groups have not succeeded in running a successful business enterprise.

The availability of easy loans at a relatively low rate of interest through SHG have prompted the women to join the group and for this purpose they have gained support from the male members of the family. The amount raised as loans are usually used for meeting the immediate financial needs of the family. As such, women become agents to meet the financial requirements and become dependent on the male members for the repayment of the loans. The decision-making capability, skill development and economic stability of the women are essential parameters for gender empowerment. As per the findings of the study, the position of women within the household may have risen to the extent of becoming an agent for raising funds instead of becoming self-reliant economically and in the other dimensions.

**Summary and Conclusion:**

The findings of the study provide an understanding about the functioning of SHGs and the output of efforts being made towards achieving the goal of gender empowerment within the paradigm of development. The SHG and micro-finance model was adopted in India after the successful implementation of the development efforts in Bangladesh. As the present study indicates, only limited success with respect to gender empowerment has been achieved.

From a gender perspective, it can be asserted that women have gained in confidence to enter the public domain of activity, marking a break from the patriarchal confinement within the private sphere. Feminine identities are being formed in the sense that women are at least being considered 'capable' within the household, thus feeling important with an accompanied boost in the level of self-confidence and realization of self-worth. In this sense, women are becoming self-reliant. Regarding self-reliance in economic terms, the success of SHG depends upon the successful conduct of the business enterprises with a scope for earning a decent income. Several instances where women members of SHG are not even aware about any economic activity has come to light. But they are aware about the loans being disbursed to the group they belong to. As discussed above, women are being lured by the idea of raising loans for meeting emergent family needs, sometimes to repay off earlier loans, rather than running a successful business. Thus, arises a scope for debt-trap in the poverty-ridden families. The two-pronged strategy of poverty alleviation and gender empowerment through the formation of SHG is in need of close monitoring at the implementation level. Some guidance and monitoring for the successful running of the business enterprise could be of some help. The policy implementation aspect has to be strengthened for achieving the desired targets of empowerment and development.

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