

Original Research Article

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## Women Empowerment through Self-Help Group Microfinance in Tamil Nadu, India

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### ABSTRACT

The welfare of the women folk has been a major concern for the Indian government. Consequently many measures have been launched to ensure a better status to utilize their untapped potential and to bring them into the spectrum of economic development. Self Help Groups- a viable measure was formulated by the government for achieving the objective of women empowerment. The present study was undertaken to assess the performance and economic impact of Microfinance on the investment, income, savings and employment status of rural women. A sample of 60 respondents from 10 Self-Help Groups of Udumalpet block of Tiruppur district formed the sample size. A number of income generating activities were undertaken by the SHGs. The results show positive changes in indicators of economic empowerment like Expenditure (113 to 350%), annual income (128 to 382%), savings (425 to 892%) of the respondents after joining the Self Help Groups. This has increased their participation in household decisions and strengthened the women empowerment. The four point continuum scoring revealed that the dimensions of Socio-Economic empowerment ranked on the first three positions were access to credit, asset building and mobility. Decision making related to child birth, access to sanitation and literacy were ranked lower. Economic problem was the main reason identified for inefficient functioning of SHGs regardless of their type of economic activities. Briefly, microfinancing through Self Help Groups taps the gesture for the upliftment to a better living and positive role in graduating women empowerment.

#### Keywords

Microfinance, Self-Help Groups, Empowerment

#### Article Info

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### Introduction

Development alone cannot bring peace and prosperity unless sociality and gender equality are ensured. Tamil Nadu is the 11<sup>th</sup> largest state in India. It has 35 million female in its total population of 72 million (Census Survey, 2011) and it stands fourth in terms of the percentage of women headed households in

India. With India ranking 87<sup>th</sup> place in gender gap report (World Economic Forum, 2016) we are still lagging in various areas of women empowerment. Rural women today have been suffering a lot due to the feeling of helplessness and lack of decision-making capabilities in financial matters. In this era of liberalization, privatization and globalization, women are more conscious for their liberty,

rights and freedom, security, social status etc., but till date they are deprived from same.

Microfinance has been introduced and promoted to bridge this gap and it has been successful to a great extent. Microfinance and microcredit practices target primarily women, who are encouraged to construct Self-Help Groups (SHGs) for raising collateral and for receiving Financial Services. According to Reserve Bank of India, SHG may be a registered or unregistered group of people mostly micro-entrepreneurs having homogeneity in their socio-economic background, who join hands together to contribute regular savings to a common fund and meet their emergency needs on mutual help basis. The peer pressure and collective wisdom ensure the credit use and timely repayments and also substitute the collateral for loans. The participation of women in Self Help Groups (SHGs) made a significant impact on their empowerment both in social and economical aspects. The programme, "Mahalir Thittam", implemented in partnership with NGOs and Community based organizations which are affiliated with TNCDW (Tamil Nadu Corporation for Development of Women) in Tamil Nadu is working to bring about qualitative changes in their attitude and to promote cohesion and effective functioning of the group. The present study has analysed the impact of microfinance in women empowerment through Self Help Groups.

## **Materials and Methods**

### **Selection of study area**

Out of 32 districts of Tamil Nadu, Tiruppur district is selected purposively for the study. Tiruppur district comprises 13 blocks namely Avinashi, Pongalur, Palladam, Udumalpet, Gudimangalam, Madathukkulam, Tiruppur, Uthukuli, Dharapuram, Kundadam, Mulanur,

Kangeyam, Vellakovil. Out of 13 blocks Udumalpet block, having maximum number of Women SHGs, was selected purposively. From the selected block, 10 Women Self Help Groups were selected randomly.

### **Selection of respondents**

From the selected Self Help Groups, totally 60 respondents were selected using Random number table and they are arranged according to the major SHG activities.

### **Nature and sources of data**

Primary data were collected by Interview schedule through Survey and Personal Interview method. The secondary data related to performance of the Self-Help Groups in Tamil Nadu were collected from the reports of NABARD.

### **Variables for the study and their measurement**

The variables considered were age, caste, education, type and size of family. Apart from these, their annual family income, expenditure, savings and asset position were also considered.

### **Analytical techniques employed**

#### **Impact of SHG**

Before- After approach (B-A) have been used to study the impact of microfinance on income, employment and social status of respondents after joining the Self-Help Groups.

Four point continuum scoring:

The impact of micro finance on Socio-economic empowerment of rural women after joining SHGs have been measured using four

point continuums with scoring pattern of 1, 2, 3 and 4. The score of all the Socio- economic dimensions were added up to get total score for Socio- Economic empowerment. The dimensions included were mobility, recognition in family, recognition in community, interaction with outsider, access to sanitation, access to immunization, literacy, nutrition awareness, decision making related to child birth, access to credit, individual income, decision making related to money expenditure.

Mean and Standard Deviation (S.D) of score were estimated to categorize the dimension under low, medium and high.

Mean + Standard Deviation gives higher level (upper class)

Mean - Standard Deviation gives lower level (lower class)

In between two classes is the medium level (moderate class).

To rank the socio- economic dimensions of women empowerment, weighted mean score was estimated for each dimension.

The higher weighted mean score denoted higher decision making power in respect of the dimension and lower weighted mean score denoted the less decision making power regarding that dimension.

### **Problems of women in running SHGs**

To find out reasons for inefficient functioning of women SHGs administrative, financial, management and technical aspects of functioning of SHGs were analysed and ranked in the order of their importance. Weighted average, Mean and Percentage techniques were also be used to analyse the collected primary table.

## **Results and Discussion**

### **Socio- economic profile of the respondents**

Nobel Laureate Amartya Sen (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements (Table 1).

### **Age**

The age distribution pattern of sample rural women indicated that the majority of the respondents fell in the age group of 18-50 years. The probable reason for this might be that the young and middle-aged were more efficient and actively involved in income generating activities. The inclination of MFIs and SHGs more towards young and middle-aged group members to reduce risk is evident from this observation. The appreciable point for the women is that the younger group is also more interested to join microfinance to change their life. Most of the microfinance institutions followed this as a rule while identifying their clients that their age should be not only below 50 years but also enterprising. The results of this study are in line with the findings of Annapurna (1993) and Sarada (2001).

### **Caste**

The distribution of sample households according to the caste indicated that 36.67 percent belonged to other backward castes whereas 63.33 percent of sample households from the said categories belonged to scheduled caste.

Hence, it could be concluded that the SHG movement had by and large achieved one of its goals of helping the weaker sections of the population to access microfinance.

## **Education**

A maximum number of people completed secondary (33%) and higher secondary level of education (33%) whereas 15 per cent people were illiterate.

Thus education does not seem to be a necessary pre requisite to act as a driving force to join microfinance institutions.

## **Family type**

In general, a higher prevalence of nuclear family type was observed in the sample (90%) and joint family type was observed only among 10 percent of the respondents. The average family size of the respondents from dairy, goat farming, saree business, cooking and tailoring were 3.85, 4.12, 3.5, 3.37, 3.33 percent respectively.

## **Impact of microfinance on income, employment and social status of women**

The impact study was carried out on economic situation viz., expenditure, income, employment, savings and asset creation of the respondents before and after the introduction of microfinance were assessed using percentage, absolute change and relative change.

## **Expenditure**

The expenditure of respondents carrying out cooking activities shows a higher absolute change in the expenditure of about Rs.67215 (relative change 350.98%) whereas the respondents doing saree business exhibited a lower change of Rs.18000 (relative change 113.69%).

Therefore a positive shift in the expenditure level of the members after joining the Self – help Group was observed (Table 2).

## **Income**

The annual income of all the categories showed a hike after joining the SHGs. The respondents carrying out cooking activities had the highest rise in their annual income with an absolute change of about Rs. 76375 (Relative change 381.87%) (Table 3).

The lowest rise in income is for the people doing saree business with an absolute change of about Rs.22500 (Relative change 135.00%)

## **Savings**

The saving performance of the members improved very well after joining the SHGs. This increase can be attributed to the compulsory savings under the institutional agencies from where they had availed credit.

The concept of microfinance rests on the premise that members will develop the habit of thrift/saving though formal sectors when compared to the situation before they became the members of the SHG (Table 4).

Through the savings, the poor availed credit from the SHGs for consumption or for emergency purpose, which many a time cannot be catered by the formal credit system. Inherently SHGs conceptualized around thrift and credit services, emerged as one of the effective methods for the empowerment of women.

## **Asset position of women SHG members**

The financially weak members are characterized by low asset base. Therefore any programme targeting the poor should strengthen their asset holding pattern.

The Microfinance had helped to improve the asset-building capacity of the members of the Self-Help Group.

**Table.1** Socio-economic profile of the respondents

Nature of work	Dairy farming [32]	Saree business [6]	Goat farming [8]	Cooking [8]	Tailoring [6]	Total [60]
<b>Age</b>						
Young (<35)	5	4	22	4	3	38 (63.3)
Middle (35-50)	1	2	10	3	2	18 (30.0)
Old (>50)	2	0	0	1	1	4 (6.67)
<b>Caste</b>						
SC	32	6	0	0	0	38 (63.33)
OBC	0	0	8	8	6	22 (36.67)
<b>Education</b>						
Illiterate	3	1	4	0	1	9 (15.0)
Primary	4	0	0	0	0	4 (10.0)
Middle	5	0	0	1	0	6 (10.0)
Secondary	8	1	3	4	4	20 (33.0)
Higher Secondary	12	3	1	3	1	20 (33.0)
Graduate	0	1	0	0	0	1 (2.0)
<b>Family type</b>						
Joint family	3	0	3	0	0	6 (10.0)
Nuclear Family	29	6	5	8	6	54 (90.0)

[ ] Total number of respondents under each activity

() Figures within parenthesis shows percentage to total of respective category

**Table.2** Impact of SHGs on average annual expenditure incurred by respondents

Nature of work	Product	No. of respondents	Average annual expenditure (Rs.)		Absolute change (Rs) (Relative change %)
			Before SHG	After SHG	
Dairy	Milk	32	27837	59692	31855 (114)
Goat farming	Goat	8	20,625	46,125	25500(123)
Saree Business	Saree	6	15833	33833	18000(113)
Cooking	Function catering	8	19125	86250	67125(350)
Tailoring	Nightwears	6	30667	89167	58500(190)

**Table.3** Impact of SHGs on average annual income of the respondents

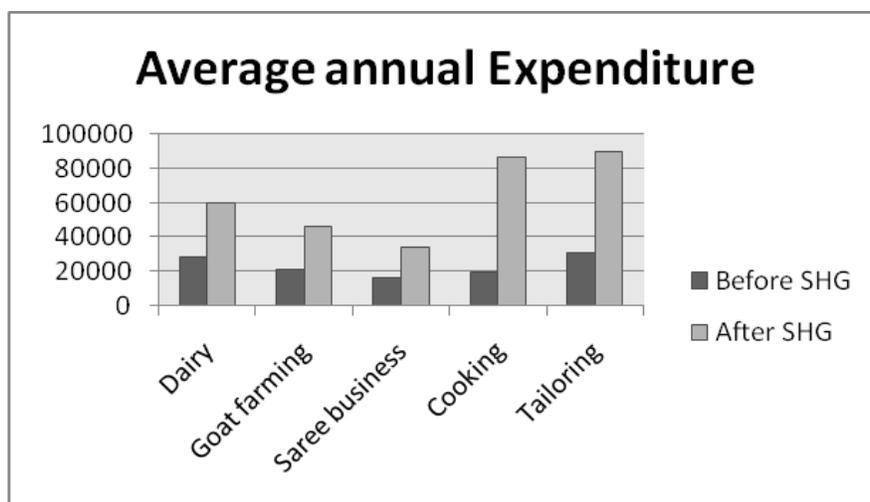
Nature of work	Product	No. of respondents	Average annual income (Rs)		Absolute change (Rs) (Relative change %)
			Before SHG	After SHG	
Dairy	Milk	32	28,315	64,426	36,111(127)
Goat farming	Goat	8	21,250	51,250	30000(141)
Saree Business	Saree	6	16,667	39,167	22500(135)
Cooking	Function catering	8	20,000	96,375	76375(381)
Tailoring	Nightwears	6	32,667	1,00,000	67333(206)

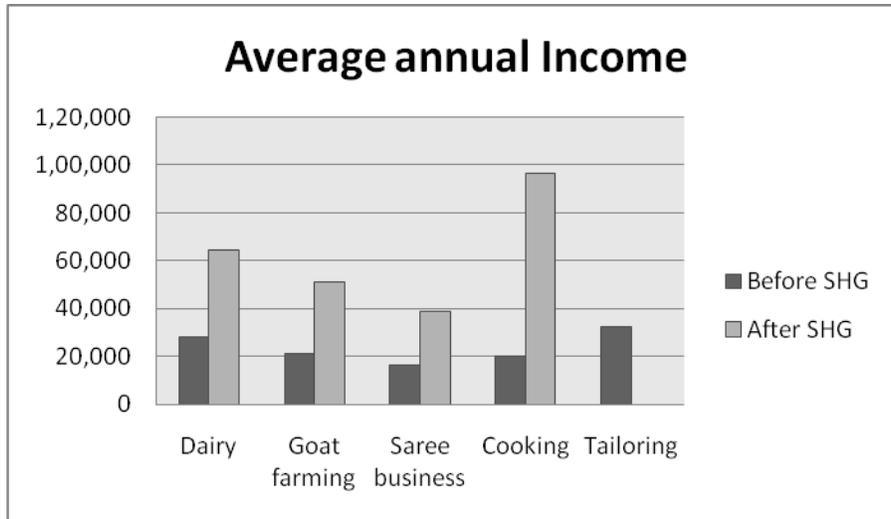
**Table.4** Impact of SHGs on average annual savings of the respondents

Nature of work	Product	No. of respondents	Average annual saving		Absolute change (Rs) (Relative change %)
			Before SHG	After SHG	
Dairy	Milk	32	477	4733	4256 (892)
Goat Farming	Goat	8	625	4500	3875(620)
Saree business	Saree	6	833	5333	4500(540)
Cooking	Function catering	8	875	10,000	9125(1042)
Tailoring	Nightwears	6	2,000	10,500	8500(425)

**Table.5** Ranking of various socio-economic dimensions of women empowerment

Socio-economic dimensions	Weighted mean	Rank
<b>Social dimensions</b>		
Mobility	3.92	3
Recognition in family	3.82	5
Recognition in community	3.73	9
Interaction with Outsider	3.77	7
Access to sanitation	3.70	10
Access to immunization	3.57	14
Literacy/education	3.58	13
Skills	3.75	8
Nutrition awareness	3.65	11
Family planning awareness	3.43	15
Participation in development activities	3.60	12
<b>Economic dimensions</b>		
Access to credit	4.00	1
Assets building	3.93	2
Individual income	3.90	4
Decision making related to money expenditure	3.80	6





### **Employment**

One of the main characteristics of SHGs is to create income generating opportunities for the members and thereby enabling regular savings. Maximum numbers of respondents (58.33%) were employed mainly as farm labours. The average number of working days increased for all the activities except the respondents carrying out cooking activity.

### **Socio-economic empowerment of the respondents**

Maximum respondents were in the category of moderate level of empowerment under all the activities. The dimensions ranked on the first three positions by the respondents, in general were access to credit, asset building, and mobility. The lower ranked dimensions were decision making related to child birth, access to sanitation and literacy. This indicated that there is lack of awareness regarding family planning and sanitation.

### **Problems faced by women in running SHGs**

The foremost problems were lack of risk bearing capacity (97%), low-income generation (90%), poor infrastructural

facilities (87), inadequate prices (80), less potential of products (78%) and family restrictions (75%) listed in the order of their importance.

The only motive for availing loan and subsidies and non-availability of quality training, lack of skills were found to be the major reasons for defunct Self-Help Groups.

Women make use of loans for their personal and family activities and fail to repay without knowledge about credit scores. Skill training and educating them about proper repayment for further benefits can help to rekindle those SHGs in future. Microfinance through Self-Help Groups has a great role in getting the womenfolk empowered. The joint efforts of Government, NGOs and bank will be effective for the upliftment of Self-Help Groups. Directing the women, our greatest resource for a fruitful purpose will pave way for the development of the country. Helping them financially and socially will aid them to achieve even bigger pursuits.

### **Policy implications**

Banks may provide extension of time period if the groups incur any unexpected losses by checking their past repayment behaviour.

Government should subsidise their loans so that they may not utilise the loan amount solely for consumption activities. The raw materials should also be made available at subsidised rates and thereby ensuring financial security.

NGOs should provide quality training, nurturing of SHGs and monitoring their activities to help them perform better. NGOs should be reasonably monitored by financing agencies like NABARD and DRDA so that they fulfill their commitments as per the spirit of their objectives.

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