

# Socio-Economic Empowerment of Women through Micro-Finance

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## Introduction

The Human Development Report in 1995 quoted that out of 1.3 billion poor people living in developing countries, 70 per cent are women. Poverty among rural women is growing faster than rural men. Women in India form 89 per cent of the informal and unrecognized sector. In India, women produce 30 per cent of the food commodities consumed by the country but earn only 10 per cent of income and own 10 per cent of the property or wealth of the country. The process of economic development would be incomplete and lopsided unless women are fully involved in the process. Emancipation of women is an essential pre-requisite for economic development and social progress of the nation. Empowerment is an active process of enabling women to realize their full identity and power in all spheres of life. The concept of women's empowerment was introduced at the international women's conference in 1985 at Nairobi.

Empowerment of the deprived begins with their ability to voice their opinion through the process of consensual, political dialogue, backed up by access to education. The empowerment process encompasses several mutually reinforcing components but begins with and is supported by economic independence which implies access to and control over production resources.

The role played by Self Help Groups in the field of empowering women particularly in the rural areas is being recognized. The SHGs are characterized in empowerment of women through focusing attention on women below the poverty line to provide self employment by imparting training in different activities and improving the available local skills improves the status of women in the family as well as in the society, creates better awareness to health, education and environment among rural people. It creates an environment through positive economic and social policies for full development of women to enable them to realize their full potential. Thus the SHGs certainly play an

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important role in women empowerment. Since the overall empowerment of women is crucially dependent on economic empowerment, these SHGs could generate income and employment to empower women. Keeping the above mentioned facts, the present study was undertaken with the following objectives:

- To study the structural and functional characteristic features of Self Help Groups.
- To identify the various income generating activities undertaken by the members.
- To assess the impact of microfinance on the empowerment of women.

### Methodology

The primary data was collected through personal interview method from the SHG members with the help of a well structured and pre-tested schedule. Kodaikanal taluk in Dindigul district of Tamil Nadu was purposively selected for the study as it is an important tourist centre and it gives opportunity for women to do business activities. Based on the highest number of self help groups operating, six villages were selected purposively from the taluk for the study. Five SHGs were selected from each village. The SHGs which carried out income generating activities were purposively selected thus a total of 30 groups from 6 villages were selected. Three members from each Self-Help group were randomly selected for collection of information required for the study. Thus the total sample size of SHG members was 90.

For collecting information about selected SHGs, apart from referring to their books and registers, office bearers were interviewed for some of the factors like writing of group records, structure and functioning of SHGs etc. The different income generating activities carried out by SHG members were listed by obtaining response from beneficiaries and frequencies and percentages were calculated for the same. Empowerment can be divided into social empowerment and economic empowerment. It refers to the extent of empowerment the beneficiaries have gained through impact of the SHGs on the social as well as economic conditions. The level of empowerment in each case was measured by asking the respondents to give their opinion on a three point continuum scale and quantified using the following scoring pattern.

Category	Score
Increased	3
Decreased	2
Remained same	1

The impact of the SHG on the members' empowerment was assessed using the above scoring pattern. The impact index was obtained by using the formula.

$$\text{Impact Index (\%)} = \frac{\text{Obtained score}}{\text{Maximum obtainable score}} \times 100$$

## Results and Discussion

### Structure and functioning of the SHGs

The various characteristics with respect to the structure and functioning of the SHGs are presented in Table 1.

Among the sample size of 30 SHGs, 63.4 per cent of them were above 4 years of age, 16.6 per cent were 2-4 years of age and 20.0 per cent of them were 2 years and below. It was observed that 46.6 per cent of the SHGs had membership of 13-15 members followed by 33.3 per cent of them with more than 15 members and 20 per cent with 10-12 members. This is in conformity with the definition of Self Help Groups and its norms. The SHG is a long term activity. The process of formation involves a number of steps and dealing with rural women is often accompanied with a number of barriers, which have to be solved before moving onto the next steps. The groups in the present study were selected based on income generating activity and therefore the age of the group is an important factor which stabilizes the activity of the group. Majority of the groups are above 4 years of age. It was observed that with respect to frequency of meetings 96.6 per cent of them conducted weekly meetings which is indispensable to maintain frequent contacts with members, to discuss about the activities, carryout transactions and contribution of their savings and 3.3 per cent had fortnightly meetings due to inconvenience in gathering. Nearly 93.4 per cent of the groups had attendance above 75 per cent and only 6.6 per cent had attendance between 50-75 per cent, the reason might be due to the feeling of belongingness, interest to develop the group and also due to the governing rules agreed upon.

In 76.6 per cent of the groups the records were moderately maintained while 23.3 per cent of groups maintained their records very well. Majority of the members had completed their high school education and also had the guidance and training from the NGOs. The contact of the groups with banks and NGO show that they had linkages according to the SHG-Bank linkage programme and there are a number of banking facilities in the study area. With respect to writing of group records, in all the groups (100%) records were written by one of the members, because of the presence of educated persons in the group and some of members had been trained by NGO staff to write their records.

**Table 1. Structural and functional characteristics of SHG (n=30)**

Sl. No.	Characteristics	Frequency	Percentage
<b>1</b>	<b>Age of the SHG</b>		
	2 years	6	20
	4 years	5	16.6
	> 4 years	19	63.4
<b>2</b>	<b>Membership of SHG</b>		
	10 – 12	6	20
	13-15	14	46.6
	>15	10	33.4
<b>3</b>	<b>Frequency of group meeting</b>		
	Weekly	29	96.6
	Fortnightly	1	3.4
	Monthly	-	-
<b>4</b>	<b>Attendance of the group</b>		
	>75%	28	93.4
	50-75%	2	6.6
	25-50%	-	-
<b>5</b>	<b>Record maintenance</b>		
	Very well maintained	7	23.4
	Moderately maintained	23	76.6
	Not maintained	-	-
<b>6</b>	<b>Banks</b>		
	Canara bank	2	6.6
	Indian bank	14	46.6
	SBI	3	10
	PACB	3	10
	PNB	3	10
	CBI	5	16.8
<b>7</b>	<b>NGO linkage</b>		
	DMI	26	86.7
	Gandhigram	2	6.7
	Independent	2	6.6

<b>8</b>	<b>Writing of group records</b>		
	By one of the members	30	100
	By hired person from village	-	-
	By NGO staff	-	-
<b>9</b>	<b>Bank transactions</b>		
	All members transact	3	10
	Majority of them transacted	21	70
	Some of them transacted	6	20
<b>10</b>	<b>Contribution of individual saving</b>		
	All contribute on the fixed day	22	73.4
	Contribute as and when possible	6	20
	Some members skip	2	6.6
<b>11</b>	<b>Repayment of loan to bank</b>		
	Regular	22	73.4
	Irregular	7	23.3
	Defaulter	1	3.3
<b>12</b>	<b>Conflicts in the group</b>		
	Frequently	1	3.3
	Rarely	16	53.4
	No conflicts	13	43.3

With respect to transactions with banks, in a majority, of the groups (70%) had experience in bank transaction though not all the members. Some members were reluctant even after joining the SHG to visit banks. In 20 per cent of the groups only some of them transacted, probably because of group decision to extend the responsibility to few active members and only in 10 per cent of groups all members transacted reflecting upon the transparency in group dealings.

In 73.4 per cent of the groups all members contributed their saving on the fixed day which shows that they follow the norms of the SHGs and maintain punctuality. In 20 per cent of the groups the members contributed as and when possible which may be due to irregular income or other needs. Only 6.6 per cent skipped, which might be due to the type of income generating activity. In 73.4 per cent of groups repayment of loan to the bank was regular, which might be due to the surplus generated through income generating activities, the group pressure, need to maintain worthiness with banks and NGO intervention and their timely guidance. Only 23.3 per cent of groups reported irregularity in payment and 3.33 per cent of groups reported default, which might be due to conflicts and irregularity in income. Default might be due to member's irresponsibility in repayment and conflicts. In 53.3 per cent of the groups conflicts rarely occurred and

43.3 per cent had no conflicts. The heterogeneity in attitude of members towards certain issues like sanctioning of loan, interest rates etc. might lead to conflicts.

## 2. Income generating activities of the SHGs

The results presented in Table 2 show that for a majority of the members (27.78%) major income generating activity was shop keeping as the major income in the area was from the tourists visiting the place and shops located at important visiting spots provided more opportunities to the members. Dairying was undertaken by 17.78 per cent of the

**Table 2. Income generating activities undertaken by the SHGs** (n =90)

Sl. No.	Activity	Number of members	Percentage
1	Shop keeping	25	27.78
2	Dairy	16	17.78
3	Dry flower making	9	10.00
4	Fair price shop	6	6.67
5	Tailoring	5	5.57
6	Eucalyptus oil sales	4	4.45
7	Telescope	3	3.33
8	Bakery	3	3.33
9	Sambar powder making	3	3.33
10	Product sales	3	3.33
11	Fancy shop	2	2.22
12	Nursery	2	2.22
13	Handy work	2	2.22
14	Doll making	2	2.22
15	Fertilizer shop	2	2.22
16	Poultry	1	1.11
17	Textile sales	1	1.11
18	Provisional shop	1	1.11
	Total	90	100.00

members, as these members were also involved in agricultural activities. Dry flower making was undertaken by 10 per cent of the members as it is an activity which can be done by women efficiently and flowers are available in the locality. Tailoring activity was undertaken by 5.56 percent of the members as they had undergone short courses on stitching and earned from their neighborhood. About 4.4 per cent of the members were involved in eucalyptus oil sales as leaves could be collected from the forest areas or purchased at a lesser cost. Bakery, sambar powder making, telescope for use and product sales (Amway) were undertaken by 3.3 per cent each of the members. Fancy

shops, nursery, handy work, doll making and fertilizer shop were taken by 2.22 per cent each of the members. Poultry rearing, provisional shop and textile sales were undertaken by 1.11 per cent each of the members respectively. The diversification in activities is noticed as the members belonged to different villages and resources and opportunities available varied.

### 3. Impact of SHGs on empowerment of members

#### 1. Social empowerment

Table 3 shows the impact of SHG on the social empowerment of the SHG members. The impact is measured through scores and their index developed for contributing social factors before and after joining the SHG. Among them communication ability followed by decision making, treatment of family members, leisure time profitably used, self image and involvement in social issues had scores ranging from 150-170 before joining the SHG which increased to scores ranging from 230-260 after joining the SHG.

**Table 3. Impact of SHG on social empowerment of women (n=90)**

Sl. No.	Variables	Before		After		Gain index
		Scores	Index	Scores	Index	
1	Communication ability	168	62.22	238	88.15	26.00
2	Extension participation	93	34.44	169	62.59	28.15
3	Awareness of government policies	97	35.93	183	67.78	31.85
4	Leadership qualities	98	36.30	195	72.22	35.92
5	Literacy (eg. Able to sign)	123	45.55	194	71.85	26.35
6	Involvement in social issues	101	37.40	206	76.30	38.89
7	Leisure time profitably used	152	56.30	233	86.30	30.00
8	Self image	158	58.52	233	86.30	27.78
9	Decision making	169	62.59	261	96.67	34.08
10	Treatment of family	165	61.11	264	97.78	36.67
11	Participation in organizations	93	34.44	150	55.56	21.12
	<b>Overall index</b>		<b>47.70</b>		<b>78.31</b>	<b>30.61</b>

Their respective indexes also showed an increase with the highest in case of treatment of family followed by decision making, leisure time profitably used and self image. Extension participation, awareness of government policies, involvement in social issues, participation in organizations, literacy and leadership quality also showed remarkable increase in their scores and indexes after joining the SHG. The members had opined that leisure time was profitably used after joining SHG, as members were involved in

income generating activities and participated in social issues. The literacy level also increased as the women learnt to sign and manage their accounts in the group. The overall index calculated was 47.70 before joining SHG which increased to 78.31 after joining the SHG. The gain in index was highest in involvement in social issues followed by treatment of family members. The overall gain in index was 30.61. The increase in empowerment is noticed because of the participation in income generating activities, contact with banks and higher officials, attending training programmes, involvement in government schemes and social issues through the SHGs.

### 3.2. Economic empowerment

Table 4 depicts the impact of SHG on the economic empowerment of women members. The index for the contributing factors such as immovable assets increased from 59.63 before joining SHG to 98.89 after joining SHG, followed by acquisition of skills from 70.37 to 97.04, women's income from 37.78 to 95.56, access to credit from 48.52 to 94.81, savings /month from 41.11 to 93.33, purchase of gold from 59.26 to 91.11, material possession increased from 48.89 to 82.22, food consumption pattern increased from 52.59 to 78.89 and access/control over financial resources/households increased from 35.19 to 73.33. The overall index of economic empowerment of women increased from 50.37 before joining SHG to 89.46 after joining the SHG. The gain index was highest in case of women's own income. The overall gain in index was 39.09.

**Table 4. Impact of SHG on economic empowerment of women ( n=90)**

Sl. No.	Variable	Before		After		Gain index
		Scores	Index	Scores	Index	
1	Access to credit	131	48.52	256	94.81	46.29
2	Women's own income	102	37.78	258	95.56	57.78
3	Access/control over financial resource/ households	95	35.19	198	73.33	38.14
4	Food consumption pattern	142	52.59	213	78.89	26.30
5	Saving/month	111	41.11	252	93.33	52.22
6	Material obsession (aspects at home)	132	48.89	222	82.22	33.33
7	Acquisition of skill	190	70.37	262	97.04	26.67
8	Purchase of gold	160	59.26	246	91.11	31.85
9	Purchase of immovable assets	161	59.63	267	98.89	39.26
	<b>Overall index</b>	<b>50.37</b>		<b>89.46</b>		<b>39.09</b>

The aggregate measure of the overall impact of microfinance encompasses social as well as economic aspects. Impact index indicates the increase in socio-economic empowerment of the women. It could be inferred that the SHGs in general had succeeded in improving the socio-economic status of the members, by making microfinance, which is much needed available to the women. Thus it could be inferred that the empowerment of women was enhanced through SHGs.

### **Conclusion**

The study revealed that women after joining the SHGs have been empowered both socially and economically. Women's empowerment and their full participation as the basis of equality in all spheres of society are fundamental for the achievement of equality, development and peace. The SHGs certainly play an important role in women empowerment. There is a need to organize rural women in small groups to empower them socially, economically and politically.