

# EMPOWERMENT OF WOMEN THROUGH SHGs: AN OVERVIEW IN ANDHRA PRADESH

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**Abstract-** The empowerment of women in India and the women exclusively in Andhra Pradesh through the self-help groups is the objective of this paper. SHGs play a very important role to improve the socio-economic conditions of women folk by developing savings and thrift habit, providing them micro finance at the time of needs and also encouraging micro entrepreneurs. SHGs Bank Linkage Programme is one of the several alternative channels of financial inclusion which help extensively to strengthen the poor specially women folk. Through SHGs women in rural areas are able to feel financial secured. They come forward with self-employment like petty shops, tailoring, rupee coin telephone booth, embroidery work etc. SHGs have organized many programmes relating to awareness of health and hygiene issues, importance of education for their children, acts pertaining to the safety of women etc.

**Keywords:** Self Help Groups (SHGs), Non-Government Organizations (NGOs), Micro Finance, Empowerment, Bank Linkage Programme.

## 1. Introduction

### 1.1 Self Help Groups

Self-help Groups (SHGs) are playing a major role in removing poverty in the rural India today. The group-based model of self-help is widely practiced for rural development, poverty alleviation and empowerment of women. Self-help as a strategy for social development places emphasis on self-reliance, human agency and action. It aims to mobilize people, to give them voice and build people's organizations that will overcome barriers to participation and empowerment. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among poor people, increasing school enrolments, and improving nutrition and the use of birth control.

The origin of SHG is from Garmin Bank of Bangladesh. It has been acknowledged as a pioneer in the field of microfinance. Dr. Mohammed Yunus, Professor of Economics in Chittagong

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University at Bangladesh was an initiator of an action research project ‘Gramin Bank’, to provide micro-finance to rural women in 1975. It has been established as the most powerful instrument to tackle poverty. In India, NABARD and a member of APRACA, carried out an elaborate study which gave useful insights into the dynamics of group organization, saving potential and repayment ethics of the poor. Encouraged by the results of the study and action research project of MYRADA, NABARD, in consultation with the Reserve Bank of India (RBI), Commercial Banks and NGOs, launched a pilot project in 1991–92 for linking of SHGs with banks. Thus, the micro finance activity is the result of NABARD’S work that started in February 1992 through an initial pilot project promoting 500 SHGs. RBI had advised Commercial Banks in July 1991 to extend finance to SHGs as per NABARD guidelines. Subsequently, the linkage project was extended to RRBs and Cooperatives. The Self-Help Group movement became a silent revolution within a short span in the rural credit delivery system in many parts of the world. It has been documented that nearly 53 developing countries including India, have taken up this on a large scale. The Government of India is supporting the SHG movement.

The primary objective of SHG includes economic and social empowerment and also the skill development. Economic Empowerment: to inculcate the habit of saving, to meet the small and emergency credit needs on their own, to use the credit for the right purpose and to teach them to repay the loan regularly, to enhance the income of the family. Social Empowerment: to create among the women to have a feeling of ‘We for Ourselves’, to improve the status of women in the society and in family, distribute the responsibilities of decision-making power to all. Skill Development: create self-confidence, to inculcate the leadership qualities and interacting ability among the women.

Common Characteristics of SHGs:

- Each group should contain 10 to 15 members.
- The members of this group should live below the poverty line.
- It has identical interest/common occupation/social heritage, homogeneity and affinity.
- The self-help group inculcates the thrift and savings habit among the members of each group.
- SHGs have grants from Government as well as non-government organisation to enhance the standard of living of individuals in rural areas.

- Each group maintains simple records and documents, which exhibit meetings, savings and expenditures, mobile bookkeeping and other extracurricular activities.
- This group has a principle of collective leadership, team work, exchange of creative thinking and mutual discussions.
- This group get loans in micro-level from banks and some social service organisation.

## **1.2 Women Entrepreneurs**

The emergence of entrepreneurs in a society depends to a great extent on the economic, social, religious, culture and psychological factors prevailing in the society. Today, there is a greater awakening among women. Given an opportunity, they will deliver the results. In education they have not only excelled but also become top makers. Likewise, in office and industry, many have shown brilliant results. Even in rural India with education, women have shown better performance.

The government and non-government organizations play a vital role in stimulating and nurturing the spirit of entrepreneurship amongst women. Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely supply-driven and a recent approach. Micro-finance institutions are, other than banks, are engaged in the provision of financial services to the poor. There are three types of lending technologies: (i) The document based and asset based conventional technology, being followed by all banks. (ii) The group lending, which is of various shapes and forms with advantages drawbacks attached. (iii) Individual based lending is one where the Micro-finance institutions have to be very careful in assessing the repayments capacity of the borrowers.

The above technologies are focused on micro-finance through SHGs, however, credit accessibility to poor through SHGs has enhanced tremendously and recovery is comparatively higher. Rural women play a significant role in the domestic and socioeconomic life of the society and therefore, national development is not possible without developing this segment of the society.

### **Women empowerment programmes:**

The government from times has introduced many schemes, acts, laws for the protection of women. All these schemes extend helping hands for women with respect to education of girl child, security against harassment, remove child marriages, up gradation of skills etc.

- **Rashtriya Mahila Kosh:** National credit fund for women was set up in 1993. It extends micro-finance services through a client friendly and hassle-free loaning mechanism for livelihood activities, housing, micro-enterprises, family needs etc., to bring about the socio-economic upliftment of poor women.
- **Indira Gandhi Matriya Sahyog Yojana (IGMSY):** It was set up in 2010 to improve the health and nutritional status of pregnant, lactating women and infants.
- **Gender Budgeting Scheme (GBS):** This scheme was set up in 2005-06 with a view to empower women.
- **Ujjwala Scheme;** It was set up in 2007. This is comprehensive scheme for prevention of trafficking with five specific components namely prevention, rescue, rehabilitation, reintegration and repatriation of victims.
- **Dhan Laxmi Scheme:** It is a conditional cash transfer scheme set up in 2008 for the girl child to encourage families to educate girl children and to prevent child marriage.
- **National Mission for Empowerment of Women (NMEW):** This scheme was set up in 2010 to achieve empowerment of women socially, economically and educationally by securing convergence of schemes.
- **Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG):** This scheme 'Sabla' was set up in 2010 with a aim of empowering adolescent girls of 11 to 18 years by improving their nutritional and health status, upgradation of home skills, life skills and vocational skills.
- **Beti Bachao Beti Padhao Scheme (BBBP):** This scheme was set up in 2015 with a key aim to address the dipping child sex ratio and empower the girl child in India.
- **Sukanya Samriddhi Yojana:** This scheme was set up in 2015 which encompasses all the girls besides their economic strata can open Sukanya Samriddhi Account in Post Office and in banks. It was launched along BBBP Yojana Campaign.

### **Segments of Women Entrepreneurs:**

Women entrepreneurs are segmented into four, namely:

- **SHGs:** Those who are well served and mentored by microfinance institutions.

- Grassroots Entrepreneurs: Those who are driven by a need to augment the family's finance especially to secure their children's future - tailors, flower sellers, STD booth owners, pawn shops. They are very work focused, as they can see any increase in their earnings as directly impacting their children's lives. Domestic family support, financial support and better infrastructure and mechanization are what they ask for.
- Mid – rung entrepreneurs: They are driven by a need to build reputation, become known, and improve quality and satisfy creative instincts. They typically have garments shops, poultry farms, export businesses. Fairly well supported by the family, their biggest need is for know-how to take the 'quality of their businesses' to the next level.
- Upper Crust: Drawn from the top-most social class, very well educated, with businesses like export houses, travel agencies, trader in pharmaceuticals, often adjuncts to their husband's businesses, they aspire to turnovers of more than Rs. 5 crores.

## **1. Review of Literature**

Tanmoyee Banerjee (2012) stated that Self-employment held the key to continuity of employment. Self-employed members of self-help groups (SHGs) fare better than their wage-earning counterparts when it came to continuity of employment. The study dwelt on the factors influencing the different indicators of women empowerment among the members of 26 matured all-woman SHGs. It also isolated the socioeconomic demographic factors influenced the joint probability of a group member being both empowered and employed. The study concluded that training significantly influenced various dimensions of empowerment, and the trained group members were more likely to be both empowered as well as employed. Vijayalakshmi, Gowda, Jamuna, Ray, & Sajjan (2012) concluded that SHG were improving the standard of living of all families who came in the project area. Appropriate strategies for empowerment of SHG women were addressed through organizing appropriate trainings both on and off-campus, including higher level trainings, follow-up activities, providing relevant leaflets and folders, exposures besides recognizing and encouraging women to come forward and take up processing and of linger millet products value addition and income generating activities. The SHG project has made a successful impact in improving the livelihood security for rural women. Sushil Kumar Mehta, Hari Govind Mishra, Amrinder Singh (2011) has found that most of the members of SHGs are economically weak. The overall findings of the study suggest that SHG – Bank Linkage Programme has significantly improved the access to financial services for the rural poor and has considerable positive impact on the socioeconomic conditions and the reduction of poverty of SHG members and their households. It has also

empowered women members substantially and contributed to increased self-confidence and positive behavioural changes in the post-SHG period as compared to the pre-SHG period. Prof. Dr J. Venkatesh (2010) stated that Women empowerment was a process in which women got a greater share of control over resources - material, human and intellectual like knowledge, information, ideas and financial resources like money - and access to money and control over decision-making in the home, community, society and nation, and gain empowerment. Kusakabe (2010) concluded that being an SHG member was useful for gaining employment that leads to better recognition in the family and society. However, employment opportunities and organizational experiences mean that the benefits were not equally shared among all the members. (kumar, 2009) reviewed the scope and limitations of self-help groups in improving women's health and empowerment focusing on the empirical work undertaken in one of the Indian States. They explored the extent to which SHGs could be involved in attaining better health for women and children. Murugan and Begum (2008) made an attempt to examine the predominant barriers to women entrepreneurs. The study was based on the primary data collected from the sample 100 entrepreneurs of Chennai City. The study reveals that social and cultural barriers are prominent formidable block for the development of women entrepreneurs. The study concluded that entrepreneurs with ability to plan and run a business to deliver quality products. Pranali Gajbhiye, has studied the impact of SHGs on women's empowerment in the Harna Hoda village and Motipura village in Gandhinagar District and the impact of SHGs on Socio economic, personal, and human empowerment of rural women's in the village. It is noticed that 74 percent of the respondents show increase in freely and frankly speaking in SHG meetings, in teaching or training others 72 percent and speaking in public meetings 63 percent. In taking up leadership positions, was found to be 72 percent, keeping the accounts of SHGs 69 percent and going to banks and performing bank transactions 68 percent. Jaipal Singh, Anil Kumar Singh had conducted a study to assess the reasons for SHG default. Bankers Institute of Rural Development (BIRD) had supported this study. The objectives of the study are to understand the reasons underlying the phenomenon and develop an early warning system so that timely action can be taken to avoid defaults. To study SHGs with 100 percent repayment is also one of the features of the study. Diganta Kumar Das, Dipul Boruah has been found that after joining the SHGs the poor people particularly the women have not only increase their income but also improve their living standard by performing various economic activities independently. The result of the data analysis revealed that the SHGs have been playing an important role in social-economic development and performing their savings and credit functions with the help of Rural Financial Institutions.

## 2. Objectives of the study

- ❖ To study the importance of women empowerment.
- ❖ To study the present scenario of SHGs in India, especially in Andhra Pradesh.
- ❖ To study the effectiveness and the efficiency of the functioning of SHG.
- ❖ To assess the impact on economic and social empowerment of women.
- ❖ To study the role of Self Help Groups in inculcating the saving habit of the beneficiaries.
- ❖ To study about the overall improvement of quality of life.

## 3. Methodology of the study

In this study is based on secondary data which was collected from the published websites and other data collected from news paper, magazines, journals and articles.

## 4. Findings and suggestions

### 5.1 Support to partner agencies/Self help Promoting Institutions

NABARD has extended support to NGOs, RRBs, district central cooperative banks (DCCBs), FCs and Individual Rural Volunteers for promoting and nurturing SHGs. A grant assistance of 397.84 crore was sanctioned to these agencies during 2017–18. As on 31 March 2018, the cumulative assistance sanctioned to various agencies for the promotion of 8.21 lakh SHGs was 379.78 crore. As on 31 March 2018, 6.09 lakh SHGs had been formed and grant assistance of 142.55 crore released. The NGOs were the most dominant SHPI, forming more than 4.82 lakh SHGs. Not only banks, but also IRVs and FC sanction an amount of 501.18 lakh to nearly 31 thousand SHGs. Table 1. represents the grant assistance extended agency-wise to SHG promoting institutions. This shows the involvement of government towards development of rural poor.

**Table 1. Grant Assistance Extended to SHG promoting Institutions as on March 2018 (Rs. Lakhs)**

Agency	Cummulative sanction upto March 2018		Disbursement upto March 2018	
	Amount	No. of SHGs	Amount	No. of SHGs
NGOs	34789.95	667987	13077.37	482454
RRBs	1596.38	58656	582.28	53514
Co-op Banks	1091.02	63222	496.86	56074
IRVs	455.18	26350	78.25	12313
FC	46.00	5128	20.32	4469
<b>Total</b>	<b>37978.53</b>	<b>821343</b>	<b>14255.08</b>	<b>608824</b>

Source: SMFI report 2017-18, *IRV- Individual Rural Volunteer*

*FC-Farmers Club*

## 5.2 Regional spread of SBLP in India

Overall, India is classified under six regions namely Central, Eastern, North Eastern, Northern, Southern, Western regions. The physical progress of SHGs can be studied from the Table 2. It represents region-wise spread of SHGs in India. SHG members utilise the microfinance disbursed by various banks in India and also have a habit of saving them with banks. In India, about 87.44 lakh SHGs (2017-18) save with banks when compared to 85.76 lakh SHGs (2016-17). Out of all regions, southern region contribute to nearly 43% of the savings with banks and 23% is contributed by Eastern region. Loan disbursement amount and loan outstanding amount is also covered by this two regions only. In India savings with banks has been increased by SHGs to 1.67 lakh in 2018 when compared with 2017. This shows the awareness of the groups to savings with the banks. Overall in India 11 crore households are involved through Self Help Group Bank Linkage Programme, with 87 lakhs SHGs with deposits of over 19500 crore and annual loan offtake of more than 47000 crore and loan outstanding of over 75500 crore.

**Table 2. SBLP - Region- wide spread of Physical progress of SHGs with banks**

Regions	SHGs Savings with bank		Loan Outstanding against SHGs		Loan Disbursed by SHGs	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Central Region	848514	902222	398411	404378	82012	69295
Eastern Region	1953076	2130997	1343296	1412153	497063	720444
North Eastern Region	452887	485591	143222	143648	28961	35017
Northern Region	457199	478883	143905	144428	46567	51800
Southern Region	3724598	3649296	2541356	2639415	1136692	1255603
Western Region	1140601	1097448	278097	276336	106825	128973
All India	8576875	8744437	4848287	5020358	1898120	2261132

Source: SMFI 2016-17 & 2017-18

## 5.3 SHG-Bank Linkage Programme in Andhra Pradesh

The beginning for linking of banks with SHGs in the State was made with the launching of SBL programme in the country by NABARD in 1992. During the initial periods, NABARD supported NGOs for formation, nurturing and credit linkage of SHGs. The SBL programme gathered momentum after RBI made the programme a part of normal lending activity of the banks under priority sector from April 1996.

Table 3. Represents a comparison study between India and Andhra Pradesh for the period March 2018. Nearly there are 74.30lakh SHGs in India, out of which Andhra Pradesh contribute 10.40 lakh which works out to be 14% during March 2014 when bifurcation of state had not taken place. As of now for March 2018, nearly there are 87.44 lakh SHGs in India, out of which Andhra Pradesh contribute only 9.27 lakh which works out to be 10.6%. There is a



growth of WSHGs in India as well as in AP. Women also contribute to the advancement of the country. Nearly we can find 73.90 lakhs of WSHGs in India and out of which AP contributes about 6.81 lakhs which is 9.22%. In AP there is about 6439.06 crores savings with banks by women members when we compare it with 17497.86 crores in India. Out of 44558.74 crores loan amount disbursed in India, AP share of amount of loan disbursed is 10434.96 crores which is 23.42%. Loan amount outstanding in our country exclusively by WSHGs is 70401.73 crores as on 2018, AP constitutes an amount of 21083.55 crores which works out to be 29.95%. From the table we can interpret that Andhra Pradesh has a wide reach towards its contribution to elimination of poverty in India. WSHGs in AP play a vital role in improving the economic and social status of them. By this welfare of their children and family is being developed.

**Table 3. Status of SBL Programme for WSHGs in India and Andhra Pradesh**

Particulars	India		Andhra Pradesh		Percentage	
	No. of WSHGs (lakhs)	Amount (crores)	No. of WSHGs (lakhs)	Amount (crores)	No. of WSHGs	Amount
WSHGs savings with Banks as on 31 <sup>st</sup> March 2018	73.90	17497.86	6.81	6439.06	9.22	36.80
Loan Disbursed to WSHGs during the year	20.75	44558.74	3.04	10434.96	14.65	23.42
Loan Outstanding against WSHGs during the year	45.49	70401.73	7.38	21083.55	16.22	29.95

*Source: SMFI 2017-18*

#### **5.4 Top ten states under SHG-Linkage Programme in India**

In India we have a total of thirty four states including union territories in various regions all together. From the Table 4. We can find that out of the top ten states Andhra Pradesh is in the top for its active participation in SHGs. Number of SHGs with loan disbursement is nearly 3.14lakhs and with loan outstanding is nearly 7.74lakhs in Andhra Pradesh. Number of SHGs with loan disbursement is nearly 2.84 lakhs and with loan outstanding is nearly 5.62 lakhs in Telangana. Before 2014 two states Andhra Pradesh and Telangana jointly contributed the highest number of SHGs with bank linkage in southern region and in India. Number of SHGs with loan disbursement is nearly 3.99 lakhs and with loan outstanding is nearly 7.44 lakhs in Karnataka. Number of SHGs with loan disbursement is nearly 3.46 lakhs and with loan outstanding is nearly 6.22 lakhs in West Bengal. From the southern region Andhra Pradesh,

Telangana, Tamil Nadu, Kerala, Karnataka have more number of SHGs involved in financial inclusion. This improves the livelihood of people in the state and in return the standard of life in the nation.

**Table. 4 Top ten states under SHG-Linkage Programme**

Name of the state	No. of SHGs with Loan Outstanding		No. of SHGs with Loan Disbursed	
	2018	2017	2018	2017
Andhra Pradesh	774115	751357	314466	357765
Karnataka	744479	649709	399295	265043
West Bengal	622836	669469	346613	250586
Telangana	562707	607443	284578	265366
Bihar	474913	364169	226645	156165
Tamil Nadu	376996	384307	164029	170789
Odisha	232945	220662	111411	72420
Maharashtra	208719	227912	112043	80947
Uttarakhand	191735	14489	4415	2567
Kerala	173832	142923	90768	75090

*Source: NABARD report 2016-17 & 2017-18*

### **Initiatives of NABARD in Andhra Pradesh**

NABARD has created a favorable policy climate for the healthy growth of the micro finance in the country. The following initiatives were taken by NABARD in Andhra Pradesh. Critical Rating Index(CRI) for rating SHGs has been designed by NABARD and it has been accepted by the State Government for use of banks, DRDA and other partners. Appraisal Format developed by NABARD for use by bank branches, has been operationalised by many banks in the state. Micro Credit Plan for SHGs suggested by NABARD, forms basis for credit assessment by banks for financing SHGs. Loan Monitoring formats devised by NABARD for review and monitoring of SHG portfolio at branch and controlling office level have been adopted by the Banks in the State. Standard Accounting Package (SAP) for SHGs has been evolved with NABARD's initiative and the same is being operationalised in the State. Smart Card Project is being implemented through five branches of Andhra Pradesh Grameena Vikas Bank in Srikakulam and Visakhapatnam districts with the objective of capturing the SHG transactions at the group meetings and updating the records at the bank through the use of computers. Capacity building of stakeholders: From District Collectors to the Village level workers, Project Directors to the members of Self Help Groups and master book keepers, CEOs of the Banks to the managers and clerical staff of the banks have been provided training for propagation of SHG concept in the State. As at the end of March 2006, around 85000 people were trained by

NABARD.

## 5. Conclusion:

The conclusion may be drawn from the above discussion that SHGs in southern region especially in Andhra Pradesh have high potential to achieve financial inclusion and have greater scope to grow in number and volume. India has an exclusive network of banking systems and has to find sources for improvement within the existing financial credit delivery mechanisms. The potential needs of the members are to be duly recognized as a strategy to achieve financial inclusion. The members are not only aware of the banking formalities but are also trained to maintain mobile book-keeping of their activities. Therefore, SHG- bank linkages programme is taken as a part of the financial inclusion attained through SHGs is sustainable and scalable of its positive features. SHGs are mainly women groups which help them to attain self confidence and thereby become socially, economically and politically empowered. This in return helps in advancement of their children education and family development. Digitalization of SHGs is must to overcome the barriers in technology. It was thus conceptualized as not only a method of addressing some of the challenges that the programme was facing but also as a step towards widening and deepening the banker's engagements with the SHGs.

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