

**Impact of SHG Empowered Women on Community Development: A Study of A Village in
the Pune District of India.**

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Abstract

Currently, microfinance in India in the form of Self Help Groups (SHGs) of rural women, is being used extensively for poverty alleviation by providing these groups with credit. The programme is seen to be successful in most places with several studies reporting increase in women's income and good repayment of loans taken by them from the banks. However, the more interesting fallout of this endeavor is that it is affecting the social life of the participants, the other people in the villages and the community in general. This paper attempts to examine this trend by focusing on a single village that has witnessed the SHG phenomenon for some years. Our study shows that indeed the SHG movement is affecting the social dynamics of village life as never before: men are now encouraging the women to step out of the household to earn incomes and women are being given increasing say in the way in which the household income is spent. But even more importantly, the women themselves, empowered by the SHG movement and this changed social dynamics are participating in community life like never before. And that is the welcome fallout of this programme.

1. Introduction

Developmental schemes have been used to address the problem of rural poverty ever since the planning period in India. “Integrated Rural Development Programme (IRDP)” was one such major scheme of the government of India. IRDP was not too successful in poverty alleviation as noted by several studies. (Rath, 1985, Dreze, 1990) To rejuvenate the poverty alleviation effort, channelizing credit through small co-operatives or Self Help Groups (SHGs)¹ was introduced in India. Group lending, it was felt, could ensure a much higher level of loan repayment. This was shown by theory (Stiglitz, 1990) as also by the Grameen bank experiment in Bangladesh.

¹ Self Help Groups are nothing but small co-operatives mostly credit co-operatives. First used in Bangladesh by Mohammed Yunus in the Grameen Bank pioneering effort, these proved successful in ensuring repayment of loans by poor people and meeting their varied and frequent credit needs.

Initially, the concept of group lending or small credit co-operatives was brought in, in India on a pilot basis through programmes like the “Development of Women and Children in Rural Areas (DWCRA)” and the “Maharashtra Rural Credit Project (MRCP)”. Seeing the success of these pilots in terms of repayment and participation by women, the concept was brought in, in the mainstream poverty alleviation effort through the programme, “Swarna Jayanti Gram Swarojgar Yojana (SGSY)”, as a substitute for IRDP. SGSY is a poverty alleviation programme where in credit by commercial banks and subsidy by the government is provided to groups of rural poor women to undertake any economic activity. These groups can also save and lend to their members. Credit for consumption purposes is allowed and so is multiple credit, allowing members to take repeated loans.

These small co-operatives have now become a popular instrument world over, especially in developing countries for poverty alleviation. India too is making use of these small co-operatives. Specifically, the state governments and commercial banks are using this to meet their priority sector obligations.

Microfinance in India in this form of small, women’s credit co-operatives has increased its outreach in several states. The number of SHGs is increasing rapidly. Some estimates put these at currently one million SHGs in India i.e. they cover roughly one percent of the population or 2 percent of the rural population. The amount of credit disbursed to these SHGs is increasing. Repayment of loans taken by them is reportedly very good, making rural micro lending a viable proposition for banks. In the past decade, these SHGs have worked well to ensure that repayment of loans is a healthy ninety percent.

In India, SHGs have thus become a workable tool to channelise credit through banks to the rural poor. However, it is seen that the number of SHGs that take up economic activities are relatively few and even fewer among them are successful. One problem is that of identifying economic activities that are viable at the rate of interest at which SHGs can avail loans. (Madheswaran and Dharmadhikary, 2001). Yet, apart from satisfying this main objective of income generation, SHGs can make substantive contribution to the general development of the beneficiary, her family and her village. The contribution of these

SHGs in non-economic terms can be and is substantial. The women belonging to the SHGs can now influence decision making in their homes and communities. These are crucial decisions like what type of food the family will consume, regarding schooling of children, decisions pertaining to health, maintenance of the house etc.

A brief review of literature shows that with respect to increases in income, consumption, stabilization of income and general economic empowerment of beneficiaries, a large number of studies show a positive impact of the SHG programme for rural women. But, an even larger number of studies show a definite positive impact on the social empowerment of women. These studies highlight the increase in the confidence levels of the women, as also their involvement in community activities. According to these studies, as the SHG programme matures the women get more involved in community activities and in addressing community problems by working in tandem with the government machinery to implement the different welfare schemes available, like constructions of roads, sanitation programmes, schemes for education and health etc. (Shetty 2001, Puhazendhi and K.J.S. Satyasai, 2001,

Madheswaran and Dharmadhikary, 2001, Dadhich, 2001, Narendranath 2002, Manimeklai and Rajeswari 2002).

The following study is aimed at looking at this non-economic contribution of the SHG to the community in general. It is difficult to capture this contribution because it is subtle and non-measurable. It is reflected generally in the changing dynamics of the social life in the community. Given this, this paper attempts to look at a single village where SHGs have been operating for some years. The village selected is Nhavra, in the Shirur sub-district of the Pune district of Maharashtra state of India.² For this, a survey of several SHGs in two villages was carried out. In the village “Nhavra”, we interviewed members of 12 SHGs for this. The survey took place during November and December 2006.³

Apart from the survey, we have used data collected from the Census of India, a review of literature and other reference material from government agencies.

² This is part of an ongoing project supported by the University Grants Commission of India, Delhi.

³ The author would like to thank the NGO, MAVIM for facilitating this survey.

The paper is divided into four sections as follows:

1. SHG and Poverty Alleviation: How the Scheme Works
2. The Self-Help Groups in Nhavra
3. Impact of SHGs on the Women and the Community in Nhavra
4. Analysis and Concluding Observations.

1. SHG and Poverty Alleviation: How the Scheme Works

As stated above, one of the major programme of poverty alleviation in India using SHGs is the “Swarnajayanti Gram Swarajgar Yojana” (SGSY). Under this, the government appoints a Non Governmental Organisation (NGO) or its own workers to help the rural poor women to come together to form a SHG. Once the women have formed the SHG, they start saving small sums of money which belongs to the group. This is known as the “Revolving Fund (RF)” stage. The monthly contribution ranges between Rs 50 to Rs 100 per person. This amount is collected every month by the secretary of the SHG and is deposited in the bank account of the SHG. Individual members can borrow money from this fund for their personal purposes. Members do borrow from this. The amount borrowed can

be anything but it is normally seen to be around Rs. 300 to Rs.1000. Interest is charged on these internal borrowing, normally at the rate of two percent per month.

Once an SHG reaches ‘A’ grade in the RF, i.e. it shows financial maturity in handling large amounts of money, it is eligible for a loan from scheduled commercial banks in multiples of its savings. This loan amount is to be distributed amongst the members as per the discretion of the SHG, but has to be for an income generating activity. Hence women, when applying to the bank for the loan have to specify what they intend to use it for. This is part of the activity selection in which the women are helped by the NGO workers.

Normally, under SGSY a loan of Rs. 2,50,000 is given to each SHG. Of this, Rs. 1,00,000 are the subsidy component. Hence, Rs.1,50,000 are meant to be the credit component. The rate of interest charged by the bank is 9.5 % to 10.5%. The total loan given to the group is generally shared equally between the members. Repayment is to be made in monthly installments. The amount of installment is decided at by the women at their monthly meetings. These

range between Rs. 300 to Rs. 500 per person per month.

2. The Self-Help Groups (SHGs) in Nhavra

The Nhavra village, spread over 4349 hectares is located approximately 18 kilometers away from the Shirur, the sub-district. It can be reached by government operated buses or private transport vehicles. The profile of the village in the years 1991 and 2001 is shown in Table 1.

Table 1. Profile of Nhavra Village in 1991 and 2001.

Year	1991	2001
Area of the Village	4349 hectares	----
Number of Households	734	2003
Total Population	3963	9445
Household Size	5.4	4.7
Male Population	2005	4968
Female Population	1958	4477
Sex Ratio	977	901
Literacy Rate	60.3	58.9

Source: Census of India, 1991, 2001.

The SHGs movement began in Nhavra some 15 years ago. A single village like Nhavra can be served by one or two NGOs operating there. These NGOs have their own social workers who undertake the activity of forming the self-help groups, helping them

to register, to start saving and to link up with the bank.

The 12 SHGs groups that we surveyed in Nhavra are listed in Table 2. All these are groups formed by a single NGO, the Mahila Arthik Vikas Mahamandal (MAVIM) which is based in Pune. It is possible that the best SHGs were put forward for us to study when we approached them with a request to talk to them.

The number of members in each SHG is different, but it ranges between 14 to 20 members per SHG. Most of these women have hardly had any formal education. Several of them are illiterate or have studied only upto 4th or 5th grade. Some have studied to higher grades like 10th or 11th but these are few.

Regarding their economic background, most of these women come from farming families so that the main economic activity they know is agriculture or animal husbandry. Some of them are from poor families who have no land of their own and are engaged in working on others' farms. Some of them belong to families engaged in trading activities, like running small shops etc.

Table 2. Sample of Self Help Groups in Nhavra

Name of SHG	Mem- -bers.	Age of SHG in years
Shiv Shakti	15	6
Prerna	20	3
Shri Sai Krupa	20	6
Shri Mallikarjun	15	8
Shivani	14	17 months
Dhanalaksmi	17	4
Vishakha	10	3
Shri Jai Lakshmi	20	7
Sai Baba	16	5
Onkar	17	20 months
Santoshi Mata	17	7
Sharada	20	16 months

Source: Field Visit

As the Table 2 shows, from the 12 SHGs that we spoke to, 10 are more than 3 years old. Some of these SHGs are as old as 8 years. So their members have a long experience in savings and borrowing and doing something for the betterment of their incomes. Not only that, over the years they have interacted with the local bank officials, gone for training workshops out of the village for a day or two and most importantly have interacted with the social worker several times. All these interactions and exposure to something different than their small world is like a continuous education for them. They get exposed to new things and also get to know what is happening around them.

Given this, we now look at the impact the SHG movement has had on the lives of the women, their families and the society in general in Nhavra.

3. Impact of SHG Movement on the Women and the Community in Nhavra

As part of the SHG programme the women have to undertake some economic activity if they apply for a bank loan. Of the 12 SHGs here, 4 of them have not taken the bank loan. Of the remaining, in some cases, the loan has been taken by only a few members. Hence it appears that not all the women are joining the SHGs only for procuring the bank loan which comes with a substantial subsidy.

SHGs which have taken loans from the bank are required to specify the purpose for which they have taken it i.e. some economic activity. Here we see that most members quote an economic activity which they are already carrying out or which they see around them. Most of the time these activities are traditional ones like farming, cattle rearing, sheep rearing, poultry etc. But some of the women have opted for activities like selling cosmetics, grocery and making food products etc.

Almost all of the women we surveyed report an increase in incomes since they have joined the SHGs. However, they are not able to quantify the amount of increase but increase there sure is, they admit. Some of them were forthcoming in saying what they had been able to do with the increased income.

But more than the economic betterment, the women have experienced an even greater betterment in the non-economic spheres of their lives. Their lives have changed; their lifestyles have changed. The way people perceive them has changed. In the survey carried out we asked the women about all these changes. These questions as well as their answers are descriptive. Most of the responses were similar. Hence, we present the different types of responses that were seen in the sample in the following sub-sections. It should be noted that all the SHG members interviewed were not able to articulate their responses as well. Only some of them could do so. But we could gather in our interactions that the others too have had similar experiences although they could not articulate them.

In our survey we noticed that the Presidents of the SHGs were more articulate and hence we are presenting below the responses of the 6 SHG Presidents who were articulate in their responses. These are the ones who were able to articulate the non-economic benefits that they and their fellow members derived. These 6 SHGs are listed in Table 3.

The responses of the Presidents of these SHGs were sought on three main parameters: 1.Economic Improvement 2. Attitudinal Changes and 3. Community Participation. The responses are detailed below.

Table3. SHG with Community Participation

SHG	Members	Age of SHG
Shri Mallikarjun	15	8
Dhanalaksmi	17	4
Vishakha	10	3
Sai Baba	16	5
Santoshi Mata	17	7
Sharada	20	16

3.1 Economic Improvement

In this section we present the economic improvements that the women of the chosen sample of SHGs in Nhavra have experienced. The responses are generally as the women have expressed them.

1. Shri Mallikarjun is an SHG which is 8 years old. It is headed by one Vandana Kanjane, who has studied only upto the 8th grade. According to her, the economic improvements due to her participation in the SHG programme were substantial. It enabled her to purchase a computer, mobile phone and regular desk phone.

2. Bharati Gaikwad, educated upto 10th grade and president of the SHG Dhanalakshi, which has been in operation for 4 years, too reports an increase in her monthly income after her continuous participation in the SHG movement. She was able to purchase consumer durables like table fans, a television set and better clothes.

3. Savita Kandage, President of the SHG Vishakha, which is three years in the running, has studied upto 12th grade. Speaking about the impact of the SHG on her life she says, “Now I am able to save some money for my children’s future and my own future too. I am able to spend on better things for my family where as earlier I could not.”

4. Reshma Pathan, has studied upto 8th grade and is now the President on the SHG Sai Baba which is now in operation for 5 years.

She has her own small business; she runs a beauty parlour for women. She has benefited greatly from the SHG by being able to expand her small business and improve it qualitatively. She has been very prompt in repaying her bank loan, so much so that she was honoured by the bank for this.

5. Indubai Gimkar, President of the SHG Santoshi Mata, has studied upto 4th grade only. Her SHG has been in operation for 7 years now. Indubai reports an increase in her income and purchasing power. She was able to purchase a television set, refrigerator and other household things.

6. Rohini Karekar, President of the 16 month old SHG Sharada, has studied upto 11th grade. She has not relied on the SHG to help her financially in that she has not taken a bank loan. But she says that the SHG has helped her tremendously, socially.

3.2 Attitudinal Changes

Here, we present the behavioural changes experienced by the sample women due to their participation in the SHG programme. We also present the changes in attitudes of their family members and villagers in general towards them. These changes are as perceived by them.

1. Describing the attitudinal changes around her Vandana Kanjane, of Shri Malliarjun says that the attitude of her family members towards her changed after her continued participation in the SHG movement. She adds that the attitude of the villagers towards her too has changed. They now support her in her activities she adds.

2. Commenting on the changing attitudes towards the SHG women, Bharati Gaikwad, of Dhanalakshmi says, “Now, we find that people give us more respect; not only the people in the village, but our own family members treat us more respectfully. People of the village now invite us for social and community functions. Now our family members value our opinions whereas earlier they had no use for it. They encourage us and support us in our activities”.

3. In terms of attitudinal change, Savita of the SHG Vishakha too reports a positive change. She says, “Now I am respected in the village society and I have a definite identity in society. Family members think of me as a working woman and encourage me in my work”.

4. Reshma Pathan’s non-monetary benefits are not small; she says the SHG involvement has improved her knowledge of banking, of how to undertake the different banking transactions, as also of dealing with government officials. She now feels confident about these things. She too feels an improvement in her social status. “My family members changed their attitudes towards me after I started participating in the SHG. They now regard me a brave women. The people of the village too give much more respect than before”, she says commenting on the changing attitudes of the family and the villagers towards her.

5. Induabai Gimkar echoes the other women in commenting on the changed attitudes of her family members and other village people. “Now, they support me completely in whatever I am doing; they protect me and encourage me”, she says.

6. Commenting on the social change that her SHG participation has brought about, Rohini Karekar of Sharada says, “family members respect me and value my opinion because of my participation in this activity”. She further adds that unlike earlier, family members seek her opinion in many of the family

decisions. Moreover, people from the society in general respect her.

3.3. Community Participation

In this sub-section we describe the extent of the community participation that some of the women from the sample group have attempted. Again, it should be noted that the description is as they gave us.

1. Vandan Kanjane of Shri Mallikarjun says that she and her fellow SHG members undertook a lot of community activities which she earlier could not have imagined herself to have done. She distributed school uniforms to 4 poor students; she undertook a plantation drive, distributed pen and notebook sets to 5 poor students and donated some money to a charity during a national calamity.

2. Bharati Gaikwad of Dhanalaksmi too reports an increased participation in the community. She too was involved in distributing school uniforms to school children and organizing other social programmes

3. Savita of the SHG Vishakha has participated in several social initiatives like the “Clean Village Drive” and other such

social upliftment programmes. She has adopted one girl from a lower caste and plans to educate her.

4 & 5. Reshma Pathan and Indubai Gimkar do not report participation in community activities.

6. Rohini Karekar of Sharada has participated in social activities since her involvement in the SHG. She organized a small function on India’s Republic day. Here, she donated plates and glasses to Anganwadi workers⁴, which are used by them while taking care of the small children.

3.4 Perspective of the Social Worker

Here we present the perspective of the social worker who was instrumental in forming the sample SHGs and several others in Nhavra. Vidya Kale is the social worker appointed to work in Nhavra to help the women form themselves into SHGs and further, to help them get linked to the bank. She has been working in Nhavra for 10 years now. According to her, when she initially started working, women were skeptical about the SHG concept. They thought it to be a waste of time. Villagers too were suspicious. So

⁴ Anganwadi worker is a social worker appointed by the government to look after the education and take care of the pre-primary children in rural areas.

women were reluctant to come for meetings and men too did not encourage their participation.

But now, several years down the line the picture has changed. According to Vidya Kale, women are now eager to form SHGs or be a part of these. Most of the women who come into it do so as it gives them access to their own funds, however small. Women who have participated in this have benefited economically. They are now able to buy household good like televisions, furniture, telephones, jewellery and most importantly are able to save for the future.

Vidya Kale also reports attitudinal changes in the women themselves as well as in the people around them. “Now”, she says, “the women are much more confident in their dealings with government officials, bank officials, electricity board officials, Medical officers, the revenue officer, health scheme officials etc. They also participate in elections. Moreover, they make use of the various government welfare schemes available”.

According to Vidya Kale, the social and community benefit of the SHG phenomenon is by no means small. “Earlier”, she says,

“the Gram Panchayat office (office of the local government) was rarely visited by women; mostly men would congregate there. But now the women go there freely, hold their meeting without any reserve”.

Elaborating further Vidya Kale states that at one point of time the SHG women realized that there were very few toilets in the village. So, they undertook upon themselves to rectify this situation and now, toilets in the village have increased by 70 percent. “Women”, she adds, “undertook arranging vaccination drives. They pursued government officials to lay and repair internal village roads. All this they could do because of their increased level of confidence and collective strength”, she says.

But the most interesting development she says is that the Nhavra women are now talking about forming a village level Committee of Women which will work like the SHG of one village and tackle the village level problems.

4. Analysis and Concluding Statements

All the above case studies are representative of the experiences of the women involved in the SHG movement. The sample of six case

studies may be small but as noted earlier most other women of Nhavra we talked to have had similar experiences. Hence we can say that the changes, although articulated clearly only by the sample women, hold true for most of the women participating in the SHG programme in Nhavra.

The findings here show how over the years, women who have barely completed their schooling, who could earlier barely step out of their houses to talk to government officials or other village men, are today stepping out and caring for themselves and their communities with confidence. The actual acts may seem small, like giving away notebooks and pens to a few poor students or uniforms to few students or organizing small social functions, but nevertheless it shows an underlying awareness of the problems that the community faces. Not only do their acts reflect a heightened awareness but they also reflect a willingness on their part to do something about it, however small.

Most women reported that after their participation in SHGs they are more respected in their own families and society in general. Their contribution to the family is valued and the family supports them to

undertake activities like these. These women also now voice their opinions in family decisions and get heard. Moreover, they are participating in community functions, activities and events and are even organizing some of these. They are able to interact better with government officials, bank officials and others for their work. They show increased levels of confidence.

An interesting development is that the men, unlike earlier, are now encouraging women to step out of their houses to work and participate in these social and community events. Whether this is a welcome change or not needs to be understood. It has to be also understood why they are doing so. One reason they could be doing so is because of the increased household incomes and ready access to credit that the SHG participation of the women is resulting into. Sometimes this situation can be exploited if the men are alcoholic, so that the credit is actually wasted away. In this regard, however, the women of Nhavra are alert and aware and the SHG participation has given them the collective strength to stand up to it. They collectively stop any man from abusing his wife under the influence of alcohol. In fact, we came to know that the SHG women had

once undertaken a drive to close down all the liquor shops in Nhavra.

The different ways in which the Nhavra SHG women are shaping community life, like planning to form a SHG of women at the village level, getting more number of toilets in the village and getting village road repaired etc.; all these acts indicate that the SHG empowered women are now willing to and able to play a greater role in making choices for the community in terms of what the community should have and what it should not. And as women generally make choices which are beneficial to families, this is indeed a welcome change. Its impact will be felt at the village level and on the quality of the village infrastructure and village life in general. The right choices can now be made for villages in terms of providing the much needed basic infrastructure like toilets, houses, roads, water, electricity, health and education facilities etc, which are woefully lacking in most villages

Hence, the changes seen in the women, which at this stage a few women are exhibiting, but which one can see that others will soon follow, have the potential to change village life in India. And as of now, the changes seen so far are all positive changes. Hence, the SHG programme,

although primarily aimed at poverty alleviation, is resulting in an even more fundamental and desirable change in the terms of social empowerment of women, empowerment of their families through higher incomes and better choices and finally in the betterment of community life.

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