



## **Self Help Groups: An Approach for Economic Empowerment of Rural Women in India**

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### **Authors' contributions**

*This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.*

### **Article Information**

DOI: 10.9734/AJAEES/2022/v40i430878

### **Open Peer Review History:**

This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: <https://www.sdiarticle5.com/review-history/85150>

**Original Research Article**

**Received 12 January 2022**

**Accepted 17 March 2022**

**Published 23 March 2022**

### **ABSTRACT**

The concept of Self Help Groups (SHGs) is a helpful instrument for the economic empowerment of women. As Haryana is one of the developed states of India, however, the growth and share of Haryana's SHG is very marginal in total SHGs of India. The empowerment of women is crucial for the economic development of a nation and also plays a key role in building a base for change (Nandal et al. 2019). It generates income and also provides flexible working hours according to the needs of homemakers. To study the empowerment of women through entrepreneurial activities of self help groups, this particular research was conducted over the year 2015-16 with the specific objective to identify the income generating activities and investigate the effectiveness of SHGs actively working under the Baba Saheb Ambedkar Hast Shilp Yojana (AHVY) in Haryana. Also, to analyze economic constraints faced by the women. The result showed positive change in indicators in terms of income, employment and savings after joining the SHG. Thus the study concluded that SHGs have been playing a vital role in the empowerment of rural women in the study area.

**Keywords:** *Self Help Groups (SHGs); empowerment; women; economic.*

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## 1. INTRODUCTION

The empowerment of women is crucial for the economic development of a country and bringing a change in society. In order to improve the socio-economic conditions of the population of any country, it has become important to empower women economically by enhancing their role to the utmost level. Ganesamurthy [1] reported that in India the work participation rate of women is less than half that of men. Women Empowerment refers to an increase in the strength of women such as spiritual, political, social or economic.

The year 2001 had been declared by the Government of India as "Women's Empowerment Year" to focus on a vision where women are equal partners like men". Therefore, Government of India has provided Self Help Groups to them so that proper attention should be given to their economic independence through self employment, entrepreneurial development and well being that ultimately leads to its contribution. Self-help groups have emerged as a powerful instrument in order to alleviate poverty and for the empowerment of women in the rural economy [2]. As per the report by World Bank Group [3] the contribution of Indian women in economic sector is less than half the global average. A self-help group is a voluntary informal organization of individuals from same social and economic status category people, basically living below poverty line. The main objective of the SHG approach is providing access to credit in the context of poverty reduction and socio-economic empowerment [4-7]. The SHGs are meant for empowerment of women through focusing on women of below the poverty line to improve their status in the family as well as in the society. The advantage of the SHGs was the saving component which acted as an informal bank at their doorstep [8]. The economy of the Haryana state grew at an excellent average annual growth rate of 8.5 percent during the period of last 9 years (2005-06 to 2013-14). However, NABARD has brought out some basic data of SHGs. According to NABARD, 41,653 SHGs as on March 31, 2015 are working in Haryana and 90 per cent SHGs are women groups. SHGs have a great potential to impact the overall women growth Pradeep et al. [9]. These SHGs are working under various schemes started by govt. as Swarnajayanti Gram Swarozgar Yojana (SGSY)/National Rural Livelihood Mission (NRLM) by District Rural Development Agency (DRDA), SHG Bank

Linkage Programme (SBLP) of National Bank for Agriculture and Rural Development (NABARD), PAGE and Swayamsiddha by Women and Child Development Department (WCDD), Baba Saheb Ambedkar Hast Shilp Yojana (AHVY) by Ministry of textiles etc [10,11]. In view of the large outreach and predominant position of the microfinance programme, the overall objective of this paper is to examine the growth of SHGs in Haryana. One major impact of SHGs on the women members was the creation of awareness on newer economic opportunities available. Hence, the study attempts to assess the role of SHGs in improving the economic status of the rural women in Haryana and to study the economic constraints faced by the rural women. The general objective of the study is to assess whether women have become economically better off after joining the SHGs in the study area or not. The specific objectives of the study were as follows:

- i. To identify the income generating activities (IGAs) of women in SHGs
- ii. To study the functioning and financial activities of the SHGs
- iii. To assess the change in economic status of women after joining SHGs
- iv. To analyze the economic constraints faced by the members of SHGs.

## 2. METHODOLOGY

Study was conducted in Haryana state. Two districts of Haryana in which SHGs were formed under Baba Saheb Ambedkar Yojana (AHVY) were selected purposively for the study. One block from each district was selected randomly for the study. In total, two blocks were selected. Two villages from each block were further drawn randomly. In this way, four villages were selected for the investigation. SHGs operating for more than seven years from each selected village were randomly selected. A total of thirty SHGs were selected for the study. Thus, in total, sample comprised of 300 women in 30 SHGs.

### 2.1 Tool Used

Interview Schedule was prepared as per objectives of the study. The interview schedule was pretested. Based on the results of the pre-test, the interview schedule was modified and finalized.

## 2.2 Statistical Analysis

The data thus, collected were computed, tabulated and analysed using frequency, percentage.

## 3. RESULTS AND DISCUSSION

In the state of Haryana, the SHG- Bank linkage programme started in 1997-98. Since then the number of SHGs linked to the banks have increased considerably. The present study was conducted under AHVY scheme launched by ministry of textiles in which 139 Self Help Groups are working in Haryana presently with 1586 artisans making 764 type of different products. The women were provided skill upgradation training and capacity building trainings at the time of joining groups. Study further revealed that majority of the respondents belonged to the age group of 36 to 55, middle school and most of them are married. Also, majority of the respondents were from joint families, with no land holdings and housewives. It was found that overwhelming majority was from low income group and had medium level of mass media

exposure, medium level of extension contacts and socio-economic status. Table 1 revealed the type of income generating activities undertaken by respondents. Maximum numbers of respondents (38.7%) were involved in dari-making, 34.0% in mat-making, 33.3% in tie-dye and 24.3% in wooden-beads making. On the other hand, 21.3%, 16.3% and 14.3% were involved in embroidery, tailoring, knitting as their economic activities, respectively.

District-wise analysis revealed that in Fatehabad district, dari-making (47.3%) and embroidery (42.6%) were main activities undertaken as income generating activity by the respondents whereas in Bhiwani district, tie-dye (55.3%) and wooden-beads making (48.6%) were main economic activities undertaken by respondents.

Women were further probed about time spent on SHG activities. In Table 2, it was revealed that majority of the respondents (67.0%) spent 2-4 hours daily followed by 24.3% and 8.7% of respondents who spent 2 hours and above 4 hours daily in SHG activities, respectively.

**Table 1. Income generating activities (IGAs) undertaken by respondents in Self Help Group**

| Sr. No | Income generating activities | Fatheabad<br>(N= 150) | Bhiwani<br>(N= 150) | Total<br>(N= 300) |
|--------|------------------------------|-----------------------|---------------------|-------------------|
| 1.     | Dari making                  | 71 (47.33)            | 45 (30.0)           | 116 (38.7)        |
| 2.     | Mat making                   | 61 (40.66)            | 41 (27.33)          | 102 (34.0)        |
| 3.     | Tie-dye                      | 20 (13.33)            | 80 (53.33)          | 100 (33.3)        |
| 4.     | Wooden beads making          | -                     | 73 (48.66)          | 73 (24.3)         |
| 5.     | Embroidery                   | 64 (42.66)            | -                   | 64 (21.3)         |
| 6.     | Tailoring                    | 49 (32.66)            | -                   | 49 (16.3)         |
| 7.     | Knitting                     | 35 (23.33)            | 8 (5.33)            | 43 (14.3)         |
| 8.     | Weaving                      | 31 (20.66)            | -                   | 31 (10.3)         |
| 9.     | Toys making                  | 25 (16.66)            | 5 (3.33)            | 30 (10.0)         |

*Figures in the parenthesis denote percentage  
Responses were multiple*

**Table 2. Functioning of self help groups**

| Sr. No. | Variables                                  | Fatehabad<br>( N=150) | Bhiwani<br>( N=150) | Total<br>(N=300) |
|---------|--|-----------------------|---------------------|------------------|
| 1.      | <b>Time spent on economic activities :</b> |                       |                     |                  |
| i       | <b>Daily</b>                               |                       |                     |                  |
|         | Upto 2 hours                               | 15 (10.0)             | 58 (38.6)           | 73 (24.3)        |
|         | 2-4 hours                                  | 119 (79.3)            | 82 (54.8)           | 201 (67.0)       |
|         | Above 4 hours                              | 16 (10.7)             | 10 (6.6)            | 26 (8.7)         |
| ii      | <b>Weekly</b>                              |                       |                     |                  |
|         | Upto 12 hours                              | 12 (8.0)              | 50 (33.3)           | 62 (22.3)        |
|         | 12-24 hours                                | 110 (73.3)            | 80 (53.4)           | 190 (63.34)      |
|         | Above 24 hours                             | 28 (18.7)             | 20 (13.3)           | 48 (16.3)        |

*Figures in the parenthesis denote percentage  
Responses were multiple*

Regarding the time spent weekly, analysis revealed that 63.4% of the respondents were spending 12-24 hours on economic activities followed by 22.3% and 13.3% of the respondents spending upto 12 hours and above 24 hours respectively on SHG activities. District-wise analysis also revealed that in Bhiwani district, 53.4% of respondents spent 12-24 hours and 33.3% spent upto 12 hours. In contrast in Fatehabad district, nearly three-fourth of the respondents (73.3%) spent 12-24 hours and 18.7% spent above 24 hours. Relatively, more hour were spent on economic activities in Fatehabad district.

Record keeping is one of the key indicators to measure the performance of a group. The quality of record of a group can be measured by the set of records that they are maintaining, on whether or not they are up-to-date, on whether the required information is complete and if there are over writings. The SHGs records includes members' passbook, savings ledger, loan ledger, general ledger, cash book, receipts & payments book. Out of total respondents, cent per cent revealed that President keeps the record (Table 3) followed by 65.6% reported secretary and 24.6% considered treasurers too.

Respondents were further asked about income earned from SHGs. Analysis revealed that overwhelming majority of the respondents (90.0%) had monthly income (Table 4) in between Rs. 1,000 to 2,000/- while only 6.7 and 3.3% had income above Rs. 2,000/- and up to 1,000/- per month, respectively. District-wise analysis revealed that in Bhiwani district, 93.4% had Rs. 1,000-2,000 monthly income and only 6.6% earned above Rs. 2,000/- whereas in Fatehabad district, 86.8% earned Rs. 1,000-2,000 followed by 6.6% earned up to Rs. 1,000/- and above Rs. 2,000/-, respectively. The average of individual income of respondents from Self Help Groups was Rs. 1,688/-

Panwar and Kumar [12] focused on SHGs formed under District Rural Development Agency (DRDA), Haryana in Karnal under Swarnajayanti Gram Swarozgar Yojana (SGSY). They found that SHGs increased family income, promoted savings habit among group members and reduced dependence of women on moneylenders who used to exploit them by charging heavy interest.

Regarding group income of respondents in self-help groups more than half of the respondents (63.3%) were earning above Rs. 15,000/- and remaining 36.7% of the respondents were earning upto Rs. 15,000/- in group. District-wise analysis showed same trend in both regions. The average income of group per month was Rs. 17,325/- .

The respondents were earning from the economic activities personally also. It was found that 45.4% respondents were not earning any money other than the group activity, whereas 36.0% respondents had monthly income of upto Rs. 2,000/- followed by 14.3% earning Rs. 2,000-4,000/- and 4.3% earning above Rs. 4,000/-. Same trend was found in both districts. On average personal income of respondents from economic activities was Rs. 1,260/-.

Out of total respondents, 61.4% respondents had no income before joining the Self Help Groups and 30.0% had upto Rs. 2,000/-. Rest 7.3% and 1.3% had income in between Rs. 2,000-4,000 and above Rs. 4,000/- , respectively. UNIFEM [13] stated the basic assumptions supporting these income-generating group programs are that giving women access to working capital can increase their ability to “generate choices and exercise bargaining power as well as develop a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life”.

**Table 3. Record keeping in self help groups**

| Sr. No.   | Variables  | Fatehabad<br>(N=150) | Bhiwani<br>(N=150) | Total<br>(N=300) |
|-----------|--|----------------------|--------------------|------------------|
| <b>1.</b> | <b>People responsible for transaction and lending of group money :</b> |                      |                    |                  |
|           | President  | 150 (100.0)          | 150 (100.0)        | 300 (100.0)      |
|           | Secretary  | 87 (58.0)            | 110 (73.3)         | 197 (65.5)       |
|           | Treasurer  | 14 (9.3)             | 60 (40.0)          | 74 (24.5)        |

*Figures in the parenthesis denote percentage  
Responses were multiple*

**Table 4. Income of members in self help group**

| Sr. No. | Variables   | Fatehabad<br>(N=150) | Bhiwani<br>(N=150) | Total<br>(N=300) |
|---------|---|----------------------|--------------------|------------------|
| 1.      | <b>Income from Self Help Groups :</b>                                   |                      |                    |                  |
|         | Individual income ( <i>monthly</i> )                                    |                      |                    |                  |
|         | Upto 1000   | 10 (6.6)             | -                  | 10 (3.3)         |
|         | 1000-2000   | 130 (86.8)           | 140 (93.4)         | 270 (90.0)       |
|         | Above 2000  | 10 (6.6)             | 10 (6.6)           | 20 (6.7)         |
|         | Group income ( <i>monthly</i> )   |                      |                    |                  |
|         | Upto 15000  | 70 (46.7)            | 40 (26.7)          | 110 (36.7)       |
|         | Above 15000   | 80 (53.3)            | 110 (73.3)         | 190 (63.3)       |
| 2.      | <b>Personal income from Self Help Group economic activities :</b>       |                      |                    |                  |
|         | Nil   | 73 (48.7)            | 63 (42.0)          | 136 (45.4)       |
|         | Upto 2000   | 51 (34.0)            | 57 (38.0)          | 108 (36.0)       |
|         | 2000-4000   | 18 (12.0)            | 25 (16.7)          | 43 (14.3)        |
|         | Above 4000  | 8 (5.33)             | 5 (3.33)           | 13 (4.3)         |
| 3.      | <b>Personal income of respondents before joining Self Help Groups :</b> |                      |                    |                  |
|         | Nil   | 85 (56.7)            | 99 (66.0)          | 184 (61.4)       |
|         | Upto 2000   | 54 (36.0)            | 36 (24.0)          | 90 (30.0)        |
|         | 2000-4000   | 8 (5.3)              | 14 (9.3)           | 22 (7.3)         |
|         | Above 4000  | 3 (2.0)              | 1 (0.7)            | 4 (1.3)          |
| 4.      | <b>Money collected by respondents on regular basis :</b>                |                      |                    |                  |
|         | Upto 200  | 10 (6.6)             | 10 (6.7)           | 20 (6.7)         |
|         | 200-400   | 70 (46.7)            | 20 (13.3)          | 90 (30.0)        |
|         | Above 400   | 70 (46.7)            | 120 (80.0)         | 190 (63.3)       |

*Figures in the parenthesis denote percentage*

**Table 5. Economic changes experienced by respondents after becoming member of SHG in family**

| Sr. No. | Economic Changes                 | Increase   | Same       | Decrease |
|---------|----------------------------------|------------|------------|----------|
| 1       | Income                           | 250 (83.3) | 50 (16.7)  | -        |
| 2       | Savings                          | 207 (69.0) | 93 (31.0)  | -        |
| 3       | Expenditure                      | 228 (76.0) | 72 (24.0)  | -        |
| 4       | Purchase of assets               | 208 (69.3) | 92 (30.7)  | -        |
| 5       | Purchase of animals              | 62 (20.6)  | 238 (79.4) | -        |
| 6       | Improvement in house/renovations | 91 (30.3)  | 209 (69.6) | -        |

*Figures in the parenthesis denote percentage*

*Responses were multiple*

Regarding the collection of money in groups on monthly basis, analysis revealed that maximum number of respondents (63.3%) were collecting above Rs. 400/-. Rest 30.0% were in between Rs. 200-400 and 6.7% upto Rs. 200/-. District wise analysis revealed that in Bhiwani district, overwhelming majority of the respondents (80.0%) were collecting above Rs. 400/- in group. On the other hand, 13.3% and 6.7% were collecting Rs. 200-400 and up to Rs. 200/-, respectively. Contrary to that in Fatehabad district, 46.7% of the respondents were collecting Rs. 200-400/- and above Rs. 400/- whereas only 6.6% were collecting up to Rs. 200/-. In Bhiwani district collection was more than in Fatehabad district.

Likewise, 69.3% respondents purchased assets and 69.0% improved savings. Regarding the purchasing of animals and improvement in house/renovations, majority of respondents expressed no change i.e. 79.33% and 69.66%, respectively. Besides this the respondents also expressed personal and social changes after becoming the member of SHGs.

### **3.1 Constraints Faced by Respondents While Working in Self-Help Groups**

Regarding economic constraints faced by the respondents in Table 6, loan not received in time, inadequate amount of credit in group and high

**Table 6. Constraints faced by the respondents while working in Self Help Groups**

| Sr. No. | Economic Constraints                        | Frequency (N=300) | Percentage |
|---------|---|-------------------|------------|
| 1       | High rate of interest                       | 64                | 21.3       |
| 2       | Loan not received in time                   | 80                | 26.7       |
| 3       | Lack of timely and adequate credit in group | 67                | 22.3       |
| 4       | Inappropriate distribution of benefits      | 53                | 17.7       |
| 5       | Short duration of repayment of loan         | 59                | 19.7       |

*Figures in the parenthesis denote percentage  
Responses were multiple*

rate of interest were the main economic constraints among 26.7, 22.3 and 21.3% of respondents, respectively. So it can be said that even after proper effectiveness in working of SHGs, members go through different kind of problems.

#### 4. CONCLUSION

In the present study, the effectiveness of SHGs on the economic empowerment of women have been examined in terms of increase in income, number of employment, access to saving and economic changes felt by the members after joining SHG. On the whole the SHGs had major impact on economic life of rural women. The study revealed women felt financial security, increase in income and involvement in entrepreneurial decision making. All the members accepted that they were empowered economically and there was increase in the monthly savings after joining Self Help Groups. However, based on the findings it can be suggested that improving the constraints faced by them is necessary. The women belong to rural areas and thus are unable to catch market for products, face difficulty in getting raw material, lack administrative experience and team management. The problems faced by the members must be listened and resolved for sustainable development such as loan should be received on time, credit in group should be provided on time, high rate of interest and members should be equally benefitted. It can be concluded that women are taking interest in Self Help Group programs, majority is benefitted and coming forward and becoming self dependent, self employed which ensures their well being and growth and that they are more empowered. The members of Self Help Groups go through various problems which need attention and improvement. With the right intention and planning, it will not be difficult to further improve the economic status of women.

#### ACKNOWLEDGEMENT

This paper is part of the study conducted by the author towards partial fulfilment of the PhD degree programme in Sociology at CCS HAU, Hisar, Haryana. The thesis is titled 'Impact of Self Help Groups on women empowerment in rural communities of Haryana'. The author is grateful to the institute.

#### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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