

Impact of Joining SHG on the Lives of Rural Women and their Families

Swati Sucharita¹, Indira Bishnoi²

¹Research Scholar, Department of Home Science, Institute of Science, Banaras Hindu University, Varanasi, U.P, India 221005

²Professor, Department of Home Science, Institute of Science, Banaras Hindu University, Varanasi, U.P, India 221005

Abstract: *Development of a country like India is impossible without developing the rural area and rural population, particularly women. In recent years SHGs have helped immensely in mobilizing rural women and drove them towards economic empowerment. The empowerment of rural women not only helped in uplifting their status but also the upliftment of the whole family and society. The fate of the women are not decided by others anymore and they can help themselves; this is the basic purpose of SHGs. The principle of SHG revolves around mutual cooperation and self-help for development. Keeping these things in mind the present study was conducted in Ranapur block of Nayagarh district in Odisha to understand the impact of joining SHGs on the lives of rural women and on their families. The sample size was 400. The major findings of the study suggest that after joining SHG, there was significant improvement in occupation and income status. The study also reveals the positive effects of joining SHG on the decision-making status of the women in the family, increased knowledge about basic banking activities and positive attitude towards entrepreneurship. It was also found that the availability of low-interest credit facility helped the family to carry out economic activity for family wellbeing.*

Keywords: Impact, SHGs, Rural women, Family, empowerment

1. Introduction

The essence of India is in the villages. India is the seventh largest country in terms of geographical area and stands second in terms of population. The cultural beauty of India is reflected in the rural area, in its rural population where the traditional values are held close to their hearts. The rural area not just portrays the culture and tradition of the country but also the poverty and underdevelopment. In India, the condition of the rural people is not so admiring to say the least. The rural population suffers from various problems such as illiteracy, malnutrition, low income, lack of sanitation and health services, lack of awareness about family planning and many more.

All these above stated problems somehow directly or indirectly related to income. It is undeniable that increase in income gives rise to the improvement in the quality of life. That is why various development programmes for income and employment generation in rural areas has always been in the focus of the Govt.

The concept of SHG (Self Help Groups) is more than two decades old. The basic approach of SHG is self-help and cooperation for development. SHGs have helped mobilize millions of rural women in groups, to train and help them getting engaged in entrepreneurial activities and generate income out of these activities. The rural women who were confined between the four walls of the house got the opportunity to know and understand their true potential. The SHGs have helped immensely in empowering the rural women in far and remote rural areas.

Micro Finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women, creating awareness and ensure sustainability of environment which finally results in sustainable development of the

nation. Poverty can be eradicated only by employment opportunities and the employment seeker and worker should become a job provider and it is possible through micro finance coupled with micro enterprise (Mansuri, 2010).

When the women in the household is empowered, the whole family is on its way to well being. Increased income leads to increased expenditure on health, nutrition and sanitation. So keeping these in mind the present study was planned to understand the impact of joining SHGs on the lives of rural women and their families.

2. Methodology

The present study was conducted in Naygarh district of Odisha. This district has a huge rural population(92%). The district consists of eight blocks out of which Ranapur block was selected purposively as it was having more number of SHGs (second highest in the district). The block consisted 34 grampanchayats, from each grampanchayat 2 SHGs were selected and from each SHG 6/7 members were selected, making the sample size 400. The sample size was calculated by using Yamane's formula; which is

$$n = N/(1+N*e^2) = 400$$

where n = sample size, N= population size and e = permissible error. Data was collected using interview schedule and appropriate stastical tools were used to analyse the data.

3. Results and Discussion

Occupation of the members

Rural women are not very educated and are not encouraged towards getting proper education. Due to lack of proper education and some social constraints, rural women are mostly unemployed and even employed, the usually take low-income temporary jobs such as agricultural labourers or

maids. It is very rare to find a self employed woman in a village.

As shown in the table 1, before joining the SHG, majority of the respondents were housewives (97.2%) followed by labourers (2.5%) and doing private job (0.3%). None of the respondents were self-employed prior to joining the SHG. Whereas after joining the SHG, majority of the respondents became self employed (98.5%). It was because after joining the SHG, they were trained professionally, provided loan facility and were exposed to formal marketing. This helped in improving their confidence and outlook. They started doing entrepreneurial activity in their SHG and gained income out of it and thus became self employed.

Only five respondents (1.2%) occupation remain unchanged as their SHG was formed very recently and there was no economic activity carried out in their SHG resulting in no extra income. However, in the entire occupational category, the difference in occupation pre and post joining the SHG was found highly significant.

Table 1: Distribution of the respondents based on their occupation before and after joining the SHG

Occupation	Joining the SHG				Z test	P test
	Before		After			
	Number	%	Number	%		
House wife	389	97.2	5	1.2	27.16	<0.001
Private job	1	0.3	1	0.3	-	-
Labourer	10	2.5	-	-	3.18	<0.001
Self employed	-	-	394	98.5	27.86	<0.001
Total	400	100.0	400	100.0		

Income:

Income plays a crucial role in decision-making status in the family, expenditure pattern and of course a sense of freedom. Income brings economic and social empowerment in women especially in rural areas, the income and earning status of a homemaker can lead to many positive changes in her life.

As shown in the table 2, **majority of the respondents (97.2%) had no income** before joining the SHG and only very few respondents (2.8%) had income before joining SHG. However, after joining SHG, 395 respondents (98.8%) had income from the economic activity carried out in their groups. Whereas, only five respondents (1.2%) were not getting any income even after joining the SHG because their SHG was formed very recently and no economic activity was carried out in their group. The average increase in monthly income of the respondents after joining the SHG was found to be highly and significantly more with comparison to before joining the SHG.

Table 2: Distribution of the respondents based on their monthly income before and after joining the SHG

Income	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Yes	11	2.8	395	98.8	27.15	<0.001
No	389	97.2	5	1.2	27.15	<0.001
Total	400	100.0	400	100.0		
	Mean ± S.D = 14.75 ± 122.04		Mean ± S.D = 1467.00 ± 638.38			

Wilcoxon signed ranked test (z) = 17.23, P<0.001

Loan and interest rate

Problem of credit facility in rural areas is very common. Due to low income many people fail to save money for future uncertainties and at the time of need they are forced to take money from local money lenders at unimaginably high interest rate. In this situation SHGs proved to be boon as rural women can save money regularly and take loan from their SHG at a very reasonable interest rate.

As the table 3 illustrates, 156 respondents (39%) took loan prior to joining the SHG. After joining the SHG 389 respondents (97.2%) took loan. It was because before joining the SHG, they were taking loan from local moneylenders at a very high interest rate but, after joining the SHG, they were able to take loan at very low interest rate. Therefore, they used this opportunity to clear all existing loans and used the money for business or construction purpose.

The respondents reported that the interest rate was very high when they were taking loan from outside before joining the SHG. Prior to joining the SHG majority 73 respondents (46.8%) paid 5% interest per month followed by 63 respondents (40.0%) who paid 6% interest per month. Whereas after joining the SHG, the respondents took loan from their SHG at a universal 1% per month interest rate. It is very clear that the interest is significantly less after joining the SHG. The average decrease in monthly interest rate of the loans of the respondents after joining the SHG was found to be highly and significantly less with comparison to before joining the SHG.

Table 3: Distribution of the respondents based on loan taken with interest rate before and after joining the SHG

Loan taken	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Yes	156	39.0	389	97.2	17.68	<0.001
No	244	61.0	11	2.8	17.68	<0.001
Total	400	100.0	400	100.0		

Interest rate (p.m)(%)	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
1	-	-	389	100.0	23.34	<0.001
2	-	-	-	-	-	-
3	2	1.3	-	-	2.24	<0.05
4	7	4.4	-	-	4.21	<0.001
5	73	46.8	-	-	14.50	<0.001
6	63	40.4	-	-	13.33	<0.001
7	11	7.1	-	-	5.29	<0.001
Total	156	100.0	389	100.0	-	-

Purpose of taking loan:

As discussed earlier, the rural people usually have very less income and many are unable to save money for future needs. At time of need such as sudden health crisis, family functions such as marriage etc, they are forced to take money from local moneylenders at a very high interest rate.

As illustrated in the table 4, before joining the SHG majority of the respondents took loan for the purpose of health or

illness (48.8%) followed by family function (34.6%). Whereas, after joining the SHG majority of the respondents took loan for the purpose of farming/ agriculture or buying cattle (38.3%) as well as construction purpose (30.6%).

It can be clearly seen that before joining the SHG the members took loan at the time of crisis or sudden need due to high interest rate. Whereas, after joining the SHG, they took loan for economic and wellbeing purpose from their SHGs due to very low interest rate. It is a very positive sign.

Very few respondents (1.3%) took loan for the purpose of self-employment/ business before joining the SHG. Whereas, after joining the SHG the number of the respondents who took loan for the purpose of business/ self-employment increased to 23.1 percent. This was because the increased exposure in training, marketing and production of value added products. The difference found in the purpose of taking loan before and after joining SHG was found highly significant.

Table 4: Distribution of the respondents based on the purpose of taking loan before and after joining the SHG

Purpose of taking Loan	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Family function	54	34.6	-	-	12.23	<0.001
Health /illness	76	48.8	-	-	14.84	<0.001
Construction	18	11.5	119	30.6	4.64	<0.001
Business/ self employment	02	1.3	90	23.1	6.16	<0.001
Buying household appliances	-	-	02	0.5	0.90	>0.05
Buying property	05	3.2	29	7.5	1.85	>0.05
Farming /agriculture/cattle	01	0.6	149	38.3	8.90	<0.001
Total	156	100.0	389	100.0	-	

Participation in household decision-making:

Household decision-making means decisions regarding determining own health care, making large household purchases and visiting family or relatives. A five-point scale was developed to measure the extent of participation of the respondents. Where actively take part is given 5 points, always opinion asked given 4 points, opinion asked sometimes and considered given 3 points, opinion asked but never considered is given 2 points and never taken part is given 1 point. The highest score is 15 and the lowest 3. According to the score, the respondents were categorised. Where the score 15 means actively taken part, score 12-14 means always opinion asked, score 9-11 means opinion asked sometimes and considered, score 6-10 means opinion asked but never considered and score 3-5 means never taken part.

As the table 5 clearly shows, before joining the SHG only 3 respondents (0.8%) actively taken part in house hold decision making but after joining the SHG the number of respondents who actively took part in house hold decision making rose up as 266 respondents (66.5%) stated that they take part actively in household decision making.

In case of before joining the SHG, majority of the respondents (41.7%) stated that their opinion asked sometimes and considered, whereas after joining the SHG,

majority (66.5%) actively took part in household decision making. Similarly before joining SHG, 147 respondents (36.8%) never took part in household decision making, whereas after joining SHG, this number went down to 10 respondents (2.5%) who never taken part in household decision making.

From table 5 it is clear that there is a significant improvement in participation in household decision making by the respondents after joining the SHG.

Table 5: Distribution of the respondents based on their participation in household decision making before and after joining the SHG

Participation in household decision making	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Actively taken part	3	0.8	266	66.5	19.68	<0.001
Always opinion asked	5	1.2	73	18.2	8.11	<0.001
Opinion asked sometimes and considered	167	41.7	39	9.8	10.35	<0.001
Opinion asked but never considered	78	19.5	12	3.0	7.39	<0.001
Never taken part	147	36.8	10	2.5	12.20	<0.001
Total	400	100.0	400	100.0	-	

Participation in financial decision-making:

Financial decision making included parameters such as decisions regarding buying or selling properties, borrowing or lending money, farming or business related decisions. A five point scale was developed to measure the extent of participation of the respondents where actively take part is given 5 points, always opinion asked given 4 points, opinion asked sometimes and considered given 3 points, opinion asked but never considered is given 2 points and never taken part is given 1 point. The highest score is 15 and the lowest 3. According to the score, the respondents were categorised. Where the score 15 means actively taken part, score 12-14 means always opinion asked, score 9-11 means opinion asked sometimes and considered, score 6-10 means opinion asked but never considered and score 3-5 means never taken part.

As shown in table 6, before joining the SHG majority of the respondents (46.2%) never took part in financial decisions in family, whereas after joining the SHG majority of the respondents (51.7%) reported that their opinion is always asked. Before joining the SHG 155 respondents (46.2%) never took part in the financial decision making of family but after joining the SHG the number went down to 10 respondents (2.5%). There were 133 respondents (33.3%) who stated that before joining the SHG their opinion asked but never considered but after joining SHG the number went down to 18 (7.5%).

This shows there is a significant improvement in participation in financial decision making by the respondents after joining the SHG. It happens because in rural areas the earning members are given priority in family decision-making. Before joining the SHG, majority of the respondents had no income (table-2) but after joining the

SHG, they started getting income from the economic activity carried out in their SHG. Therefore, their decision-making status in the family improved significantly after joining the SHG.

Table 6: Distribution of the respondents based on their participation in financial decision making before and after joining the SHG

Participation in financial decision making	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Actively taken part	5	1.3	110	27.5	10.58	<0.001
Always opinion asked	64	16.0	207	51.7	10.68	<0.001
Opinion asked sometimes and considered	13	3.2	55	13.8	5.33	<0.001
Opinion asked but never considered	133	33.3	18	7.5	10.39	<0.001
Never taken part	155	46.2	10	2.5	12.67	>0.05
Total	400	100.0	400	100.0	-	

Knowledge about banking activities

Rural women are not very highly educated and generally don't bother about knowing basic banking activities such as saving money, opening a savings AC, withdrawing money etc. However, knowing about basic banking activities not only improves awareness level and confidence, but also helps in improving the financial decision making status in the family. This can also influence other family members to understand and take part in formal banking system.

To calculate the knowledge of the respondents about banking activities, five basic banking activities were considered each carrying one point. They were opening a savings account, depositing money, withdrawing money, updating passbook, getting loan. Scores were calculated according to the respondent's knowledge regarding these basic banking activities. Maximum score was five marks and minimum score was zero. Score 4-5 means very good knowledge, 3 means good knowledge, 2 means average knowledge, 1 means less knowledge and zero means no knowledge.

As shown in the table 7, before joining the SHG, majority of the respondents (68%) had no knowledge about any banking activity and very few respondents (0.5%) had good knowledge about banking activities. Whereas after joining the SHG, majority of the respondents (79.8) had average knowledge about banking activities, and the number of respondents who had very good knowledge about banking activities rose from 0 to 9 respondents. Very few respondents (0.8%) remained in no knowledge about banking activities category even after joining the SHG.

The table 7 shows there is a significant improvement in the knowledge about banking activities of the respondents after joining the SHG. This happened because after joining the SHG, each members were encouraged to carry out the banking transactions of their group on rotational basis and it was mandatory. Therefore, despite of their fear and awkwardness they performed the basic banking transactions for their SHG and found it to be very easy and simple. So gradually, their fear disappeared and they learned about the basic banking activities. Therefore, it can be said that

joining SHGs has directly and positively influenced the knowledge of rural women about various banking activities.

Table 7: Distribution of the respondents based on their knowledge about banking activities before and after joining the SHG

knowledge about banking activities	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Very good	-	-	9	2.2	3.02	<0.001
Good	2	0.5	61	15.2	1.32	>0.05
Average	75	18.7	319	79.8	22.87	<0.001
Less knowledge	51	12.8	08	2.0	5.82	<0.001
No knowledge	272	68.0	03	0.8	20.02	<0.001
Total	400	100.0	400	100.0	-	

Social mobility

Social mobility is the movement of individuals, families, households, or other categories of people within or between social strata in a society. Social mobility is highly dependent on the overall structure of social statuses and occupations in a given society.

To calculate the social mobility of the respondents, a five-point scale was developed. The scale ranged from very often to very rare. Very often means moving out of village at least once in a week, often means moving out of village once to thrice a month, average means at least once in two months, rare means once or twice in 6 months, very rare means once or twice in a year.

As shown in the table 8, before joining the SHG, social mobility of majority of the respondents was very rare (62.7%) followed by rare (21.5%) and average (15%). Very few respondents' social mobility was often (0.8%) and none of the respondents' social mobility was very often. Whereas after joining the SHG, social mobility of majority of the respondents was often (48.8%) and average (47.2%). The respondents who had a very often social mobility, their number rose from 0 to 6 after joining the SHG.

The table 8 shows there is a significant improvement in the social mobility of the respondents after joining the SHG.

Table 8: Distribution of the respondents based on their social mobility before and after joining the SHG

Social mobility	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Very often (at least once in a week)	-	-	6	1.5	3.02	<0.001
Often (once to thrice a month)	3	0.8	195	48.8	1.32	<0.001
Average (at least once in two months)	60	15.0	189	47.2	22.87	<0.001
Rare (once or twice in 6 months)	86	21.5	10	2.5	5.82	<0.001
Very rare (once or twice in a year)	251	62.7	-	-	20.02	<0.001
Total	400	100.0	400	100.0	-	-

Attitude towards entrepreneurship

Entrepreneurship is the process of setting up a business or enterprise, which usually involves certain amount of risk.

Due to lack of proper knowledge and education, technical knowhow and credit facility, rural women do not think of taking up entrepreneurial activity on their own. In addition, women are viewed as incapable of carrying out business venture on their own and often discouraged if shown interest in self-employment. However, after joining the SHG, the women are not alone and they carryout entrepreneurial activity with their group mates as a group. With help of proper training and credit facility their business grows and their self confidence grows stronger which helps them believe in themselves that they individually can also set up a business enterprise and can get success in it.

The table 9 illustrates the respondent's views on becoming an entrepreneur. The views were classified into three category; negative, neutral, positive. It was found that before joining the SHG majority of the respondents (87%) had negative views regarding becoming an entrepreneur, few respondents (12.2%) were neutral and very few respondents (0.8%) were having positive views regarding becoming an entrepreneur. Whereas after joining the SHG, there was a significant difference in the views of the respondents on entrepreneurship. The number of respondent having negative and neutral views on becoming an entrepreneur decreased significantly and the number of respondents having positive views on becoming an entrepreneur increased drastically.

It was seen that after joining the SHG, majority of the respondents (93%) were having positive views on becoming an entrepreneur. This happened because of the exposure they got. The training, production and marketing exposure the respondents got after joining the SHG made a huge impact on their perception regarding entrepreneurship. The women who did not think they could even move out of their house alone, got an opportunity to learn new skills, used formal credit system, utilised their skills and produced something beneficial, promoted the habit of saving money and most importantly generated income and became self employed which improved their self confidence. This is the reason why there is a significant difference in views of the respondent after joining the SHG.

Table 9: Distribution of the respondents based on their views on becoming an entrepreneur before and after joining the SHG

Views on becoming an entrepreneur	Joining the SHG				Z test	P test
	Pre		Post			
	Number	%	Number	%		
Negative	348	87.0	17	4.2	23.50	<0.001
Neutral	49	12.2	11	2.8	5.10	<0.001
Positive	03	0.8	372	93.0	26.14	<0.001
Total	400	100.0	400	100.0	-	-

4. Summary and Conclusion

The study revealed the positive effects of joining SHGs on rural women and their families. Before joining the SHG, majority of the respondents were housewives (97.2%) and unemployed. None of the respondents were self-employed prior to joining the SHG. Whereas, after joining the SHG, majority of the respondents became self employed (98.5%). It was because after joining the SHG, they were trained professionally, provided loan facility and were exposed to

formal marketing. This helped in improving their confidence and outlook. They started doing entrepreneurial activity in their SHG and gained income out of it and thus became self employed.

Joining SHG not only helped in making rural women self-employed, but also improved their knowledge about basic banking activities, improved social mobility, improved financial and household decision making status in the family and most importantly access to low interest credit facility. Not just the women but their whole family got benefited by their membership in SHGs.

The extra income helped their family positively. They developed the habit of savings and knew the importance of entrepreneurship. The families who earlier took loan for health and family function purpose, started taking loans for starting a new business venture and house construction. Joining SHGs helped the rural women to recognize their true potential and what they are capable of. It helped them understand that with proper attitude and determination everything is possible.

References

- [1] Mansuri, B.B. (2010). Micro Finance through Self- Help Group- A case study of Bank linkage Programme of NABARD, APJRB, I (3): 3.