Tripti Kumari

Microfinance through Women Self-Help Groups (SHGs) for Grass-root level Empowerment:
An Empirical study of Varanasi, Uttar Pradesh, India

The International Center for Development and Decent Work
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Abstract

Microfinance, as a concept, involves providing financial services, particularly small credit, fund transfer, and insurance to the unemployed, low-income group, and those who do not have easy access to the banking system. It has emerged as an active agent of financial inclusion, ensuring economic, and social upliftment of the unprivileged. Microfinance is being operated through two channels Self-help Group-Bank Linkage Programme (SBLP) and Micro-finance Institutions (MFIs). The special characteristic of SBLP is its direct connection with the clients at the grass-root level and working towards poverty reduction by providing financial support. The paper is based on a field study on SBLP undertaken for women in the Varanasi District of Uttar Pradesh, India. The increase in women’s participation in economic activities and decision-making reveals that SHGs have made an impact. SHGs have also helped them to create a common platform to participate, discuss, and find a solution of their problems. Women’s income and occupation structure under SHGs have also influenced the standard of living and empowerment level significantly.

**Keywords**: Microfinance Institutions (MFIs), Social uplift, Women income.
1 Introduction

India is among the emerging economies, though a significant proportion of the population is still suffering from various socio-economic problems such as poverty, unemployment, illiteracy, lack of proper sanitation, and health care facilities. One of the major problems of economic integration for the rural-urban communities is the limited availability and reach to formal financial services. Reports and studies reveal the inadequacies and inaccessibility of formal financial services (such as commercial banks, regional rural banks (RRBs), and cooperative banks) to the communities (especially poor people) which force the marginalized sections to be dependent on local moneylenders, traders, and other sources of informal sources for credit (NABARD, 2016). It has also been witnessed that due to the inadequacies of formal financial services, the poor are trapped, sometimes for a life time, in a cycle of borrowing and repaying from informal sources of credit (NABARD, 2016). In order to eradicate poverty through financial inclusion, the Government of India, at several instances, has provided economic support to the unprivileged sections through various schemes since independence (Nair and Tankha, 2013). One of these programmes, have been the development of women Self-Help Groups (SHGs) to support relatively unprivileged people.

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1 National Bank for Agricultural and Rural Development (NABARD), is set up as an apex Development Bank in India and was established in 1982 to promote sustainable and equitable agricultural and rural development through effective credit support, related services, institution building, and other innovative initiatives.
Following the global recognition of the critical role of females in poverty reduction strategies, a wave of microfinance programmes and other livelihood support interventions were implemented world-wide, specifically targeting rural women and women’s SHGs. Micro-finance programme has emerged as the engine for providing financial services to the poor and marginalized (VOICE Report, 2008). The key aim of microfinance programme is to minimize gender inequalities by providing economic support and empowering the marginalized women. Self-employment through micro-finance programme is perceived as a powerful tool for the development of the poor in general and economic emancipation of women in particular. Indian micro-financing operates through two channels:

- SHG–Bank Linkage Programme (SBLP)
- Micro-Finance Institutions (MFIs)

The key objective of the present paper is to explain the socio-economic profile of women SHGs and analyse the impacts of various SBLPs formed by the Government and NGOs in Varanasi District of Uttar Pradesh, India. This study is significant in the sense that it focuses on the women SHGs where block-wise study has been conducted. The women taken for the study belonged to different socio-economic backgrounds. This study is also significant in the way that different social groups (categories) came together and formed these SHGs and in conformity it can be said that the economic reasons were more important to these women than their social status (as women belonging to different castes and religious groups formed these SHGs). Also, all these women were not technically skilled to pursue any entrepreneurship, but based on their traditional and local knowledge and with the support of SHGs, they were able to develop their own small enterprises.

The paper is organized into five sections. Following the introduction, the second section deals with the concepts of SHGs–Bank linkage programme, micro-finance, and women empowerment programme in India. The third section explains the methodology and data sources undertaken for the study. The fourth section focuses upon the findings of the survey and is divided into various sub-sections: the socio-economic profile of sample SHG women, their occupational structure, patterns of monthly income, pattern and amount of credit, purpose of credit and future perspectives of women on credit and sources of repayment of credit to their concerning SHGs, and the fifth section provides a conclusion to the study.
2 SHG–Bank Linkage Programme in India

In India, SHG–Bank Linkage Programme (SBLP) is the dominant model of micro-finance programme, both in terms of number and loan outstanding. During the period 2000-2010, this programme has experienced exponential growth both in outreach and loan disbursement (Srinivasan, 2010). SHG–Bank Linkage programme is based on the concept of democracy, that is, for the people, by the people, and of the people, which means women of similar socio-economic background and of the same locality together organize and manage the groups. It functions on mutual trust, help and co-operation and provides a forum for its members to support each other. These small groups motivate women for small savings and encourage them for various income-generating activities at the individual as well as group level. The group environment is supposed to be supportive and friendly to all the members where each and every member has equal opportunity to get involved in the group activities. There are various studies that highlight the positive impacts of microfinance and SHGs on the lives of the poor and deprived sections of society (Sriraman, 2005; Narasaiah, 2008; Ahmad, 2009; Das, 2012; Kumar, 2013).

The concept of SHGs emerged in India since the beginning of 1980s and largely spread as an intermediary between the banks and the rural poor, especially for the economic development and empowerment of women. India adopted Bangladesh’s Grameen Bank model in a modified way to alleviate poverty and empower women. In this regard, Self-Employed Women’s Association (SEWA)2 has emerged as a pioneer for the establishment of SHGs in India. In 1987, another SHG, Mysore Resettlement and Development Agency (MYRADA)3 emerged as a Credit Management Group (CMG) whose main aim was to bestow social empowerment of women. The basic features promoted by MYRADA were: affinity, voluntarism, and homogeneity and having 15–20 members (Fernandez, 2007).

2 Self-Employed Women’s Association (SEWA) has emerged as a pioneer of the establishment of SHGs in India which was founded by Illaben Bhat, in 1970 in Ahmadabad, Gujarat. It is based on the concept of women SHGs and micro-finance. SEWA was started as a trade union for women in the unorganized sector, and today, it boasts for running the first women’s bank in India.

3 MYRADA is a Non-Governmental Organization working for micro-credit initiatives and sustainable development in Southern India. It aims to build and manage appropriate and innovative local-level institutions rooted in values of justice, equity and mutual support, which can ensure their sustainable livelihoods.
In 1989, the NABARD had launched an Action Research Project (ARP) in which grants were provided to various NGOs. On the basis of this project, the NABARD issued guidelines to provide a framework to allow banks to lend directly to the SHGs. Under the ARP, a pilot two-year project was launched in 1991 where 500 of such SHGs were linked to the banks. Since then, NABARD has promoted and monitored the SHG programme, provided funds for capacity building and innovation, helped in changing policy to create an enabling environment and also started promoting SHGs on a broader scale, which can be attributed as the real take-off point for the SHG movement in India (Fernandez, 2007). In addition to this, in 1993, the Reserve Bank of India (RBI) also allowed SHGs to open saving accounts in banks and avail banking services which facilitated a major boost to the SHG movement in India. The movement of SHGs was further nourished in many states of the country such as Gujarat, Maharashtra, Rajasthan, Andhra Pradesh, Tamil Nadu, Kerala, Uttar Pradesh, etc. Later, Swarnajayanti Gram Swarojgar Yojana (SGSY) was started in 1999 as a holistic programme in the field of micro-enterprises that included many aspects of self-employment programmes. This Yojana covered six programmes, namely, Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool-kits to Rural Artisans (SITRA), Ganga Kalyan Yojna (GKY), and Million Wells Scheme (MWS).

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4 Swarnajayanti Gram Swarojgar Yojana, was launched as an integrated programme for self-employment of the rural poor with effect from 1 April 1999. The objective of the scheme is to bring the assisted poor families above the poverty line by organizing them into Self-Help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income-generating assets through a mix of bank credit and government subsidy.

5 Integrated Rural Development Programme is a major poverty alleviation programme in the field of rural development aims to enable identified rural poor families to cross the poverty line by providing productive assets and inputs to the target groups.

6 TRYSEM was launched in 1979 as a separate national scheme for training and technical skill to the rural youth (18–30 years) of below poverty line families, for self-employment in agriculture, industry, services, and business activities.

7 The Development of Women and children in rural areas (DWCRA) programme was launched as a sub-component of IRDP and a centrally sponsored scheme of the Department of Rural Development with UNICEF cooperation to strengthen the women's component of poverty alleviation programmes. The main strategy adopted under this programme is to facilitate access for poor women to employment, skill upgradation, training, credit, and other support services so that the DWCRA women as a group can take up income generating activities for supplementing their incomes.

8 SITRA was launched in July 1992, as a sub-scheme of IRDP. Under the scheme, a variety of crafts persons, except weavers, tailors, needle workers and beedi (Indian cigarettes) workers, are supplied with a kit of improved hand tools.

9 Ganga Kalyan Yojna was launched during 1996–97 as a sub-scheme of IRDP to provide irrigation through exploitation of ground water (bore wells and tube wells) to the individuals and groups of beneficiaries of small and marginal farmers living below the poverty line.

10 The Million Wells Scheme (MWS) was launched as a sub-scheme of the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEG) during the year 1988–89. The scheme was primarily intended to provide open irrigation wells, free of cost, to individual, poor, small and marginal farmers belonging to Scheduled Castes/Scheduled Tribes and freed bonded labourers with a 20% earmarking of JRY funds.
According to the programme, poor people were organized into small groups comprising 15–20 members to facilitate capacity building, planning of activity clusters, infrastructure build-up, technology, credit, and marketing. In 2011, the SGSY has been restructured as National Rural Livelihoods Mission (NRLM)\(^\text{11}\), subsequently renamed as Aajeevika, which is assigned to the formation, operation and monitoring of the existing and new government SHGs and their linkages to the banks.

### 2.1 SHGs, Micro-finance, and Women Empowerment

From the early women’s movement worldwide since the 1970s, credit is identified as a major constraint for women’s economic independence and empowerment. It led to the emergence of provision of credit programmes and cooperatives. In India, SEWA was an initiative to facilitate credit programmes as part of a multi-pronged strategy for women workers in the informal sector. The government followed with various poverty-targeted MFIs through government owned banks such as the Regional Rural Banks (RRBs)\(^\text{12}\), NABARD, and other commercial banks (Mayoux, 2000). Three paradigms on micro-finance on gender were identified by Mayoux (2000). First is the financial self-sustainability paradigm, which is currently dominant in most of the international donor agencies like USAID, World Bank, and UNDP. It assumes that increase of women’s access to micro-finance services will lead to individual’s economic empowerment, well-being, and social and political empowerment, though providing little opportunity for client participation, group self-management, and autonomy. Second, the poverty alleviation paradigm is based on the rationale that levels of female poverty and responsibility of women for household duties are higher. Third, the feminist empowerment standard is founded on mutual or self-help approach, as pioneered in India since the early 1980s. It is rooted in the development of some of the earliest micro-finance programmes, particularly, SEWA in India, which emphasizes on high levels of group ownership, control, and management (Mayoux, 2000).

\(^{11}\) National Rural Livelihood Mission (NRLM), also known as Aajeevika, has been launched by Ministry of Rural Development (MoRD), Government of India, in June 2011 to create platforms enabling poor rural people to increase their household income through sustainable livelihood enhancement and improved access to financial services.

\(^{12}\) Regional Rural Banks (RRBs) were set up as Government-sponsored, regional based rural lending institutions under the Regional Rural Banks Act, 1976 to provide sufficient banking and credit facility for agriculture and other rural sectors.
The emergence of women’s empowerment, as a core concept of development, is result of various grass-root movements held across the world. The formation of SHGs is based on the theme of women’s involvement and participation in the development landscape. It focused on collective participation of all the group members in organizing, functioning, and managing the groups, and their equal share in group activities. It has been argued that the process of decision-making within the group is an empowering process which can lead to broader development outcomes such as greater participation of women at the household level, local governance, and community structures (Mayoux, 1998). The basic assumptions underlying these income-generating group programmes are providing women access to working capital that 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’ (UNIFEM, 2000). Women SHGs are suggested to facilitate these goals through the formation of social capital and mobilization (IFAD, 2003). These groups also encourage women to participate in decision-making processes at the household and community level as well as in local governance which would enable them to take leadership position at the grass-root level. In India, microfinance through women SHGs are mainly focused on collective finance, enterprise, livelihoods component which include savings and credit, collective income generation, and entrepreneurship development, while livelihoods interventions include life skills development training, capacity building, business training, financial education, etc.
2.2 Concept of Empowerment

The central role of women in development originated during grass-roots movements in the late 1970s (Brody et al., 2013). The concept of women empowerment gained official acceptance at the International Women’s Conference at Nairobi in 1985. The conference defined empowerment as ‘redistribution of social power and control of resources in the favour of women’. It is ‘the process of challenging existing power relations and of gaining greater control over the sources of power’. As per the United Nations Development Fund for Women (UNIFEM), the term women’s empowerment means:

- Acquiring knowledge and understanding of gender relations and ways in which these relations may be changed.
- Developing a sense of self-worth, a belief in one’s ability to secure desired changes and the right to control one’s life.
- Gaining the ability to generate choices and exercise bargaining power.
- Developing the ability to organize and influence the direction of social change, to create just social and economic order, nationally and internationally.

According to conventional definition, empowerment must be about bringing people who are outside the decision-making process into it. This puts a strong emphasis on access to political structures and formal decision-making and, in the economic sphere, on access to markets and incomes that enable people to participate in economic decision-making (Rowlands, 1995). Rowlands (1995) sees empowerment as a bottom–up process that cannot be formulated from top–down. According to Rowlands, empowerment not only means to have access to decision-making but also to possess the entitlement to occupy a decision-making space. Batliwala (1994a) has defined empowerment from a feminist perspective which states that women empowerment should ensure that men and women gain equal opportunities regardless of their gender. Using their full potentials can help these women to construct a more humane society whereby false value systems and ideologies of oppression in dealing with women remain rejected (Batliwala, 1994b). The Human Development Report relates empowerment to participation. It says that since development is for the people, they must participate fully in the decisions and processes that affect their lives (UNDP, 1995).
3 Data Source and Methodology

This study is conducted on the issue of Women SHGs in Varanasi (India) with special reference to the marginalized sections of women in the society. The study area Varanasi District lies in the eastern part of Uttar Pradesh (Figure 1). The socio-economic condition of women is considered to be backward in this region. For example, according to the Census of India (2011), the literacy rate of women in the study area was 66.7%. Women’s share in total working population in the Varanasi District was only 24.5%. Among the total main and marginal workers13, women’s share was 13.9 and 10.6%, respectively (District Statistical Handbook Varanasi, U.P., 2011). These empirics show the vulnerable condition of women in the study area as their work participation rate is minimal.

In the context of such socio-economic disadvantages, SBLP programme can serve as a supporting tool for women’s empowerment. To understand the reality of such programmes, this study focuses on primary data collected from the field survey in Varanasi District of Uttar Pradesh, India. Administratively, the District is divided into two tehsils, namely, Pindra and Varanasi. These are further divided into eight development blocks – Baragaon, Pindra, and Cholapur in Pindra tehsil, and Chiraigaon, Kashi Vidyapeeth, Araziline and Sevapuri in Varanasi tehsil, while Harahua block lies in both the tehsils (Figure 1).

A multi-staged stratified random sampling method was adopted for data collection. During the first stage, Varanasi District and its administrative divisions were selected as a geographical unit, then, three different SHGs organizations were identified for the selection of sample SHGs women for the study. Among them, two types of SHGs were organized by NGOs, namely, World Literacy of Canada (WLC) and Lok Chetna Samiti (LCS), while another one was organized by the government under NRLM-Plan. The selection of these two NGOs was mainly based on their reach and focus groups, exclusively, tackling women SHGs. A total of 340 women members from different SHGs have been interviewed out of which 100 samples were taken from Varanasi city area and 30 samples from each development block.

13 Main workers are engaged in any economic activity for 183 days or more during the year; marginal workers work for less than 183 days in a year; and non-workers work for any time in a year.
Figure 1: Location map of Varanasi District

Source: Census of India, U.P. and District Administrative Atlas, 2011 and prepared through ARC GIS, 10.0, software.
4 Results and Discussion

In the study area, small SHGs organized by 10–20 women belonging to similar socio-economic background of the same locality were identified. The members of the SHGs save a small amount of money monthly and each member could avail credit from that saving on demand at a lower rate of interest than the banks and local landlords. It was found in the study that few of these SHGs were linked to the banks and few were not. Hence, those government SHGs, who were linked with banks, received loan. In contrast, NGO-formed SHGs, not linked to the banks, saved their own funds and created a funding system. The government-linked SHGs got additional support from banks in terms of getting loan for establishing business and starting other entrepreneurial activities.
4.1 Social Profile Sample of Women Belonging to SHGs

The social profile of the women involved in SHGs takes into account their age groups and educational status. The survey reveals that of the total women surveyed, 25.9% belonged to the age group of 20–30 years, while around half of the women in the SHGs belonged to the age group of 31–40 years. Hence, three forth of the women involved in the SHGs were below the age of 40 years. The educational status of the women members of SHGs also reveals that 24.4% respondents were illiterate, 22.4% could only read and write while 31.2% were studied till primary school. So, around 78% respondents were below the level of primary education (Table 1).

<table>
<thead>
<tr>
<th>SOCIAL ATTRIBUTES</th>
<th>SOCIAL GROUPS OF SHGS WOMEN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General (G)</td>
<td>Other Backward Castes (OBCs)</td>
</tr>
<tr>
<td>AGE GROUPS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20–30</td>
<td>28.6</td>
<td>21.9</td>
</tr>
<tr>
<td>31–40</td>
<td>47.6</td>
<td>49.1</td>
</tr>
<tr>
<td>41–50</td>
<td>14.3</td>
<td>21.9</td>
</tr>
<tr>
<td>&gt;50</td>
<td>9.5</td>
<td>7.1</td>
</tr>
<tr>
<td>EDUCATIONAL STATUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illiterate</td>
<td>0</td>
<td>21.3</td>
</tr>
<tr>
<td>Can read and write only</td>
<td>0</td>
<td>20.7</td>
</tr>
<tr>
<td>Primary School</td>
<td>23.8</td>
<td>37.3</td>
</tr>
<tr>
<td>Middle School</td>
<td>23.8</td>
<td>11.8</td>
</tr>
<tr>
<td>Secondary School</td>
<td>38.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Higher Secondary</td>
<td>4.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Graduate</td>
<td>9.5</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Source: Author's calculation

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14 Other Backward Classes (OBCs) is a collective term used by the Government of India to classify castes which are socially and educationally disadvantaged.

15 Scheduled Castes means such castes, races or tribes or parts or groups within such castes, races or tribes as are deemed under Article 341 to be Scheduled Caste for the purposes of Constitution of India.

16 The term Scheduled Tribes first appeared in the Constitution of India. Article 366 (25) defined Scheduled Tribes as ‘such tribes or tribal communities or parts of or groups within such tribes or tribal communities as are deemed under Article 342 to be Scheduled Tribes for the purposes of Constitution of India’.
4.2 Economic Profile of the Sample SHGs Women

The economic status of rural Indian women is vulnerable due to lack of economic opportunities and unequal distribution of resources. Women’s participation in economic activities is essential for enhancing their status in society and SHGs provide financial assistance to the marginalized women, enabling them for self-employment, income generation, and skill development. In this regard, SBLP has emerged as a vital model to create confidence for economic self-reliance among the poor women, particularly the marginalized section. These SHGs enable them to enhance their economic status, provide strength to fight against exploitation, discrimination, deprivation, injustice, and socio-economic backwardness. Groups also provide an environment where women can enhance their potential and ensure their active participation in development activities. The impact of the SBLP programme is mainly focused on women’s income growth, credit support, employment generation, as well as social and political development.

Self-help groups have also expanded women’s income and mobility in the family, as well as in society. In this way, SHG-Banking has brought for an ideal combination of the formal banking sector services ‘banking with the poor’ and ‘banking by the people’ through informal SHGs. Since the overall empowerment of women significantly depends on economic empowerment of women, in this regard, SHGs are promoting women to get engaged in various income-generating activities and providing them with employment opportunities to enhance their capabilities.

The economic attributes of women members working in the SHGs reveal that 60% of the respondents were employed (in the informal works like agricultural worker, household business, domestic worker, tailor, nurse, household worker, garland maker, vegetable vendor, bee keeper, child care workers (aanganwadi) employed by the government on monthly fixed paid jobs in the rural areas, MGNREGA worker etc.). The important fact in the employed and unemployed category, it can be seen that under the general category, 76.2% respondents said that they were unemployed while among the OBCs, SCs, and STs the proportion of unemployment was relatively lower. It can also be the reason that the involved prestige issue and the social status might have responsible for the general category respondents that they did not go for these informal jobs.

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17 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims to enhance the livelihood security of people in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.
The monthly income of women before joining the SHGs, as revealed in the Table 2, show that 95.1% OBCs, 92.4% women belonging to SCs and 100% women belonging to STs had income less than Rupees 1000. It was only due to their engagements in the low paid jobs mentioned above. In the case of women from the general category, their monthly income was between Rupees 1001–3000. The women from the general category had more income than the other category women due to opting higher paid jobs like nursing, teaching, and aanganwadi workers. On the contrary, after joining the SHGs, the income of the women members belonging to OBCs, SCs, and STs increased significantly due to their involvement in various group activities and as well as household level businesses (Table 2). Earlier, before joining the SHGs, 93.4% women members had income below Rupees 1000 and 6.6% had income between Rupees 1001–3000, but after joining the SHGs, 46.2% women had income between Rupees 1001–3000. This shows that SHGs helped significantly in terms of raising the income of its members.

Table 2: Economic profile of SHGs women in Varanasi District

<table>
<thead>
<tr>
<th>ECONOMIC ATTRIBUTES</th>
<th>SOCIAL GROUPS OF SHGS WOMEN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General</td>
<td>OBCs</td>
</tr>
<tr>
<td>ECONOMIC STATUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>23.8</td>
<td>62.1</td>
</tr>
<tr>
<td>Unemployed</td>
<td>76.2</td>
<td>37.9</td>
</tr>
<tr>
<td>Monthly Income before joining the SHGs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;1000</td>
<td>0</td>
<td>95.1</td>
</tr>
<tr>
<td>1001–3000</td>
<td>100</td>
<td>4.9</td>
</tr>
<tr>
<td>3001–5000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MONTHLY INCOME AFTER JOINING THE SHGS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;1000</td>
<td>0</td>
<td>46.2</td>
</tr>
<tr>
<td>1001–3000</td>
<td>100</td>
<td>44.2</td>
</tr>
<tr>
<td>3001–5000</td>
<td>0</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Source: Author’s calculation
4.3 Occupational Structure of Women of SHGs

The occupational structure of women of SHGs reveal that 40% women are non-worker while, 14% are engaged in mala making (preparing neckless), followed by 9% involved in stitching of clothes at the household level, 7% are MGNREGA workers, 3% are agricultural labourers, 12% are engaged in other works, which include goat-rearing, working in dairy, owning small shops, working as peon in school, maid in hospitals, or as jari worker (art of stitching by hands), while 9% are engaged in group level work in SHGs (Figure 2).

**Figure 2**: Occupational structure of SHGs women

![Occupational structure of SHGs women](image)

*Source: Author’s calculation*
4.4 Pattern of Monthly Income among the Sample SHGs Women

The pattern of monthly income before and after the formation of SHGs is the best parameter to analyse the impact of SBLP in any region. On the basis of the nature of income of women belonging to SHGs, three groups have been categorized: <Rs 1000, Rs 1001-3000, and Rs 3001-5000 per month, respectively. Figure 3 shows that 93% of these women’s income before joining SHG was <Rs 1000 per month while 7% women earned between Rs 1001–3000 monthly. On the contrary, after joining SHGs, the income of women has increased and its pattern has changed. Data reveals that after joining SHGs, only 47% women’s monthly income was <Rs 1000, while 46% were earning between Rs 1001–3000 and 7% between Rs 3001–5000 per month.

Figure 3: Pattern of monthly income of SHGs women in percent (Pre & Post SHGs)

![Figure 3: Pattern of monthly income of SHGs women in percent (Pre & Post SHGs)](image)

Source: Author’s calculation

4.5 Credit among Sample SHGs Women

Providing credit on demand is the major aspect of microfinance through SBLP. Study reveals that after joining SHGs, women in the study area easily received loan from the groups and became free from the clutches of the local moneylenders and other sources of credit providers who demanded high and uncertain interest rates. The study reveals that 97% of the women belonging to SHGs had taken loan from the group from their own savings, which is a significant indicator of the development of microfinance programme in the study area.
4.6 Amount of Credit Taken

Generally, all the members have equal chance to receive loan from the group according to their needs. The amount of loan provided by the SHGs depends upon the nature of group savings. The loan is provided at a very low interest rate and needs to be returned back to the group within a certain time limit so that other members may also get a similar opportunity. In the study area, all the SHGs were providing loan at 2 to 3% monthly interest rate to their members which is easy to repay by the women within the given time limit. The pattern of loan distribution among the women of SHGs shows that about 44% women were given loan between the cap of Rupees 2001–3000, 38% of the women were granted loan between Rupees 1001–2000 and 18% of the women borrowed less than Rupees 1000 from their respective SHGs (Figure 4).

Figure 4: Amount of credit taken in Indian Rupees (INR) by SHGs women

Source: Author’s calculation
4.7 Purpose of Credit Taken

The purpose of loan demanded by the women of SHGs is another indicator of their socio-economic status. Figure 5 reveals that 41% of the women had taken loan for medical purposes which show that the people were deprived of public health care facilities and were forced to spend a major share of their income on health services privately. It had been identified from the study that the women were not satisfied with the government health care facilities such as hospitals, PHCs (Primary Health Centers), and CHCs (Community Health Centers) due to their inappropriate services and were dependent on private hospitals which were expensive. The study revealed that 18% women took loan for purposes of marriage. The other purposes of loan from SHGs were construction of houses (14%), starting business (10%), children’s education (8%), and other purposes (9%) which included purchasing seeds and equipment for agriculture and purchasing sewing machines, etc. The present study also found that housewives and non-working women belonging to SHGs had also taken loan to support their family members for various purposes.

Figure 5: Purpose of credit taken by SHGs women

![Pie chart showing purposes of credit taken by SHGs women]

Source: Author’s calculation
4.8 Prospective Use of Saving by the Sample Women SHGs

The trend of women’s attitude towards utilization of loan in future also shows their priorities towards life. Study reveals that 34% women wanted to further save money to support their family while 18% women wanted to save money for their children’s marriage; 14% were interested in their children’s education and 13% women were willing to start business for income generation for their families. Around 10% women were willing to start group-level activities; therefore, they wanted to open a bank account of their own SHGs and get higher amounts of loan. While other women of SHGs were interested in getting loan for different reasons such as purchasing seeds, or threshers for agricultural purposes, 3% women wanted to pursue beautician courses and open their own beauty parlour (Figure 6).

**Figure 6: Prospective Utilization of Saving by the SHGs Women**

![Pie chart showing the prospective utilization of saving by SHGs women. The chart indicates that 34% women wanted to further save money for their families, 18% wanted to save for their children's marriage, 14% were interested in their children's education, 13% were willing to start businesses, 10% wanted to start group-level activities, 6% wanted to save, 3% wanted to purchase threshers, and 3% wanted to pursue beautician courses.](image)

*Source: Author’s calculation*
4.9 Sources of Loan Repayment by the SHGs Members

Figure 7 shows the sources of loan repayment by the women to their SHGs. It shows that 63% women have repaid their loan from their own savings, 33% had returned through their own earnings, and only 4% women had returned the loan to the group through their husbands’ earnings. Based on the above-discussed data analysis, we can understand that SHGs enable women to gain access to resources in the form of credit, loans or capital. Consequently, these women gain increased experiences in income, savings, and loan repayments.

In addition, this study also identifies various problems faced by the women of SHGs such as: patriarchal family structures and responsibilities of household duties which hinder women’s participation in attending regular group meetings and gaining access to banks; existence of middlemen and inaccessibility to the market; marketing of products produced by members of SHGs; ignorance of local government bodies towards SHGs; collapse of groups due to lack of unity among the members; inability to gain credit from the banks; inadequate group-level activities, training facilities and inappropriate income, in spite of spending 8–10 hours daily in works.
5 Conclusions

From the field observation and data analysis presented in the study, one can conclude that there are positive impacts of SBLPs in Varanasi District. SHGs have, in various ways, helped its members in social and economic aspects. The social impact of SHGs show clearly that women’s participation in various aspects of the decision-making processes have enhanced. These SHGs have helped their members to establish a common participatory platform to discuss and find a solution to their problems. Women’s income and occupation structure under SHGs significantly influenced their standards of living, empowerment level and enhanced their leadership skills. Study reveals that only 10% women in the study area had used the loans for income-generating activities (business purposes) like opening shops such as kirana (grocery) shop, vegetable shop, bangle shop, pickle making papad (papadum – thin Indian flatbread), etc., at their own residence. The availability of loans has encouraged to take up entrepreneurship both at individual as well as group level based on their traditional skills, like stitching cloths, weaving, preparing necklaces from locally available pearls, preparing banarasi silk saree (traditional wear), jari work (weaving threads and pearls on cloth) etc. The study concludes that the bottom-up approach of development, with the explicit goal of inclusion of grass-root level people in the development process is actually empowering poor women and the study suggests that NGOs and the government must work to enhance the skills of SHGs women, banking facilities, market accessibility, and also provide them technical support. Besides these, at the local level, government institutions should change their attitude from a governing entity to a supportive instrument towards SHGs and its members.

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