

# SHG Members Perception: An Empirical Study of Vijayawada City, Andhra Pradesh

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## Abstract:

Micro Finance is emerging as a powerful tool for poverty alleviation in the economy. In India, micro finance scene is dominated by SHG-Bank linkage Programme as a cost effective mechanism for providing financial services to the 'unreached poor'. Self-help groups (SHGs) have emerged as an effective mechanism of empowerment as well as being an efficient mode of technology dissemination. Micro finance programme has a positive impact both on economic and social empowerment of women members along with reduction in poverty. The relevance of SHGs as powerful instruments of social, political and economic empowerment of women has also been unanimously accepted in many studies. There are many studies have been conducted on empowerment of women in self help groups across the country from time to time. This paper sheds a light on Members perception on empowerment after joining in SHG's in Eluru.

Keywords: Micro Finance, Self Confidence, Decision Making Skills, Economic improvement.

## 1. Introduction

Mahathma Gandhi has rightly pointed out that 'India lives in villages'. The Government has been emphasizing the need for development of rural women and their involvement in developmental activities. Micro finance has obtained a universal avowal as an important tool for poverty alleviation in many developing countries (Johnson & Rogaly, 1997; Gibbons & Meehan, 2002; Armendariz & Morduch, 2005; Bakhtiari, 2011). Micro finance perceived as a vital dynamic mechanism towards attaining the millennium target of reducing poverty and hunger by 2015 (Simanowitz & Walter, 2002; Fernando, 2004). Micro finance emerged in the 1970s as social innovators began to offer financial services to the working poor those who were previously considered unbankable because of their lack of collateral.

Self Help Groups (SHGs) are informal associations consisting of 10-20 members created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The group-based approach enables poor women to accumulate capital by way of small savings and facilitates their access to formal credit facilities (Shylendra, 1998). The concept of joint liability embedded in the SHGs enables the member's to overcome the problem of collateral security, a major barrier to obtaining credit from formal institutions. It also leads to peer monitoring, that improves the rate of loan recoveries (Stiglitz, 1993). Recent data shows that in India Self Help Group (SHG) bank- linkage programme (SBLP) model cumulatively has more than 3.48 million SHGs, with a membership of about 58 million, have been linked to banks with an estimated loan portfolio of Rs. 80 billion. These groups have also accumulated savings of Rs. 35.1 billion with the banks.

## 2. Review of Literature

The relevance of SHG as powerful instrument of social, political and economic empowerment of women has also been unanimously accepted in many studies (e.g. Antia and Kadekodi, 2002; Sinha and Sinha, 2002 and Jahan et al., 2004). SHG approach is not a panacea to eradicate poverty from rural area, but may be a strongest social weapon for socio-economic transformation of millions of rural masses throughout the world (Garai et al., 2012). SHG is really boons in the rural areas that gives financial autonomy to the rural women and make them economically independent (Lakshmanan, 2001). Group members have developed abundant self-confidence and self-esteem through SHG movement. Not only economic poverty but also social and gender issues can be tackled effectively through this process (Chiranjeevulu, 2003). The micro financing to women through SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organisational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernisation (Manimekali and Rajeswari, 2001). Hence, micro financing through SHGs is contributing to the development of rural people in a meaningful manner.

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A large number of research carried on members empowerment after joining SHG's in different parts of India as well as in other countries but so far no work has been conducted in the Eluru, West Godavari District, Andhra Pradesh. So, the present paper concentrated on the member's perception on empowerment after joining in SHG's in this region to draw reasonable conclusions.

### 3. Objective of the Study

To examine the perception of members on empowerment after joining in SHG's in lines of Self Confidence, awareness of Children Education, Economic Improvement, Decision making skills, Social Empowerment and Managerial Skills.

### 4. Data Sources, Research Methodology & Research Design

The study is based on both the primary and secondary data. The primary data is obtained through exploring the respondents' characteristics in this region specifically on a convenient sample of 250 members of SHGs using a self administered questionnaire, observation, discussion has made. The secondary data has been extracted from journals, newspapers and websites. The research carried out here is explorative in nature and the study intended to conduct this research with the Members of SHG's in Eluru, West Godavari district, Andhra Pradesh. Therefore, first hand research is carried out during the months of November 2017 to April 2018. The data has been collected with the help of self administered questionnaire using a convenient sampling technique. The data so collected has been arranged in a tabular form. Keeping in view of the objectives the survey was made on six major aspects of SHG Members empowerment after joining with them were analysed by applying statistical tools like arithmetic mean, percentages and chi-square test by taking the help of MS-Excel package to draw relevant findings and conclusion.

#### Hypothesis:

The purpose of the study is to analyse the member's perception on Empowerment after joining in SHG's of Eluru, West Godavari district, A.P. This study is conducted to identify the significant difference between categories of SHG Members empowerment in terms of Self Confidence, awareness on Children education, Economic & Social Empowerment, improvement in decision making and improvement of managerial skills. Hence the present study set the null hypothesis as:

**H<sub>0</sub>:** There exists no significant difference between categories of SHG Members perception towards the identified six prospects of empowerment viz. increase of Self Confidence, awareness on Children education, Economic empowerment, decision making skills, social empowerment and improvement of managerial skills after joining in group.

**H<sub>1</sub>:** There exists significant difference between categories of SHG Members perception of aforementioned six prospects after joining in group.

### 5. Results and Discussion

The data collected using a self administered questionnaire from the sample respondents on members perception towards empowerment after joining in SHG's had been classified, summarized and analysed using tables and applied arithmetic mean, percentages and also the fitness of goodness test chi-square technique to interpret the same as shown in the below Tables 1 to Table 7. From the below Table 1 demographics of the members were analysed. In terms of the category 10.8 percent of members were doing Tailoring business, 9.6 percent were Grocery shop business, 12.8 percent were Fancy shop business women, 8.8 percent were Vegetable vending business, 6.4 percent of members in Fish vending business, 10% of members in Diary business, 31.2 percent of members involved in Petty business women and only 10.4% were in Tiffin stalls business women. While observing the income levels per month 9.6 percent of members were earning less than Rs 2000 per month, 22.4 percent were between Rs. 2000 - 3000, 37.2 percent between Rs 3000 – Rs 5000, 24 percent were between Rs. 5000 – 6000 and 6.8% were above Rs 6000 of income level.

**Table 1 Demographic Profile of the Respondents**

Demographic Factor	No.of Respondents	Percentage	
Age in Years	Less than 22 Years	42	16.8%
	Between 22 to 30 years	94	37.6%
	Between 30 to 40 Years	86	34.4%
	Above 40Years	28	11.2%
	<b>Total</b>	<b>250</b>	<b>100%</b>
Category	Tailoring Women	27	10.8%
	Grocery Shop Business women	24	9.6%
	Fancy Shop Business women	32	12.8%
	Vegetables Vending business women	22	8.8%

	Fish vending business women	16	6.4%
	Dairy business women	25	10%
	Petty business women	78	31.2%
	Tiffin stalls business women	26	10.4%
	<b>Total</b>	<b>250</b>	<b>100%</b>
<b>Monthly Income Level</b>	Less than Rs.2000	24	9.6%
	Between 2000 – 3000	56	22.4%
	Between 3000 – 5000	93	37.2%
	Between 5000 – 6000	60	24%
	Above 6000	17	6.8%
	<b>Total</b>	<b>250</b>	<b>100%</b>

### Testing Hypothesis:

The data obtained from the survey analyzed, based on the appropriate categories of the Members' perception towards empowerment after joining in SHG's. The eight categories of the occupations identified for the present study include Tailoring women, Grocery shop women, Fancy shop women, Vegetable vendor, Fish vending women, Dairy Business, Petty Business women and Tiffin stall business women. The observed values on the Empowerment prospects were analyzed by applying statistical tools like arithmetic mean, percentages and chi-square test. With the fitness of goodness test at the 95% level of significance and 0.05 level of error with the degree of freedom of 7 the critical value of the chi-square is **14.07** and the same is compared with the calculated chi-square value for testing the hypothesis as shown in the tables below:

### Members Perception on empowerment as Increase of Self confidence after joining in SHGs

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards empowerment as increase of self confidence after joining in SHGs.

**Table 2 Chi Square Test on Empowerment as increase of self confidence**

S.No.	Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	Tailoring Women (N=27)	20	74.07	18.97	1.03	1.0609	0.0559
2	Grocery Shop Women (N=24)	18	75.00	19.13	-1.13	1.2769	0.0667
3	Fancy Shop Women (N=32)	24	75.00	25.4	-1.4	1.96	0.0772
4	Vegetable Vendor (N=22)	17	77.27	17.61	-0.61	0.3721	0.0211
5	Fish Vending Women (N=16)	14	87.50	10.84	3.16	9.9856	0.9212
6	Diary Business (N=25)	19	76.00	17.44	1.56	2.4336	0.1395
7	Petty Business Women (N=78)	66	84.62	68.76	-2.76	7.6176	0.1108
8	Tiffin Stall Bus Women (N=26)	20	76.92	19.81	0.19	0.0361	0.0018
	<b>Total (N=250)</b>	<b>198</b>	<b>79.20</b>	<b>197.96</b>			<b>1.3943</b>

It is inferred from the above Table 2 that 79.20 percent of the members perceived that self confidence increased after joining in SHG. The Fish vending women category i.e. 87.50 percent agreed that increase of self confidence after joining in SHG whereas only 74.07 percent of Tailoring women, 75 percent of both Grocery shop women and Fancy shop women, 77.27 percent of Vegetable vendor women, 76 percent of Dairy business women, 84.62 percent of Petty business women and 76.92 percent of Tiffin stall business women perceived that Self confidence increased after joining in SHG. As the calculated value of chi square is 1.3943 which is less than the table value Accept the null hypothesis. So, it can be concluded that no significant difference between Members Category and perception towards empowerment as increase of self confidence after joining in SHGs.

### Members Perception on empowerment of increase awareness on Children Education after joining in SHGs

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards empowerment of increase awareness on Children Education after joining in SHG.

**Table 3 Chi Square Test on Awareness of Children Education**

S.No.	Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	Tailoring Women (N=27)	18	66.67	19.54	-1.54	2.3716	0.1214
2	Grocery Shop Women (N=24)	20	83.33	19.71	0.29	0.0841	0.0043
3	Fancy Shop Women (N=32)	26	81.25	26.17	-0.17	0.0289	0.0011
4	Vegetable Vendor (N=22)	19	86.36	18.14	0.86	0.7396	0.0408
5	Fish Vending Women (N=16)	13	81.25	11.16	1.84	3.3856	0.3034
6	Diary Business (N=25)	13	52.00	17.97	-4.97	24.7009	1.3746
7	Petty Business Women (N=78)	72	92.31	70.85	1.15	1.3225	0.0187
8	Tiffin Stall Bus Women (N=26)	23	88.46	20.41	2.59	6.7081	0.3287
	<b>Total (N=250)</b>	<b>204</b>	<b>81.60</b>	<b>203.95</b>			<b>2.1928</b>

It is inferred from the above Table 3 that exactly 81.60 percent of the members perceived that increase of awareness on children education after joining in SHG. Around 92 percent of Petty business women agreed that increase of awareness on children education after joining in SHG. Whereas 66.67 percent of Tailoring women, 83.33 percent of Grocery shop women, 81.25 percent of Fancy shop women, 86.36 percent of Vegetable vendor, 88.46 percent of Tiffin stall business women perceived that Increase of awareness on children education after joining in SHG. With the fitness test for goodness the calculated value of chi square is 2.1928 which is lesser than the table value hence accept the null hypothesis. So, it can be concluded that irrespective of the members' category, increase of awareness on Children education after joining in SHG.

**Members Perception on empowerment of Economic improvement after joining in SHGs**

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards empowerment of Economic improvement after joining in SHG.

It is inferred from the below Table 4 that 82.80 percent members perceived that Economic Improvement after joining in SHG. Majority of the i.e. 90.63 percent of the Fancy Shop Women agreed that economic improvement after joining in SHG followed by 88.89 percent of Tailoring women, 87.50 percent of Grocery shop women, 72.73 percent of vegetable vendor women, 62.50 percent of Fish vending women, 80.00 percent of Diary business women, 87.17 percent of Petty business women and only 73.08 percent of Tiffin stall business women.

**Table 4 Chi Square Test on Economic Empowerment**

S.No.	Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	Tailoring Women (N=27)	24	88.89	19.83	4.17	17.3889	0.8769
2	Grocery Shop Women (N=24)	21	87.50	20	1	1	0.0500
3	Fancy Shop Women (N=32)	29	90.63	26.56	2.44	5.9536	0.2242
4	Vegetable Vendor (N=22)	16	72.73	18.41	-2.41	5.8081	0.3155
5	Fish Vending Women (N=16)	10	62.50	11.33	-1.33	1.7689	0.1561
6	Diary Business (N=25)	20	80.00	18.23	1.77	3.1329	0.1719
7	Petty Business Women (N=78)	68	87.18	71.89	-3.89	15.1321	0.2105
8	Tiffin Stall Bus Women (N=26)	19	73.08	20.71	-1.71	2.9241	0.1412
	<b>Total (N= 250)</b>	<b>207</b>	<b>82.80</b>	<b>206.96</b>			<b>2.1462</b>

With the fitness test for goodness the calculated value of chi square is 2.1462 which is less than the table value hence accept the null hypothesis. That means the null hypothesis stating there exists no significant difference between the members category and perception towards empowerment of Economic improvement after joining in SHG is accepted. So, it can be concluded that there is improvement of economic status after joining in SHG's.

### Members Perception on improvement of Decision Making Skills after joining in SHGs

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards improvement of Decision making skills after joining in SHG.

**Table 5 Chi Square Test on improvement of Decision Making Skills**

Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Tailoring Women (N=27)	17	62.96	17.72	-0.72	0.5184	0.0293
Grocery Shop Women (N=24)	20	83.33	17.88	2.12	4.4944	0.2514
Fancy Shop Women (N=32)	23	71.88	23.73	-0.73	0.5329	0.0225
Vegetable Vendor (N=22)	18	81.82	16.45	1.55	2.4025	0.1460
Fish Vending Women (N=16)	9	56.25	10.12	-1.12	1.2544	0.1240
Diary Business (N=25)	13	52.00	16.3	-3.3	10.89	0.6681
Petty Business Women (N=78)	65	83.33	64.25	0.75	0.5625	0.0088
Tiffin Stall Bus Women (N=26)	20	76.92	18.51	1.49	2.2201	0.1199
<b>Total</b>	<b>185</b>	<b>74.00</b>	<b>184.96</b>			<b>1.3699</b>

It is inferred from the above Table 5 that 74 percent members perceived that improvement of Decision making skills joining in SHGs. Majority of the i.e. 83.33 percent of both Grocery shop women and petty business women agreed that economic improvement after joining in SHG followed by 81.82 percent of vegetable vendors, 76.92 percent of Tiffin stall business women, 71.88 percent of Fancy shop women, 62.96 percent of Tailoring women and 56.25 percent of Fish vending women. With the fitness test for goodness the calculated value of chi square is 1.3699 which is less than the table value hence accepts the null hypothesis.

### Members Perception on improvement of Social Empowerment after joining in SHGs

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards improvement Social Empowerment after joining in SHG.

**Table 6 Chi Square Test on improvement of Social Empowerment**

S.No.	Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	Tailoring Women (N=27)	19	70.37	18.97	0.03	0.0009	0.0000
2	Grocery Shop Women (N=24)	16	66.67	19.13	-3.13	9.7969	0.5121
3	Fancy Shop Women (N=32)	27	84.38	25.4	1.6	2.56	0.1008
4	Vegetable Vendor (N=22)	19	86.36	17.61	1.39	1.9321	0.1097
5	Fish Vending Women (N=16)	10	62.50	10.84	-0.84	0.7056	0.0651
6	Diary Business (N=25)	20	80.00	17.44	2.56	6.5536	0.3758
7	Petty Business Women (N=78)	69	88.46	68.76	0.24	0.0576	0.0008
8	Tiffin Stall Bus Women (N=26)	18	69.23	19.81	-1.81	3.2761	0.1654
	<b>Total</b>	<b>198</b>	<b>79.20</b>	<b>197.96</b>			<b>1.3298</b>

It is inferred from the above Table 6 that 79.20 percent members perceived that improvement of Social Empowerment after joining in SHG. Majorly 88.46 percent of petty business women agreed with this statement. With the fitness test for goodness the calculated value of chi square is 1.3298 which is less than the table value. Hence accept the null hypothesis. That means there exists no significant difference between the member's category and perception towards improvement Social Empowerment after joining in SHG.

### Members Perception on improvement of Managerial Skills after joining in SHG

H<sub>0</sub>: There exists no significant difference between Members Category and perception towards improvement Managerial Skills after joining in SHG.

**Table 7 Chi Square Test on improvement of Managerial Skills**

S.No.	Category	Observed	%	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	Tailoring Women (N=27)	14	51.85	16.95	-2.95	8.7025	0.5134
2	Grocery Shop Women (N=24)	18	75.00	17.1	0.9	0.81	0.0474
3	Fancy Shop Women (N=32)	21	65.63	22.71	-1.71	2.9241	0.1288
4	Vegetable Vendor (N=22)	15	68.18	15.74	-0.74	0.5476	0.0348
5	Fish Vending Women (N=16)	8	50.00	9.69	-1.69	2.8561	0.2947
6	Diary Business (N=25)	18	72.00	15.59	2.41	5.8081	0.3726
7	Petty Business Women (N=78)	66	84.62	61.47	4.53	20.5209	0.3338
8	Tiffin Stall Bus Women (N=26)	17	65.38	17.71	-0.71	0.5041	0.0285
	<b>Total</b>	<b>177</b>	<b>70.80</b>	<b>176.96</b>			<b>1.7539</b>

It is inferred from the above Table 7 that 70.80 percent members perceived that improvement of Managerial Skills after joining in SHG. Majority of the respondents i.e. 84.62 percent of the Petty Business Women agreed that there is improvement of Managerial Skills after joining in SHG followed by Grocery Shop Women, Diary Business women, Vegetable vendor, Fancy shop women and Tiffin Stall Business women. With the fitness test for goodness the calculated value of chi square is 1.7539 which is less than the critical value, hence accept the null hypothesis. That implies there exists no significant difference between the member's categories and perception towards empowerment as improvement of Managerial Skills. So, it can be concluded that irrespective of the member's category and perception towards empowerment as improvement of Managerial skills after joining in SHGs.

#### 6. Findings, Suggestions and Conclusion

The empirical analysis on member's perception towards prospects of empowerment on members after joining in SHG. The null hypothesis is accepted and proved that there exists no significant difference in the perception of the respondents based on their categories. The study also reveals that majority of the Fish vending women perceived that empowerment in terms of increase of self confidence after joining in SHG followed by Petty business women, Vegetable vendor women, Tiffin stall business women, Diary business, Fancy shop women, Grocery shop women and Tailoring Women. The study proves that the member's perception on empowerment in the aspects of self confidence, awareness of Children education, Economic empowerment, Decision making skills, Social empowerment and Managerial skills are improved after joining in SHGs.

#### 7. Limitations of the study and scope for further research

The present paper investigated the member's perception towards empowerment based on their categories in the Eluru region of West Godavari District, A.P. only hence the findings cannot be generalized or other demographic factors as well as in regions of the country. As this study observed members of SHGs are empowered by joining in SHGs, further scope of research is prevailed as empirical analysis of how this empowerment may generate productive outcomes after joining in SHGs.

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