

**DOES SELF HELP GROUP- BANK LINKAGE
PROGRAMME ENHANCE ENTREPRENEURIAL
CAPABILITIES AMONG WOMEN? EVIDENCE FROM
PUNJAB**

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ABSTRACT

Microfinance programme is operating through Self Help group programme in Punjab. By virtue of membership of the programme, there has been significant diversification in the employment and occupation structure of the workforce of Self Help group beneficiary households whose adult female happens to be the member of these groups. Beneficiary households diversified from low wage rural employment to self-employment in dairy farming, agriculture and other non-farming activities. Although the programme has not performed satisfactorily in providing training and skill up gradation of the beneficiaries, it has contributed significantly in building decision taking capacity of the participant female members. A higher proportion of females are in better position in taking day to day life decisions relating to visiting relatives, going alone for medical treatment and education of children. The programme enhanced decision making capacity regarding money matters by the female beneficiaries. Participation of the females in SHG activities significantly increased their participation in other public issues and organisational activities relating to the society and community as a whole.

I. INTRODUCTION

In a country like India, rural households in general and those in poverty in particular borrow money for smooth consumption, investment, diversification in production and to meet social obligations and investment in human resource development. The rural credit market has continued to be underdeveloped due to many inherent characteristics like scarcity of collateral, segmentation of markets, covariant risk of depositors and borrowers and asymmetric information (Besley, 1994). These characteristics have further resulted in serious problems of adverse selection, moral hazard, high transaction cost and enforcement of recovery agreement between borrowers and lenders (Besley, 1994, Barry and Robinson, 2001). Consequently, informal credit suppliers have failed to meet credit requirements of the poor and weaker sections of the rural society and have also been charging usurious rate of interest from them. Both the situations have further aggravated the problem and pushed poor people into poverty and low level of living. From time to time, various policy initiatives were undertaken in developing world, including India, to fulfill the credit requirements of the weaker sections of the society; latest among them is microfinance operating through 'Self Help Groups' programme in the developing countries. This programme, by focusing on the poor rural women has been recognised as an important

intervention for alleviation of poverty and empowerment of rural women by meeting their credit needs and building their human resources through training programmes. The impact of the SHG-BLP needs to be examined in terms of its impact on women beneficiaries ie whether or not it has enhanced entrepreneurial capabilities amongst the poor women. This can be analyzed in terms of training and skill upgradation of the beneficiaries, their empowerment in various households and societal decision making processes etc. The impacts of the SHG-BLP in enhancing entrepreneurial capabilities among women beneficiaries in the present paper are, mainly focused to quantify the short term impacts that are internal to the household's economy and life of its female members. More specifically the main objective of the paper is to study the impact of SHG- BLP in enhancing entrepreneurial capabilities amongst the poor women beneficiaries.

The paper is organized as follows. After introduction, Section 2 briefly describes the data used and methodology followed in this paper. Section 3 brings forth the findings whereby it compares the women beneficiaries of case and control group of households on their employment pattern, human resource development, training and skill upgradation, response of adult female member from beneficiary households regarding the impact of the SHG-BLP on their empowerment in terms of various decision making processes operating at the household and community levels. Policy implications are summarized in concluding Section 4.

II. DATA AND METHODOLOGY

2.1 Data

The paper is based on primary data sources. Of the 2262 SHGs formed in the district Fatehgarh Sahib till 31-03-2011, 10 percent (227) of the Self Help Groups (SHGs) were surveyed using systematic stratified random sampling. Information regarding these SHGs has been collected from Department of Women and Child Development, Non Governmental Organisations (NGOs) and Rural Development Department, the main agencies involved in formation of SHGs in the district. Due representation was given to SHGs formed by different organizational agencies by selecting SHGs in accordance with their proportional share in the total groups formed in the district. Primary survey has been conducted of the selected SHGs and beneficiaries from Fatehgarh Sahib district of Punjab. Fatehgarh Sahib has been chosen for the study as it has adequate number and progress of bank linked SHGs promoted by Government departments, co-operative financial institutions, Non Governmental Organisations (NGOs) and Commercial Banks. Therefore, it provided adequate population of the SHG and beneficiary women for random selection of the adequate number of SHGs and member households for field survey. Furthermore, the district is at the middle level of rural and agricultural development, which is an important determinant of level of living and rural poverty. Therefore, findings from the study are expected to be broadly representative for the state and policy recommendations from the empirical findings would be more or less relevant for SHG-BLP groups operating in other districts of the state.

Thus data from 227 SHGs and 812 beneficiary households in 71 villages in five blocks of the district forms the basis of the present study. Survey of selected SHGs and households was conducted during January 2012 to July 2012. To carry forward the study, case-control (or treatment-control) approach was followed, wherein one household was selected as control for every four beneficiary households. The control was selected carefully keeping in view the socio-economic conditions of the beneficiaries. In most of the cases, that control household was preferred which happened to be a separated brother of one or the other beneficiary of the SHGs, her

immediate neighbours, so as to maintain homogeneity of both case and control groups of the households. In total, 202 households were selected as control group.

Once having selected the case and control group, a pre-tested questionnaire was canvassed to the beneficiary women of both these groups to collect both quantitative and qualitative information. The quantitative information was collected for their employment pattern. Similarly, qualitative information was also studied by including special questions on their role in day to day activities, decision making in financial matters, degree of freedom enjoyed by them in mobility, participation in community meetings and gatherings. The questions pertaining to women empowerment were asked to these adult female beneficiaries in the absence of the adult male members in the household. Similar information was also collected from the selected non-beneficiary women.

2.2 Methodology

Employment pattern among the women of SHGs and control groups of households relates to the primary occupation of adult females. Training and skill up gradation of the beneficiaries relates to the number of times trainings have been received by them and the adequacy of training provided for skill upgradation. Social entrepreneurial capabilities of the women have been examined by looking at changes in the confidence level of women in day to day activities, changes in use of money earned by them, changes in their participation in public issues at village level and changes in their organisation and activism. For comparison of women in case and control groups on chosen indicators, standard normal distribution (z test) test has been employed to test the difference in means/ proportions for statistical significance.

III. FINDINGS

3.1 Employment pattern

Information in Table 1 details the employment pattern among the women of two set of case and control groups of households. The positive impact of the female centric SHGs lies in the promotion of their work force participation through credit and training linked activities. This is evident from the fact that the proportion of adult female members among the SHG group households is (43.1 percent); three times of their proportion (14.4 per cent) amongst the control group. The table highlights that compared to 1.0 percent in the control group, 16.6 percent of the beneficiary females are engaged in dairy farming activities. Most of these women are earlier working as housemakers as is evident from the significantly lower proportion of housemaker women among the beneficiary households compared to non- beneficiary households. Interestingly, 12.7 percent of the adult females in the beneficiary households are in government jobs as compared to none among the non-beneficiary households. During the survey, it was found that most of the beneficiary females were working as anganwadi workers and anganwadi helpers. Their proportion among the beneficiaries is higher because they are directly involved by the concerned Child Development Project Officer (CDPO) in the process of formation of the SHGs. Furthermore, it is quite possible that because of their better information and awareness about the benefit of the

Table 1 Employment pattern among women of SHG and control groups of households

Sr. no	Employment pattern	Percentage of SHG households	Percentage of control group households	Difference in proportions	Standard error	Z value
1	Proportion of adult females participating in gainful economic activities	43.1	14.4	0.287	0.038	7.557
2	Primary occupation of adult females					
	Dairy farming	16.6	1.0	0.156	0.027	5.817
	Tailoring (Sewing and stitching, embroidery)	6.7	5.4	0.012	0.019	0.626
	Dari making	0.4	0.0	0.004	0.004	0.865
	Shop/Business	1.6	1.5	0.001	0.010	0.118
	Labour	2.1	3.0	-0.009	0.012	-0.749
	Private job (Non-farming)	2.7	3.5	-0.008	0.013	-0.577
	Agriculture	0.0	0.0	0.000	0.000	0.000
	Government job	12.7	0.0	0.127	0.024	5.340
	Housemaking	56.9	85.6	-0.287	0.038	-7.557
	Beauty parlour	0.4	0.0	0.004	0.004	0.865

Source: Field survey, 2012.

SHG- BLP, their proportion is higher among the beneficiary group. Such information may not be available to non-beneficiary households. Although significantly more number of SHG women is engaged in dairy farming activities, yet some difference even exists in the number of women engaged in tailoring (sewing, stitching and embroidery), dari making, and beauty parlour.

On the whole, it seems that the SHG-BLP had desired impact on the generation of employment for rural poor women as well as in bringing occupational diversification in their employment pattern. Consequently, it is expected that it may have resulted into better economic outcomes and empowerment of rural women as well. Better economic outcomes and empowerment of women can therefore be taken as an indicator of enhancement in entrepreneurial capabilities of women.

3.2 Human resource development: Training and skill upgradation

Provision of proper training and skill upgradation can be taken as another indicator of enhancement in entrepreneurial capabilities among women. The SHG-BLP aimed at providing training to its women beneficiaries in dealing with various day to day activities like handling of transactions in banking institutions and maintenance of their financial accounts. The programme was also expected to provide non financial training to the ladies so as to enable them to start their own enterprises within rural non-farm employment activities.

Table 2 Training and skill upgradation of SHG women households

Sr. no	Training and skill upgradation	Number of SHG members	Percent of Households
1	Households having received training	420	50.5
2	Frequency of training received by women of these households		
	Once	231	55.0
	Twice	163	38.8
	More than two times	26	6.2
3	Adequacy of training provided		
	Adequate	87	20.7
	Inadequate	333	79.3
	Total	420	100.0

Source: Same as Table 1

During field survey, it was found that trainings to these ladies were provided by NABARD and other organisations in activities like banking transactions, dairy farming, pickle making, beauty parlour and tailoring. It was found that only half of these ladies received any training. It seems that the performance of the bank linked SHGs is not satisfactory on this account. Of those who received trainings, 55.0 percent received trainings just once. 38.8 percent received training twice and the rest 6.2 percent thrice. Those who received trainings were further asked about the adequacy of the training provided. 20.7 percent rated the trainings to be adequate; rest termed the trainings as retelling the already known things. NCAER (2008) study also found that although training was received by 50 percent households, only 30 percent found these trainings to be adequate. It seems that the training programme under SHG-BLP needs expansion and deepening. More beneficiaries need to be covered and the training module must include new innovative initiatives which otherwise are unknown to the target group and cater to the market demand.

Table 3 Decision taking capacity by SHGs among females of SHGs and control group

Sr no	Decision taking capacity/ participation	Percentage of SHG households	Percentage of control group households	Difference in proportions	Standard error	Z value
1	Do you visit relatives independently?					
	Yes	78.4	52.0	0.265	0.035	7.598
2	Can you go alone for medical treatment of self/ family members?					
	Yes	64.0	50.5	0.135	0.038	3.537
3	Do you freely participate in family functions?					
	Yes	58.5	53.0	0.055	0.039	1.422
4	Do you take decisions on education of children?					
	Yes	43.7	36.1	0.076	0.039	1.952
5	Are you able to take care of health related aspects of the family?					
	Yes	74.9	66.3	0.085	0.035	2.452

Source: Same as Table 1

3.3 Decision taking capacity

One of the main objectives of the SHG programme has been to enhance social empowerment, which includes developing the self confidence of members of rural households, especially women, through promotion of group and own activities and conduct of training organized mainly by self help promoting institutions (NCAER, 2008). Women, once empowered can play a vital role in the socio-economic upliftment of the SHG households and society at large. Table 3 details the decision taking capacity of the women among the case and control groups of households. It is evident from the table that SHG-BLP has led to building significant confidence levels among their beneficiary female members on many counts. Compared with 52.0 percent among the non-beneficiaries, 78.4 percent of the females in the beneficiary households take decision of visiting their relatives independently without consulting other members in the households. Difference between the two groups is significant

statistically. Our findings are in line with other such empirical studies by Puhazhendi and Badatya (2002), Puhazhendi and Satyasai (2000) and NCAER (2008) from other parts of the country.

As per the generally perceived notion, for getting medical treatment for oneself and one's family members, ladies of villages have to generally rely on their male counterparts. Statistically significant difference exists between females of member and non member households in their going alone for medical treatment of self/family. In the post SHG period, 64 percent females reported an improvement in getting medical treatment for themselves and their family compared with only half of the females in non-SHG households.

The decision making capacity of females increase as they themselves plan their visit. This also helps them in maintaining their social relations. NCAER (2008) study, which uses before after approach, found that 37.4 percent of females have reported significant improvement in their decision of seeking medical treatment as they can go alone for availing medical treatment for self and children. Besides going alone in medical treatment, 74.9 percent of the females reported that they take part in decision making processes related with health seeking behaviour of the households. This is significantly higher than 66.3 percent of the females reporting so among the control groups of households.

In the present survey, in the post SHG period, 58.5 percent of the female members reported that they can participate more freely in family functions. In control group, 53.0 percent members have a say in family functions. Not much significant difference appears between the two groups on this count.

Another indicator of enhancement in social entrepreneurial capabilities of women has been the changes in capacity of female members in decision making on children's education. This indicator represents the thinking, awareness and authority of a woman. Once empowered, a lady can contribute to higher education levels among her children in general and for girl child in particular. Significant difference exists between members and non-members in their decision making in children's education. In the present study, 43.7 percent of the female members participate in the decision making in the households so far as the education of the children is concerned. This is significantly higher than 36.1 percent of females in control group who have some say in such decision taking in the households. NCAER (2008) study also reported that the SHG-BLP led to enhancing the proportion of such females for 9.1 percent in the pre-SHG to 22.5 percent in the post-SHG period.

3.4 Females say in household monetary decision taking

Monetary decision taking in the household is one of the most important indicators of status enjoyed by the females and other members in the family. Information on this count provided in Table 4 reveals that as compared to 17.2 percent of the females in the control groups of households, 22.9 percent of the females in SHG-BLP themselves take decisions to spend the returns/ earnings on the activities undertaken by them. However, in the remaining 77.1 percent of the households, it is the family who takes decisions on utilization of money earned by the female workers in the family. This suggests that SHG-BLP significantly enhanced the monetary decision taking capacity of female beneficiaries in Fatehgarh Sahib district of Punjab. This means that almost three-fourth of the women earners are not in power to utilise their earnings on their own. Though not strictly comparable, findings from NCAER(2008) study show that more than 62 percent of the women beneficiaries reported significant improvement in the control over use of money earned by them. This shows

that although women have started utilizing the money earned by them on their own, still a large number of women still have no authority to spend self earned income.

Table 4 Monetary decision taking capacity among female SHG and control groups of households

Monetary decision making	Percentage of SHG households	Percentage of control group households	Difference in proportions	Standard error	Z value
How you spend your earnings?					
Yourself	22.9	17.2	0.057	0.022	3.386
Your family	77.1	82.8	-0.058	0.036	5.990

Source: Same as Table 1

3.5 Female representation in community matters

Regarding the changes in the participation in public issues at village level, 20.6 percent SHG members have jointly approached the government officials or political leaders for something benefitting the community. Participation ranges from getting drinking water problem of the village solved; arranging for tubewell in the village; cleaning village roads; helping government in carrying out immunisation programmes; carrying out anti-alcohol campaign to stop consumption of alcohol by men in the community etc. None of the females from control group was found participating in this type of activity. Puhazhendi and Badatya (2002) found that very less number of female members participate in community benefitting activities and in taking up issues like bigamy, domestic violence, child marriage etc. NCAER (2008) report that significant improvement was witnessed in participation of women in public issues (like approaching government official to solve problems, attending committees, village meetings etc.) from 15 percent in pre-SHG period to 50 percent in post SHG period. This indicates significant scope of enhancing female participation in public issues, though significant improvement on this account has already been brought by the SHG-BLP.

Table 5 Participation level of females in public issues and organisational activism of SHG and control groups of households

Sr no	Participation level	Percentage of SHG households	Percentage of control group households	Difference in proportions	Standard error	Z value

1	How often have you got together to jointly petition govt. officials or political leaders for something benefitting the community?					
	Never	79.4	100.0	-0.206	0.029	-7.052
	Once	13.7	0.0	0.137	0.025	5.568
	Twice	6.0	0.0	0.060	0.017	3.579
	More than two times	0.9	0.0	0.009	0.007	1.324
2	Changes in organisation and activism of members					
	Are you active member of any organisation?					
	No	93.2	99.0	-0.058	0.018	-3.193
	Village Panchayat	2.5	0.0	0.025	0.011	2.253
	Religious place	0.5	0.0	0.005	0.005	1.000
	Women club	3.8	1.0	0.028	0.014	2.027

Source: Same as Table 1

3.6 Female participation in community organisations and activism

A woman's participation in political space is an important indicator of enhancement in entrepreneurial capabilities. The members and non-members were enquired regarding their participation in village level democratic processes like panchayats, religious bodies and club office bearers. Information collected, on this issue revealed that 93.2 percent of SHG members do not belong to any organisation (Table 5).

Remaining 6.8 percent belong to active office bearers of the village panchayat, religious place like gurudwara or are members of women's group. Although their percentage is very less, but even this miniscule number of politically active females enables the SHGs to take up social issues at the village level or other stakeholders. These ladies make the others aware of their rights. In the control group, only 1 percent ladies are members of some organisation. Nevertheless, there seems a vacuum of women representatives on this account, which once brought to higher level can go a long way in mitigating many of the gender-based discriminations and atrocities in the society. SHG-BLP can go a long way in enhancing organisational activism amongst its female members.

IV. POLICY IMPLICATIONS

Based on the paper, the following policy options are recommended:

Field experience and findings of the study suggest that short term human resource building activities in the form of training and skill generation programmes undertaken by the NABARD, Banks and NGOs are

underperforming and does not pass on expectations of the target women. Further these ladies are of very poor opinion of the content of training programmes organised. In fact, whole of the training and skill generation part of the programme needs revamping. Stakeholders in this context must first of all identify area specific women centric economic ventures having potential and then reorient the training accordingly. Rather than retelling them the already known facts, meaningful information need to be imparted to them not only on economic ventures but must be supplemented with additional issues related to woman and child health, education, and women's legal and human rights. Then only there can be an enhancement in entrepreneurial capabilities among women.

Some shortcomings notwithstanding, SHGs proved to be an effective tool in building entrepreneurial capabilities amongst the rural poor women by employing credit as a tool of change. These SHGs are emerging as community or village level effective rural institutions of the poor women. There has been diversification in the employment and occupation structure of the workforce of the beneficiary households. Beneficiary households diversified from low wage rural employment to self-employment in dairy farming, agriculture and other non-farming activities. There is abundant scope to use this institutional platform as a wheel of social change by sensitizing and motivating the SHG women members to effectively involve and collectively fight against the prevailing societal problems including drug abuse among youths, all forms of violence against women-physical and mental and domestic or societal, customs of dowry, gender, religion and caste based discriminations, conflicts, abortion of female feticides; and also rehabilitation of the victims of violence.

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