



# The Role of Social Capital through SHG Groups in Andhra Pradesh and Telangana State

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## ABSTRACT

Organizational base, pool of resource and technology has led to generation of employment and income. Empowerment is a process of creating awareness about social realities and available rights, to build capacity through education, knowledge, skills and action to initiate participation to bring change. The collective actions introduce leadership, Strength, reduce risk and external threat. It enables women to overcome the oppression of patriarchy by helping to realize their true potentials which reflect total wellbeing. The micro credit is one of the solutions to promote the quality of life which accelerate the socio-economic development and reduce the rural poverty considerably. Self Help Groups play important role of ensuring good health and empower women within the household as well as in the society. This paper describes about constitution, scope and credibility of Self-Help groups, the Governments initiatives towards its promotion, Women Empowerment initiatives in rural areas and analyze the impact of intervention towards socio-economic and rural development.

**Keywords:** Women, Self Help Groups, Micro Credit, Saving, Employment, Empowerment

## I. INTRODUCTION

Social capital is a requisite for collective action, applicable for an individual and there for a group. The structural form of social capital is the relationships between and within social intuitions and organizations: it includes rules, networks, partnerships, associations, institutions, roles, procedures, and precedents. The cognitive form of social capital is more on attitude and perception of the individual: it indicates norms, shared values, reciprocity, solidarity, attitudes, trusts, and beliefs. Both structural and cognitive forms of social capital are complementary. Be it formal or informal interrelationships and interactions between members can foster social capital. Albeit social capital is nested in

the structure and not in individuals, it fills the space between individuals and between groups, but it cannot be explained by the structure itself. There are certain cultural components in it, which are appropriated by individuals, which again cannot be attributed to the individuals. The works on social capital have made an effort to identify particular social conditions that lead to good economic conditions and improve the conditions of the society they also refer trust and norms of civic-minded behaviour as manifestations of social capital. The phenomenon of social capital is dynamic and transformative. Points out that many of the definitions refer to manifestations of social capital rather than to social capital itself. Trust, networks, civil

society, and the like which have been associated with social capital are all epiphenomenal, arising as a result of social capital but not constituting social capital itself.” defines social capital as resources embedded in a social structure, which are accessed/mobilized in purposive actions. In his critical reflection upon the popular conception of social capital says it systematically obscures power, class and politics. Argues in the same line that there is a need to understand issue of power in the production of communities because it is divorced from economic capital. The traits of social capital vary in a context of collective society and individualistic society. In developing countries, the collectiveness of the society might focus on economic and social relationships particularly on ethnic, religious or familial groups mainly on an informal basis. The structural components of networks such as ‘size’, density and the extent of closure and relational aspects such as ‘inequality’ shape the social capital the outcomes of social capital within a network comprise a variety of forms and scales of collective action.

#### **Self Help Groups (SHGs) movement**

Self Help Group (SHG) is a group of women or men, either exclusive or combined with not more than 20 members. A SHG is a homogenous at a broader sense and affinity group of rural households. Their primary activities are thrift, mutual agreement to contribute to a common fund, collective decision making, meeting their emergency needs, solve conflicts through collective leadership and consensus and provide collateral free loans with terms decided by the group. The group develops its own norms and procedures. The group meets regularly once or twice a month. Elected or nominated (based on their skill and attitude) leaders manage the group. In cognisance with collective action, SHG is an informal association, which establishes linkages between different individuals.



*Figure 1: Schematic diagram of Self-Help Groups (SHGs) movement*

#### **SHGs and Rural Development:**

In order to change the face of socio-economic scenario, micro enterprises and SHGs are playing significant role in the self-employment by raising the level of income and standard of living rural people. In this framework, one of the most vital aspects of rural self-employment is the formation of SHGs which is a valuable investment in human capital through training and capacity building measures. From dairy to mechanized farming, weaving, poultry, food processing units, mushroom cultivation; Rural India has been busy setting up micro-enterprises by forming SHGs.

The group members use collective wisdom and peer pressure to ensure appropriate use of fund and its timely repayment. These are informal groups in nature where members come together towards collective action for common cause. The common need is meeting their emergent economic needs without depending on external help. SHG movement is supposed to build economic self-reliance of rural poor, overcome misuse and create confidence predominantly among women who are mostly unseen in the social structure

#### **Scope of SHG:**

Many organizations in Telangana state, including non-governmental organizations (NGOs), community-based organizations, local and national government bodies, now recognize the enormous potential of SHGs. The activity for which the SHG movement is known is the rapid growth of rural bank-SHG linkage to support borrowings. The emphasize on capacity building helped to address the dynamic and multifaceted nature of poverty, lack of skills, building knowledge and confidence to use finance to exploit opportunities, manage life cycle events and cope with crisis. Stated that the Indian micro finance scene is dominated by SHGs linkage to banks. The Indian development is unique by using formal institutions in providing finance to SHGs instead of creating parallel non-formal channels of outing finance to poor

#### **II. REVIEW OF LITERATURE**

The literature review done at the beginning of the report helps us to capture some of the important conceptual issues related to social capital and its contribution to the development at the household and community level.



While some of the studies on social capital have demonstrated that social capital is important in the context of development projects, it has not yet demonstrated what the implications of the presence of social capital are for the welfare of households and whether social capital helps the poor and the poorest. A study on Role of Self-Help Groups (SHGs), among the Rural Farm Women in Relation to Labour Days and Income of the Seasonal Crop opines that, Economic empowerment of the women was increased, with their participation in Self Help groups (Subhadip Pal 2015). Carly Nichols (2021) Women-led self-help groups (SHGs) are increasingly being utilized as platforms for delivering development activities by funding agencies and governmental bodies. SHGs are a promising platform for health messaging this is largely dependent on SHG norms of attendance, which itself is closely tied to socioeconomic conditions and social capital. Social capital is important both within SHGs as well as between SHGs and the implementing organization. Sites with more mature SHGs had greater economic security allowing more active participation in the intervention than sites with more poverty and young SHGs. The former sites also had greater norms of trust and reciprocity (social capital) with the implementing organization that led them to accept additional interventions. Self-Help Groups mobilize women latent-energy and teach them, to earn their own livings. Micro-finance with self-help group plays, an effective role for promoting women empowerment. It is not only an efficient tool, to fight against poverty, especially by these most marginalized sections of the population. (Ajit Borah 2014) Women entrepreneur of SHGs has good work force, under the dynamic setting of business, if women entrepreneur is given a proper guidance and training to enhance the profitability of the enterprises the future, will be bright and prosperous. (Rajasekaran R. and Sindhu. 2013). A Study on Women Empowerment through, Self- Help Groups carried with Special Reference to Mettupalayam Taluk in Coimbatore District found that, the socio- economic factor has been changed, after joining the Self-Help Groups. Majority (88%) Percent of the respondents were satisfied, as they economically improved their family (S.Thangamani and S. Muthuselvi, 2013).

### III. RESEARCH METHODOLOGY

SHGs are small groups which are established, with the motive to provide the economic help, to the poor and vulnerable people, especially women which includes credit and saving facilities through mutual help and joint responsibility. SHG is a group-based approach, with 200 members in each group, which facilitates the poor households to collect capital and also enables them, to access the financial facilities.

The basic motive of SHG, is to reach the unreached or poor households specially women and empower them, through credit and saving facilitation The growth of Self-Help Groups (SHGs), is an evidence of the fact that women are coming out of their shells and effective in offering women the possibility to break gradually away from exploitation and isolation. They served as a catalyst in helping them to pull out of poverty. As the poor women do not have enough capital, to take up business enterprise on an individual basis, SHG's thrift and micro credit enabled women to gain greater control over resources like material possession, intellectual resources like knowledge, information, ideas and decision making in home, community, society and nation. This study was carried with the specific objective- to understand the role of women groups in income generation and poverty alleviation. The investigation was carried in the regions of Telangana State.

An interview schedule was developed and administered, for data collection from the Women Self Help Groups, registered in 2018-2019, by the District Rural development Agency/ Society for Elimination of Rural Poverty (SERP), Government of Telangana.

- To ensure wider representation, care was taken to select not more than 2-3 SHG from one village.
- The tool consisted of 2 parts. The part one dealt with the information regarding the SHG and its members, their activities and Income generation. The second part pertains to the empowerment of the members. The third part consisted of empowerment of nonmembers.

#### **The role of social capital through SHG groups:**

Accumulated social capital helps the members to become more and more effective which in turn helps them in gaining more social capital and the process goes on. Women members of SHGs forge considerable

volume of network and generate substantial level of trust among the members and on other institutions.

#### **Empowerment through SHGs:**

SHGs ensures economic independence by income generating activities, Its regular meetings and discussion on many live issues helps rural women in developing communication skills and build confidence to speak at the municipal meetings it burnings success in their democratic, social and cultural spheres of life. Social development of women by creating equality of status encourage their participation, facilitate decision making and make them self-sustaining in the society.

The schemes aim at institutional capacity building, promotion of women SHGs, Strengthening the capacity of central and state level agencies, income generation, investment of fund, technical support, access to social programmers and use of funds for community asset Following are some of the major initiatives of Telangana government towards SHG movement

**Economic Empowerment:** The economic contribution of women has been found to be related to her role and status in the society. The Self-help groups provide economic benefits to the women by providing income generating activities. Economic independence facilitates in bringing about sexual equality and increase in women's income translates more directly into family well-being.

**Social Empowerment:** Self-help Groups improve the equality of status of women as participants, decision-makers and beneficiaries in the social, democratic, economic and cultural spheres of life. SHGs ensure the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

**Political Empowerment:** SHGs as active, articulate and organized citizenry act on a range of issues, holding the Panchayats accountable in terms of the use, production and distribution of public resources for the common public good. SHGs enable women to develop their communication skills to speak at the Grama Sabha, public meetings, etc. An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. Social mobilization through SHGs is inevitable for political empowerment.

**Psychological Empowerment:** Self-help groups enhance the equality of women as participants,

decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The SHGs inculcate a great confidence in the minds of rural women to success in their day-to-day life.

#### **Need and Importance of Self-Help Group:**

Self-help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. Groups become the basis for action and change. It also helps buildings of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts.

Self-help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self-help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities.

#### **IV. RESULTS & DISCUSSIONS**

The research findings revealed that, with the continuous hand holding of the Government officials and field staff of SERP, with a missionary mode throughout the formation process of SHGs and regular contacts, with the women, had created great impact on the SHG women, which led to the strong unification and assurance, among the group members leading to the dedicated sustainability of the SHGs. Hence, out of 200 SHGs studied over a period of 5 years, it was observed that, no SHG was defuncted or discontinued. This establishes the recognition of the Government of India (GoI) and the Reserve Bank of India (RBI), that community participation and partnership is fundamental necessity, for the development approach



of the disadvantaged Found SHGs as an interesting and effective strategy, to provide banking services acted as a promoter, organizer and facilitator of SHGs, by promoting microfinance intermediaries, building people's institutions, creation of social capital, micro insurance, micro pension, livelihood development etc., to the 'un-bankable' people.

**Table 1: Groups According to Their Sustainability**

| No. of Sustaining SHGs | No. of Discontinue SHGs |
|------------------------|-------------------------|
| 200                    | 0                       |

Entrepreneurship is the process of designing, launching and running a new business, which is more often initially a small business, offering a product, process or service for sale or hire. While Income Generating Activity (IGA), is an economic activity with the aim of improving the living conditions of poor households. This may be the production of goods or services including commerce or a combination of both, in rural as well as urban areas.

The members of SHGs could take up a number of incomes generating activities, due to the credit and support provided by their respective SHGs. Women were involved in varied income generating activities, like Kirana (grocery) Shops, Vegetable vending, tailoring and boutiques, dairy, goat rearing, jewelry & bangle stores, Sarees and petty coat, Leather goods etc.

**Table 2: Percentage Distribution of SHG's According to their Present Status**

| Centers            | Group entrepreneur & Micro Fin. | Individual Income generating + Micro-Fin | Groups which are Active with Micro Finance and Social Issues but not Active in Income Generation |
|--------------------|---------------------------------|--|--|
| Telangana (n= 200) | 20                              | 150.0                                    | 135.5  |
| Percentage %       | 3.54                            | 90.25                                    | 87.42  |
| Mean               | 0.25                            | 4.24                                     | 2.15   |

SHG is very helpful in the progress of women enterprises and Individual Income Generators, since SHG is providing the ample support, in the form of micro credit to the women to establish or develop their own small enterprise or Income Generating Activity accordingly, providing the support to the poor and needy women to increase their level of income ,

forbidding their dependency on private micro credit sources who claims large interests on the debts and confers to their family revenue, with this women are also taking part in family decision making.

## V. CONCLUSION

The SHGs are weak in Entrepreneurial and Income generating activities. The IG as well as entrepreneurial activities needs to be scaled up as big business models in the rural areas, especially in agriculture and allied sectors as Telangana is an agrarian society. The process of empowerment manifests itself in increased self-esteem. Programmed participation is also associated with changes in decision-making at the family level. Program participants are far more aware about the various programs and organizations and have an access to these organizations. Microfinance is playing a significant role in alleviate poverty and rural development. Since women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required.

Microfinance to the rural SHGs is a way to raise the income level and improve the living standards of the rural women The Self-Help Groups have proved the way for economic independence of rural women. On the whole, it may be concluded that SHG movement has achieved a grand success in bringing out many positive and rapid changes in the lives of poor in term of socio-economic and politico-cultural aspects and paving a concrete path towards their social, economic and political development, despite many problems and constraints the Income Generating, as well as entrepreneurial activities needs to be scaled up, into big business models in the rural areas, especially in agriculture and allied sectors as Telangana is an agrarian society

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