



ROLE OF MICRO FINANCE & SELF-HELP GROUPS IN WOMEN EMPOWERMENT

Akkenapally Deepika

Research Scholar (Ph.D.), Dept. of Economics, Osmania University, Hyderabad, Telangana State.

Abstract

The process by which women challenge existing norms and cultures to effectively promote their well-being is called women's empowerment, women's participation in self-help groups (SHG) has a significant impact on their social and economic autonomy.

Survey data were obtained from primary and secondary sources. A multi-step sampling procedure was used. For a meaningful interpretation of the results, an analysis of means and percentages was performed. Garrett's classification method was used to find reasons for joining a support group. Factor analysis was used to measure and determine the relationship between the variables observed. The survey results showed that the SHG had a greater impact on the economic and social aspects of the beneficiaries.

1. Introduction

The 2011 Indian Socio-Economic Census shows alarming trends. This fact shows that over 75% of households in the country earn less than Rs 8,000 per month, or Rs 53 per capita per day. In addition, more than 40% of the population is landless, and the same number of homeless people lives in low-income neighborhoods and urban areas. This shows that India has the highest concentration of economically disadvantaged people in the world. Most of them are self-employed, which reflects the social situation that prevailed seven decades after independence and our development. In fact, the problem of poor women is even more complex. Over the past two decades, the number of women living in poverty across the country has increased both in absolute terms and compared to men. In fact, women, who make up half of the population, continue to suffer discrimination and poverty. We must recognize that this is the result of a number of social and economic factors. To alleviate the poverty problem, NABARD promoted microfinance in 2000. These savings, loans and other small financial services and products are designed to help the poor increase their income and income levels. There are currently two microfinance models in the Self-Help Group (SHG), namely (i) the Banking Links (SBL) model and (ii) the Microfinance Institutions (MFI) model. In the case of SBL, ATMs are created and financed by MFIs that receive support resources from various sources. In our country, most microfinance operations are conducted according to the SBL model.

Microfinance programs for poor women are designed to help them lift themselves out of poverty and earn a steady income. One of the conditions of the system is that credit is the only financing system that can provide sufficient capital to meet the financial needs of a microenterprise. In this system, credits are granted for a variety of purposes, from acute consumption to wealth creation. In addition, borrowers are encouraged to start a profitable micro-business.

The point is that self-employment generates income, increases consumption and increases the educational needs of children. Empirical research also sheds light on the impact of microenterprises on the lives of the poor, leading to higher incomes and higher standards of living. The question arises to what extent female members of a self-help group use their credit opportunities for production and business purposes and how this can be promoted to provide them with sustainable income.



2. Literature Review

Due to economists' interest in various aspects of economic relations, there have been many publications in the area of microfinance and self-help groups over the past two decades. This interest is understandable given the enormous contribution of women's organizations to economic and social change in India.

Dipti Begel, also known as Srivastava. The role of self-help groups in the socioeconomic development of women in rural areas (2015). The study shows that socioeconomic indicators have a positive effect on women's social development. She recommends that the government encourage income-generating activities for women to achieve economic stability.

KANSAS. Mishra. The Challenges of Self-Help Groups: A Micro-Survey (2016). We try to understand the challenges recipients face in terms of self-employment, marketing, financing, products and quality, infrastructure and intermediaries. He also gives tips for successful SHAG.

Sarita Thakur. Microfinance through Self-Help Groups (SHGs): Keys to Sustainable Growth in India (2016). At the local level, the microfinance system is implemented through commercial banks, cooperatives and regional banks with government agencies. The survey results show that microfinance can contribute to poverty reduction programs.

Vasanta. Microfinance through self-help groups as a catalyst for poverty reduction and the advancement of women (2015). The study recognizes the potential of microfinance to reduce poverty. The participation of poor women in a self-help group not only enabled these women to meet their loan needs, but also fostered shared understanding, empowerment, self-confidence and courage, which led to autonomy.

Shijina. I THINK. and P. Ezret. The role of self-help groups in microfinance (2016). Research shows that the SHG provides financial support to illiterate people and imposes social obligations on its members.

The Need of Micro Financial services

1. **Poverty reduction:** - This is the main reason for providing microfinance services. Poverty reduction can be achieved by promoting sustainable livelihoods by providing easy and convenient access to credit and other additional services needed to improve living standards.
2. **Harnessing talents:-** Microfinance services promote leadership and entrepreneurship for the poor. Microfinance services promote business development and create more jobs in rural areas where the poor find jobs.
3. **Women empowerment:** - Microfinance services that mobilize women, bring them together, increase their capacity for autonomy and give them access to a wide range of services, including credit, insurance and business development.
4. **Credit delivery:** -Microfinance services are crucial to ensuring an efficient service system. The system was designed to ensure a rational distribution of resources in the form of subsidized loans in rural areas.

The Millennium Development Goals

The central theme of the Millennium Development Goals is to reduce poverty in all its forms by 50% by 2015. The government's fiscal policy measures, implemented through the financial system, can make an



important contribution to achieving this goal. For the poor, the importance of civil society and non-governmental organizations in providing basic financial services for poverty reduction cannot be denied. Government governments, the formal financial system and civil society organizations can be seen as three pillars that must work in synergy to meet this challenge.

Concept of Basic Self –Help Group (SHG)

Self-Help Group (SHG) - The Banking Liaison Program has become a popular tool for bankers, development agencies and even businesses over the past 18 years. In many ways, SHG has gone beyond being able to provide financial services as an intermediary to becoming a multi-service hub for the poor. Over time, the program has become a common tool in the development process and brings together important development programs. After a small start as a pilot program for NABARD that connected 255 SHGs to banks in 1992, the program saved \$69.5 million through a combination of linked ATMs. Propose a synthesis of the formal financial system and the informal sector (NABARD).

SHG has direct contact with members of credit reporting companies. According to the basic SHG model, women are often recruited, mobilized, and organized into self-help groups. The size of the self-help group is not very large, over 20 years old, but also very small, under 10 years old. In addition to saving money and loans, the self-help group serves as a forum for women.

- Express your opinion and make decisions
- Communicate with each other about group topics.
- Share your experience
- Exchange ideas and discuss various social issues.
- Initiate collective action on a wide range of social, personal and economic issues.
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Each support group elects its leader, secretary and treasurer and meets regularly. SHG training grants are provided by non-governmental organizations to operate independently and effectively. Saving activity is a mandatory attribute for SHG. This financial activity allows you to raise capital. The value of finances is determined by the group members themselves.

After a period of steady savings of one or two months, the SHG, at the discretion of its members, begins to convert their savings into small domestic loans for microenterprises and other purposes, including consumer spending. Most decision-making functions, such as mortgage rates, payment plans, penalties, etc., are left to the group's assessment.

Only SHGs that make good use of domestic savings in the form of smaller domestic loans receive external support through links with banks and other financial intermediaries. NGOs act as promoters and catalysts to create microfinance systems that can offer poor clients economic, social, political and personal opportunities.

Progress of SHGs

The conceptual message of the SHG initiative is that self-help, complemented by self-help, can be an effective means of social and economic development for the poor. The poor can save money and be profitable. Collective wisdom and pressure from the poor are valuable substitutes for support. NABARD not only plays a key role in promoting self-help groups, but also maintains a loyalty program between the self-help groups and the bank. The total amount of refinancing provided by NABARD so far is INR 31.3 billion. The work carried out by SHG has been extremely encouraging. Payments to self-help group



members were extremely high, with a lump sum of around 98%. It seems that many of the expectations of SHG's basic philosophy have been met.

Our past experience has shown that the poor can organize and do things for their own good. It also had a great social impact. This made the women feel more secure.

Despite these encouraging prospects, total lending is currently very limited and the number of loans per household is very small. If you want to have a significant impact on the economic situation of the rural poor, you will need a much larger flow of credit to maintain a much larger production base. The movement must be in this direction. Self-help groups must gradually move towards microenterprise development.

The Evolution of Self-Help Groups at three levels:

- On the first level, men use microfinance to respond to "better trades", with a small room and servant prêts from tampons d'urgence or to offset consumption or details passes pour fournir plus de return liquidity to the climate.
- At the second level, utility needs are met through microfinance, where a household begins to use microfinance to diversify its basket of income-generating activities or to meet the working capital needs of traditional businesses.
- At the third level, when households reach a stage where they can take greater risks, microfinance is used to invest in starting a business or to facilitate employment to make the household "sustainable".

SHG Bank Linkage Programme

The SHG Bank Coupling Program began in 1989 as a research project. The results led to the creation of a pilot project in 1992. The pilot project was developed as a model of partnership between three authorities, namely SHG, banks and non-governmental organizations:

- SHGs should promote collective decision-making by the poor and provide "domestic banks";
- Banks and wholesale credit institutions will provide resources;
- NGOs will act as bodies to organize the poor, build their capacity and build their self-reliance.

Impact of SHGs

Thanks to the established structure and modeling of self-help groups and banking linkages to self-help groups, the effectiveness of self-help groups can be further investigated and evaluated. The latest NABARD estimates show that 1.6 million SHGs were financed for approximately Rs 69 billion as of March 31, 2005 (NABARD, 2005). There is no doubt that more poor people have received financial services through support groups. Of course, the lighting in South India was good. In the rest of the country, however, coverage is limited.

In addition to SHG's financial analysis, the SHG movement also encompasses non-financial areas such as pensions and gender dynamics. The fight against poverty, in fact, is not so much about numbers, but ideas and concepts. Below is an analysis of the non-economic impact of SHGs.

1. **Politics:** Political participation includes the active participation of SHG in government, including local communities, Lok Sabha or Panchayati Raj (PRI) organizations (APMAS, 2005). One of the main benefits of SHG is the empowerment of women, and this is reflected in the number of women involved in government affairs. SHG's role is to inspire and fund. Through self-help groups, poor women develop superior language and business skills, which are the foundation of



high self-esteem in managing the world. In addition, the SHG sometimes funds the campaigns of its members who run for public office. The SHG not only strengthens its members, it also plays an influential political role as a group.

2. **Social harmony.** Sometimes support groups consist of a single group or social group. The effect of self-help groups on social peace is also controversial. It was found, however, that mixed groups included group leaders from different social groups.
3. **Social justice.** Social justice is the existence of moral and ethical behavior in areas that have historically been shaped by backward and abusive customs. There have been a number of cases where the SHG has resolved disputes between members and the company as a whole. Currently, there are cases where women members of the SHG are involved in conflict resolution.
4. **Livelihoods:** Livelihood, that is, people's economic activity, is an important area for self-help groups. The loans that SHG members receive are designed to improve their livelihoods so they can have a large and stable cash flow. In rural areas, livelihoods vary from agriculture, livestock, milk production and various other goods and services. External authorities have made attempts to introduce new livelihoods or improve existing ones, which could lead to better financial results.

Microfinance and Women Empowerment

Microfinance programs not only enable women and men to access savings and credit, but they also reach millions of people around the world and regularly bring them together in organized groups. Although not a panacea, they can make very important contributions to gender equality and the empowerment of women, as well as the development of the poor and the strengthening of civil society. By promoting women's employment, these programs can unleash a series of “good spirals” of economic empowerment that enhance the well-being of women and their families, as well as broader political and social empowerment. Microfinance services and male-led teams can also significantly transform men's attitudes and behaviors, which is essential for achieving gender equality.

Most microfinance programs target women to empower them. The search for the empowerment of women has several reasons. Some argue that women are among the poorest and most vulnerable of the underprivileged and therefore their support should be a priority. A more feminist perspective emphasizes that better access to financial services is an opportunity for greater self-determination. These organizations clearly see microfinance as a tool in the fight for women's rights and independence. Ultimately, more and more microfinance institutions seeking financial sustainability prefer female members because they see themselves as better and more reliable lenders.

Microcredit support groups have been shown to have positive effects on women, including side effects. They have played a valuable role in reducing the vulnerability of the poor, accumulating wealth, reducing income and consumption, helping, empowering and inspiring Appreciation and knowledge. Several recent evaluation studies have also reported general positive effects.

Conclusion

Valuable lessons can be learned from the following experiences from successful microfinance operations. India must become a developed country and it is indisputable that fighting poverty and reducing the income gap must be a top priority. In this context, the impressive success of the GSP communications program to reach the rural population through financial services is encouraging. The document recommends incorporating impact assessments and local factors into service delivery to maximize the impact of SHG's banking program to achieve the Millennium Development Goals (MDGs) and seize opportunities.



The main disadvantage of this problem is that microfinance can help to address the problem of inadequate housing and urban services as an integral part of poverty reduction programs. This document describes how you can work with self-help groups to increase your influence in civil society. It should be noted, however, that SHG's resistance to such changes is directly related to its financial strength.

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