



Impact of Micro Finance on Self-Help Group - An Updated Study

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ABSTRACT

Empowering women has become a key element for the development of all economy. The empowerment of women and improvement of their status and economic role needs to be integrated in to economic development programs. One of the powerful approaches towards women empowerment and rural development is formation of Self-Help Groups, especially among the women. This strategy has proved itself as one of the best tools for women empowerment and rural development.

Key words: SHG, Women empowerment, NABARD.

Introduction

In recent years, most microfinance programs have focused on gender issues with significant support given to poor female clients with the goal of facilitating their access to capital. Women are known for playing multiple roles effortlessly and thus, they are considered as the backbone of every society. In Indian society, women were traditionally discriminated and were excluded from decision-making processes. Despite the large amount of work, they do for their families on a daily basis, their opinions are rarely acknowledged. Demographically, half of the population of country constitutes women, and they deserve equal importance and rights in society. In recent decades they are becoming more self-reliant and independent. Nevertheless, in rural areas, poverty and illiteracy represent real barriers to women's independence and empowerment.

Many institutions and Non-Governmental Organization (NGOs) are formed for the well-being and empowerment of women. One such initiative is the formation of Self-Help Groups (SHGs). Most of the SHGs are in India. A group of 10-15 members with same socio-economic background form a SHG and mutually contribute funds to help each other. The very existence of these groups acts as a great boost of hope and self-reliance. They have changed the gender dynamics of power within a family and ultimately the society at large. They provide financial independency which has eventually paved the way for societal upliftment of women and their voices.

Self-help groups were initially formed for the purpose of promoting savings habit among its members and utilizing it for productive purposes. These SHGs are now further linked to banks for delivery of micro credit or microfinance. Microfinance was developed as an alternative for regular bank loans to poor people with the goal of creating financial inclusion and equality. It is one of most powerful tool which contains provisions of savings, credit, insurances and mobilization of resources for economic activities among SHGs women.

Microfinance to SHGs may be considered as a significant option for meeting the financial needs of the poorer sections of the society. The major spin-off of the micro-credit movement in the ground level is that the women have used this system to come out and join the mainstream activity in the village. It has a great impact on the socio-economic conditions of the members of the SHGS.

Reviews

Albee (1994) studied that economic empowerment projects usually independently focused on income-generating activities, which allow women to acquire their income. Income-generating activities encompass a wide range of area. such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and savings groups.

Nagayya D (2000) stated that microfinance for Self-Help Groups would alleviate the poverty among the poor with a special focus on women. The study analyzed the various measures at the national level for a few institutional arrangements.

Vijayanthi K N (2002) in her study. "Women's Empowerment through Self Help Groups: A Participatory Approach" showed that mobilizing women into self help groups under the comprehensive community development programme in Tamil Nadu has made women as the local ownership of development process. Now they manage and control resources and influence the systems that affects their lives. Now women began to identify themselves through SHGs and represent their grievances collectively to the Government and Non-Governmental Organizations (NGOs). In her study, they found that SHGS enhance awareness levels of women on issues related to sanitation, health, diarrhea, immunization, income-generation programmes, women's rights, mother and child welfare, decision making etc. Apart from this, the women continue to learn new skills through sharing, participation and improve their problem solving capacities both individually and collectively.

Galab S and Chandrasekhar Rao N (2003) in their paper, "Women's Self Help Groups, Poverty Alleviation and Empowerment" revealed that

participation of women in SHGs has improved the access of women to credit. It has helped to reduce their dependency on moneylenders. Membership of the SHGs has changed their quality of employment. They have shifted themselves from wage labour to self employment. As a result, the poverty has come down. Apart from that, women have acquired some non-land assets like health nutrition and educational status of children. They also found that gender inequalities are reduced to some extent. The achievement of women empowerment aims in different models and in different socio-economic classes. They mentioned that women headed households, aged women and Dalits are benefited more in the process of empowerment. Now, women have improved their freedom to movement and also are able to interact with the officials and other women after joining SHGs.

Ramalakshmi (2003) has conducted a study on "Women Empowerment through Self Help Groups" in Andhra Pradesh which has found out that the SHG members are appointed as dealers for the sale of products manufactured by companies like Hindustan Livers Limited, TVS, TTK-Prestige, Colgate-Palmolive, Phillips etc. Her study has pointed out that vast majority of the members make savings regularly and adopts small family norms. They have higher self-confidence and self-esteem. Girls and women have higher awareness against social evils like dowry, child marriage, untouchability and AIDS etc.

Bhualmi and Poddar's (2004) study entitled "Women and Employment: A Grass-Roots Study in Jalpaiguri of West Bengal" revealed that the status of a woman is defined according to the degree of her access over material and social resources. Her position is improved if she has access over these material and non-material resources. Women's economic contribution varies with the level of income. The study also revealed that female literacy improves with the increase of income.

Scope of the Study

The present study aims to examine how far microfinance has helped in raising the Socio-economic standards of the members of women SHGs in Salem city. It examines how far microfinance could explore the possibility of women SHG members' participation in decision making, relating to family affairs. This study focuses on women SHGs of the Salem city in particular.

Objectives of the Study

- ✓ To study the socio-economic status of women SHG members in Salem city.
- ✓ To analyze the impact of microfinance on enhancing the independency of women SHG members.

Problems of Self-Help Groups (SHGs):

The SHGs face problems in different areas

The important problems are briefly stated below:

1. Ignorance of Members/Participants:

Even though the authorities take measures for creating awareness among the group members about the schemes beneficial to them, still majority of the group are unaware of the schemes of assistance offered to them.

Many are Ignorant about the scheme.

2. Inadequate Training Facilities:

The training facilities given to the members of SHGs in the specific areas of product selection, quality of products, production techniques, managerial ability, packing, other technical knowledge etc are not adequate to compete with that of strong units.

3. Problems Related with Raw Materials:

Normally each SHG procures raw materials individually from the suppliers. They purchase raw materials in smaller quantities and hence they may not be able to enjoy the benefits of large scale purchase like discount, credit facilities etc.

Moreover, there is no systematic arrangement to collect raw materials in bulk quantities and preserve them properly. There is no linkage with major suppliers of raw materials. Most of the SHGs are Ignorant about the major raw material suppliers and their terms and conditions. All these causes high cost of raw materials.

4. Lack of Stability and Unity Especially among women SHGs:

In the case of SHGs dominated by women, it is found that there is no stability of the units as, many married women are not in a position to associate with the group due to the shift of their place of residence. Moreover, there is no unity among women members owing to personal reasons.

5. Exploitation by Strong Members:

It is also observed that in the case of many SHGs, strong members try to earn a lion's share of the profit of the group, by exploiting the ignorance and illiterate members.

6. Weak Financial Management:

It is also found that in certain units the return from the business is not properly invested further in the units, and the funds diverted for other personal and domestic purposes like marriage, construction of house etc.

7. Low Return:

The return on investment is not attractive in certain groups due to inefficient management, high cost of production, absence of quality consciousness etc.

8. Inadequate Financial Assistance:

It is found that in most of the SHGs, the financial assistance provided to them by the agencies concerned is not adequate to meet their actual requirements. The financial authorities are not giving adequate subsidy to meet even the labour cost requirements.

9. Non-co-operative Attitude of the Financial Institutions:

The Financial Institutions do not consider SHGs seriously while providing finance and other help.

Suggestions

- ☒ Microfinance institutions should try to extend more credit facilities to their clients to expand their businesses since the study results confirmed that microfinance had a positive impact in empowering rural women.
- ☒ Microfinance institutions should provide training programs to rural women to improve women's entrepreneurial skills and reduce the problems which hinder their access to microfinance.
- ☒ Govt. should grant tax exemptions and other incentives to the organizations which seek to extend credit facilities to rural women as a way of encouraging them to run small scale businesses.
- ☒ Online training of the members of the SHGS can help them get easy access to information.
- ☒ Marketing facilities should be provided to the members of the SHGs to sell their products.
- ☒ Frequent meetings among members of the SHGS and also with other SHG group members will help to expand their creative ideas and can establish a new bond between them which will be highly beneficial.
- ☒ The group register and accounts should be maintained properly by trustworthy and responsible personnel.
- ☒ A sense of collectivity and seriousness between the members of the SHGS should be created to provide better results and productivity.
- ☒ Policy measures should be implemented on a time-line to facilitate robust and stable growth of the members that promises to deliver a solution to poverty alleviation.
- ☒ Local language should be used in forms and other documents since SHG members may not be good at English, local authorities should help them in this cause.
- ☒ Training may be given to the members on awareness about education among the children, self-confidence, communication and other skill development, etc.
- ☒ Training may be given to NGOs in order to enhance the role of SHGs by involving them in developmental programmes to have exposure on different development programmes.
- ☒ Repayment period can be increased.
- ☒ Reward for their work should be given by appreciating their work
- ☒ Management functioning of SHGs should be improved
- ☒ Information about the demand of the market should be provided for SHGS.

CONCLUSION

Finance is an important element that everyone needs. Regular and immediate access can play a significant role in the socio-economic condition of the people. If the credit system is streamlined and effectively run, it will transform the rural life of women. Microfinance is accepted as a key mantra for attaining and maintaining sustained and long-term economic growth all over the world. The great poet Gurajada said that modern women would rewrite history in a new way. Empowerment through SHGs would impact rural women by giving them immense confidence to mold their lives and that of their families. Microfinance loans availed and its productive utilization was found to be having a profound role and impact on women empowerment. The findings of the study call for an extension of the government support and redesigning microfinance programs suited for better and effective execution for achieving full benefits. This study confirms that as an anti-poverty tool, microfinance has its own limitations to reach the bottom of the poor. Middle-class people are able to utilize it to the fullest but the poorest section of the society is not able to attain it. Survey results reveal that microfinance has the potential to empower women, by providing them with self-reliance, self-confidence, self-worth and decision-making powers through interaction with the group members and the rest of the community. Overall, microfinance has a positive impact on the social, economic and political life of members of women SHGs.

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