



MICROFINANCE IS PLAYING A CONSIDERABLE ROLE IN EMPOWERING THE RURAL WOMEN: A STUDY ON SELF HELP GROUPS

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ABSTRACT

Women have to play an important role in the building up of every economy. In order to empower women and bring them into the mainstream, an enabling environment with requisite policies and programmes, institutional mechanisms at various levels and adequate financial resources has all along been tried to be created. Empowerment is an active multi dimensional process, which would enable women to realise their full identity and powers in all spheres of life. Provision of micro finance is an important means for attaining women empowerment. Self Help Groups are usually formed by women in a locality to pool their savings. This paper is the study about Microfinance is playing a considerable role in empowering the rural women through Self Help Groups and the influence of micro finance in developing social entrepreneurs .

Key Words: Micro Finance, Self Help Groups (SHG), Joint Liability Group (JLG)

1. INTRODUCTION

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to tackle the women labour in the main stream of economic development. It is multi-dimensional in its approach and covers economic, political, social/cultural, personal and familial aspects. Provision of micro finance is an important means for attaining women empowerment. Kudumbashree is now considered as one of the largest women empowering project in India. Women have to play an important role in the building up of every economy. Women who form almost one half of the world's population constitute the visible majority of the poor. Self Help Groups are usually formed by women in a locality to pool their savings. Self Help Groups are essentially thrift based and these women contribute small sums of money to make a corpus.

In order to empower women and bring them into the mainstream, an enabling environment with requisite policies and programmes, institutional mechanisms at various levels and adequate financial resources has all along been tried to be created. The Ministry of Rural Areas and Employment has special components for women in all its programmes and a certain amount of funds is earmarked as women's component to ensure a flow of adequate resources for women.

Women Empowerment

Empower means to make one powerful or to equip one with the power to face challenges of life, to overcome the disabilities, handicaps and inequalities. Empowerment is an active multi dimensional process, which would enable women to realise their full identity and powers in all spheres of life. It would consist in providing greater access to knowledge and resources, greater autonomy in decision-making, greater ability to plan their lives, greater control over the circumstances that influence their lives and freedom from the shackles imposed on them by custom, belief and practice.

Micro Finance

Micro finance is defined as any activity that includes the provision of financial services such as credit , savings and insurance to low income undertaken in micro finance include group lending , individual lending , the provision of saving and insurance capacity building and agricultural business development services . Whatever the form of activity be the over arching goal the unifies all factors in the provisions of micro finance is the creation of social value. Poverty alleviation and the boarder impact of improving live hood opportunity.

Micro Finance Institutions (MFI)

Lending Model of MFL (Micro Finance Institutions) institutions in India usually follow two prominent lending models – SHG model and JLG model. SHG stands for Self Help Groups and JLG indicates Joint Liability Groups.

Self Help Groups (SHG)

According to the Reserve bank of India, “A Self Help Group (SHG) is a registered or unregistered group of micro entrepreneur having homogenous social and economic background voluntarily, coming together to save small amounts regularly, to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. (Reddy and Manak, 2005).The group members use collective wisdom and pressure to ensure proper induce of credit and timely repayment thereof. In fact, peer pressure has been recognized as an effective substitute for collateral. “Self Help Groups are usually formed by women in a locality to pool their savings. Self Help Groups are essentially thrift based and these women contribute small sums of money to make a corpus. The group lends out of this corpus to any member of the group and charges interest from the borrowing member. The group distributes the surplus among its members periodically. When such Self Help Groups are linked to banks , it becomes a Banks – Self Help Group linkage. The corpus of the SHG becomes the basis for the bank to lend to the SHG. Usually banks lend up to 10 times the corpus subject to upper ceilings. Banks require the SHG to be in existence at least for six months, though most of the banks do not have a lower limit for the e SHGs need to maintain. Banks lend to the SHG at a nominal lending rate. The SHG either uses this for their micro enterprises or lends this to a member of the group for consumption purposes.

Joint Liability Group (JLG)

Joint Liability Group NABARD defines a Joint Liability Group (JLG) as “an information group comprising preferably of 4 to 10 individuals coming together for the purposes of availing bank loan either singly or through the group mechanism against mutual guarantee. The JLG members would offer a joint undertaking to the bank that enables them to avail loans. The JLG members are expected to engage in similar type of economic activities like crop production. The management of the JLG is to kept simple with little or no financial administration within the group. “Joint Liability Groups (Herein referred as JLGs) are groups that normally do not have any pre existing arrangements. They get into a group, only for purpose of borrowing. They usually operate under the concept of group liability – the lending is done to the individual , but the group is liable as a whole for the repayment.

2. REVIEW OF LITERATURE

1. **Ghosh , D.K**(2001) ‘NGO Intervention in poverty alleviation ; pointed out that combating poverty cannot be managed by the government alone. There are many areas where government needs collaboration and cooperation from NGOs particularly in creating opportunity facilitating empowerment and providing security to the poor . The pressure of the donor agencies on the recipient government to work through NGOs in dominant factor in increasing the role of NGOs to fight against poverty.
2. **Palani , E. and Selvaraj ,V.M** ,(2001) “Impact Of Micro-Credit Scheme On Women’s Empowerment “, concludes that micro credit has provided the rural poor access to finance without the burden of collateral through self-help groups. It has empowered the women folk economically and socially. Through the credit provided is micro in nature. It has produced macro changes in the lives of women who received it.
3. **Ahir , Rao Jitendra** (2009) “Rural Women Empowerment Through Microfinance “, in this article – “Rural Women Empowerment Through Microfinance”, concluded that small loans can make good business sense among the women. It has been noticed that women in particular stand to gain a lot from microfinance because it gives them on independent means of generating wealth and becoming self-reliance in a social that does not offer them much scope of entrepreneurship.
4. **Ritu ,J.R,Kushawaha, K. and Srivastava, A.K.**,(2003) “socio-economic- impact of through Self Help Groups”, in the study “social-economic impact through self help group”, examine the functioning of self help group , twenty five women from self help group were selected as sample for the study. Ten women member from each self help groups and ten non members from the same village were selected as respondents, to study the impact of the self help groups on their socio-economic status. The results show that there is relationship between the self help groups and the socio-economic status of women.

3 . OBJECTIVES:

- 1) To study the influence of micro finance in developing social entrepreneurs .
- 2) To study the changes in family and social relationship after joining MFI
- 3) To make suggestions and recommendation based on finding of the study.

4. RESEARCH METHODOLOGY

The study is designed on a descriptive study conducted in Nilambur based on both secondary and primary data. Primary data collected from the peoples in selected area. Secondary data, which is already published, collected from published books, magazines, journals, websites, report, websites and periodicals of consumers fed etc. Sample size was fixed to a number of 60. Population of the present study is the women of Self Help Groups in Nilambur. Convenient sampling method is used for collecting data. A well structured questionnaire is used for collecting primary data. Various tools are used to analyses the data such as correlation, weighted average, percentage method.

5. ANALYSIS AND INTERPRETATION

The data collected from the respondents are tabulated and analysed on the respondents attitude towards Microfinance and empowerment through Self Help Groups

Table 1 : Beneficial interest rate

Source	No, of respondents	Percentage
Banks	18	30%
Money lenders		
MFI	40	66.7%
Other source	2	3.25%
Total	60	100

Source:- primary data.

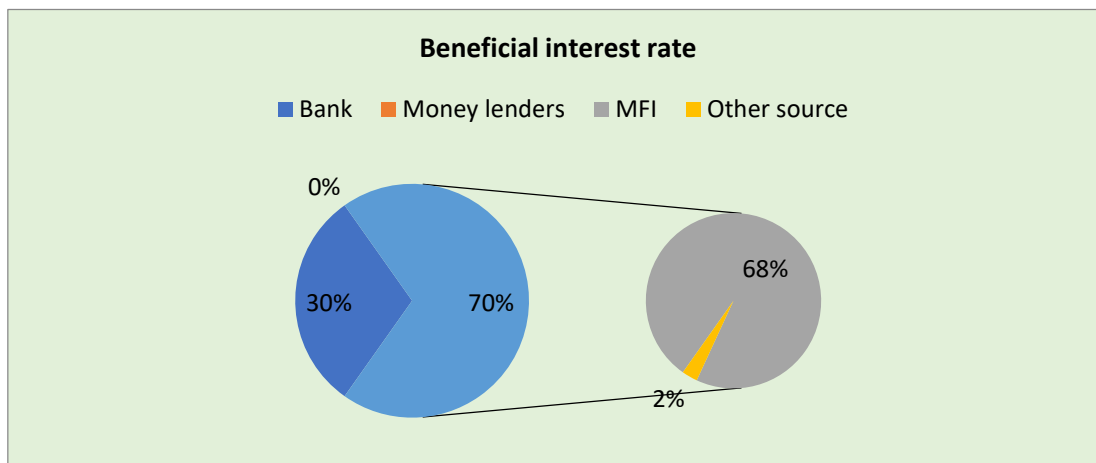


Figure 1: Beneficial interest rate.

In the above table and figure showing the beneficial rates the respondents, 68% of the respondents are choose MFI's as the beneficial one, 30% of the respondents are choose bank, and 2% are choose others.

Table 2. Installment period

Period	No, of respondents	Percentage (%)
Weekly	6	10%
Monthly	45	75%
15 days	2	3.25%
Others	7	11.7%
Total	60	100

Source:- primary data.

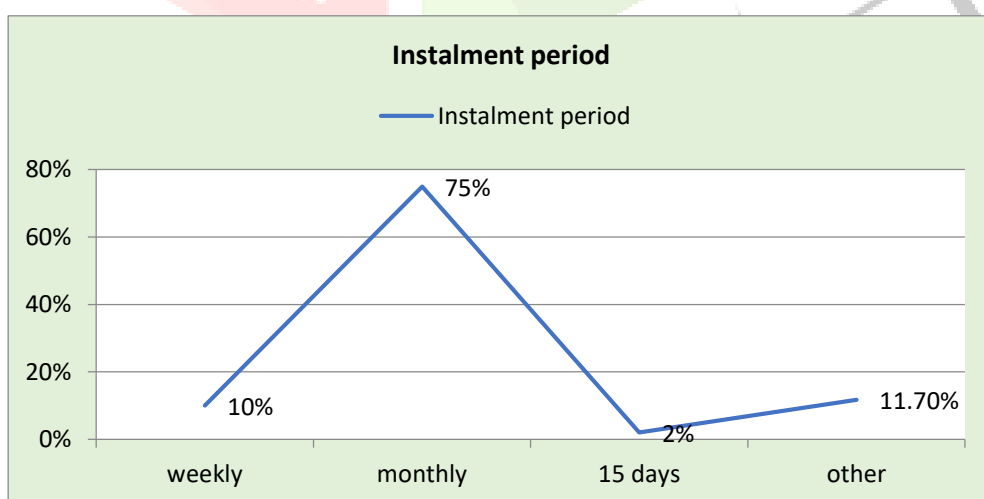


Figure 2: Installment period.

In the above table and figure showing the instalment period of the loans of MFI's, 75% of the respondents state that it is on monthly basis, 12% state that it is on weekly basis, 10% state that it is on other, 3% state that it is on 15 days basis

Table 3: Change in family and social relationship after joining MFI

Factors	Improved greatly	Improved slightly	Remain constant	Slightly bad	Nil	Mean	Rank
Respect from husband	41	9	3	1	6	4.43	1
Respect from children	18	28	8	0	6	3.8	4
Participation in community activities	28	16	12	0	4	4.06	2
Household decision	17	30	6	2	5	3.86	5
Cchildren education and marriage	29	18	5	0	8	4	3

Source:- primary data.

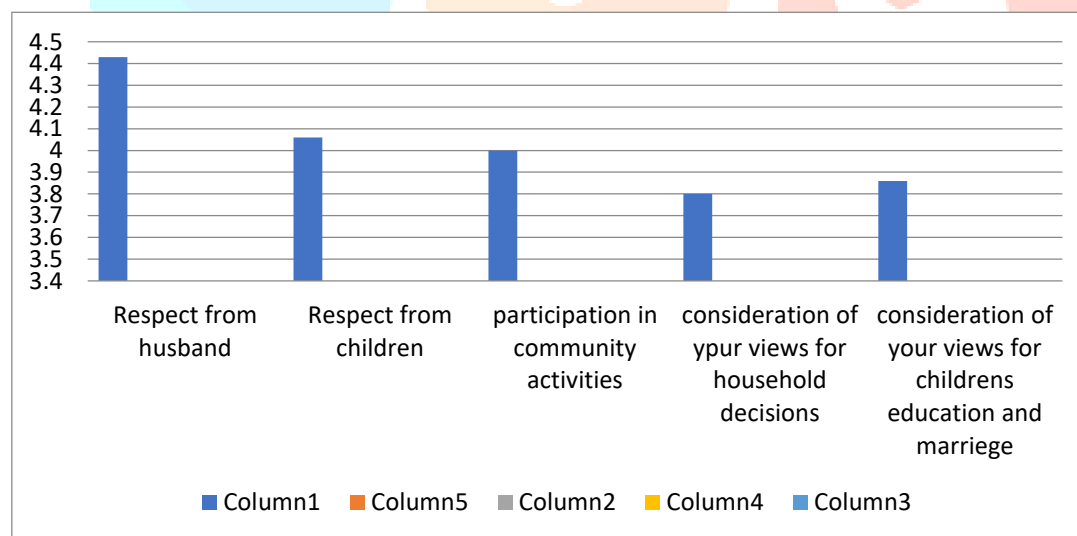


Figure . 3: change in family and social relationship after joining MFI

In the above table and figure showing changes in family and social relationship after joining MFI , Respect from husband , has been greatly improved in 41 cases, improved slightly in 9 cases, has been nil in 6 cases, has been remain constant in 3 cases, and worsened in only 1. Respect from children has been improved slightly in 28 cases, improved greatly 18 cases, remain constant 8 cases and nil 6 cases.

Participation in community activities, has been improved greatly 28 cases, improved slightly in 16 cases, remain constant in 12 cases and nil in 4 cases.Consideration of their views for household decisions has been improved slightly 30 cases, improved greatly 17 cases, remain constant in 6 cases, nil in 5 cases, slightly bad in 2 cases.Consideration of their views of

children education and marriage has been improved greatly in 29 cases, improved slightly in 18 cases, nil in 8 cases, and remain

Table 4. Participation in the MFI group helped to improve any of the following

Factors	Improve d greatly	Improved slightly	Remain constant	Slightly bad	Nil	Mean	Rank
Reading /working skill	36	17	2	1	4	4.3	2
Communi cation in the meeting	15	36	4	1	4	3.95	4
Communi cation with the outside	21	26	9	0	4	4	1
Reading bank document s	25	19	11	0	5	3.98	3
Managing financial crisis	21	19	13	1	6	3.73	5

Source:- primary data.

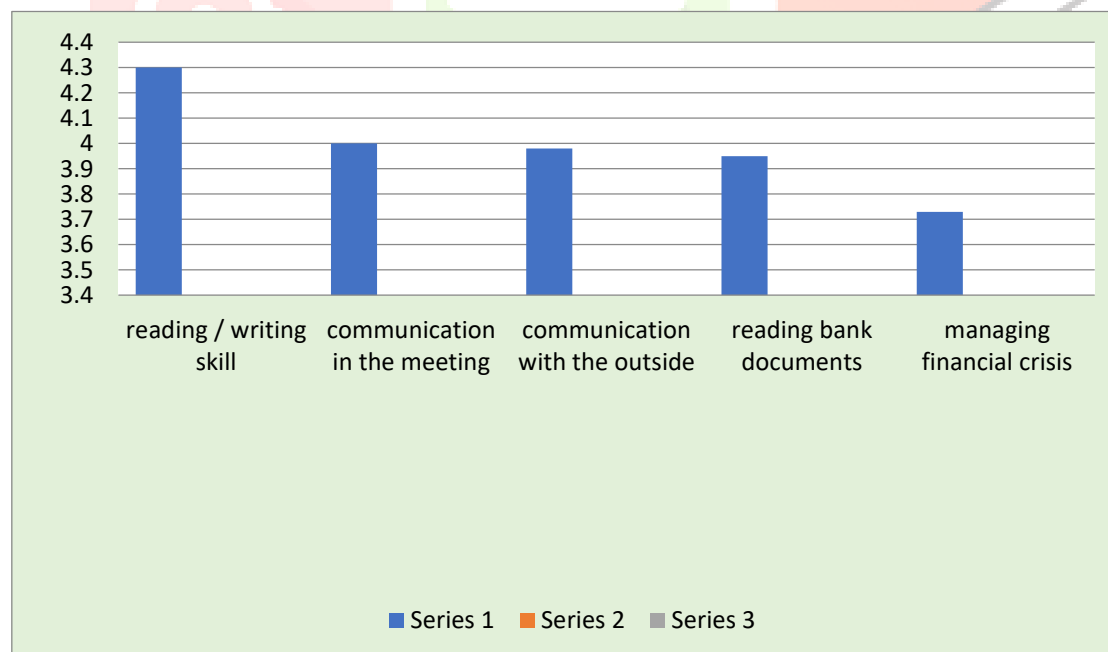


Figure 4:Participation in the MFI group helped to improve any of the following

In the above table and figure showing the improvement of the respondents in various fields after joining the MFI, Reading/writing skill, improved greatly in 36 cases, improved slightly in 17 cases, nil in 4 cases, remain constant in 2 cases, and slightly bad in 1 cases.Communication in the meeting, improved slightly in 36 cases, improved greatly in 15 cases, remain constant in 4 cases and nil in 4 cases, slightly bad in 1 cases.Communication with the outside, improved slightly in 26 cases, improved greatly in 21 cases, remain

constant in 9 cases, and nil in 4 cases. Reading bank documents, improved greatly in 25 cases, improved slightly in 19 cases, remain constant in 11 cases, and nil in 5 cases. Managing financial crisis, improved greatly in 21 cases, improved slightly in 19 cases, remain constant in 13 cases, nil in 6 cases, and slightly bad in 1 cases.

6. Findings:

The survey was conducted to find out the Microfinance is playing a considerable role in empowering the rural women Through Self Help Groups. On the overall basis it is found out that microfinance is playing a considerable role in empowering the rural women. It is done through SHG's, JLG's etc.

- Most of the women depends on the Micro Financing Institutions (MFI) for credit and allied activities.
- About 30% women's used loans for education for children.
- 83% of respondents are able to repay the loan on time.
- The study reflect the most of the women opt micro finance because of the high interest rates at bank and money lendersetc.
- Survey prove that most of the loans provides by MFI's are lend for a period of 6 months.
- The installment period of the loans are on monthly basis.
- The survey shows that there is a drastic change for women with respect of her family and the social relationship.
- Study shows that the participation in MFI's have helped women to improve her reading, writing, communication, managing etc.

7. Suggestions:

- Finance is the first major problem for women entrepreneurs. Hence the MFI should provide interest free loan to encourage women entrepreneurs.
- To attract more women entrepreneurs, the subsidy and other financial assistance should be increased.
- Government should provide infrastructure facilities to the women entrepreneurs for doing work site.
- Government should provide various promotional schemes to the women entrepreneur.
- Government should provide more opportunities to the women for their self development.

8. Conclusion:

Women are known for delivering multiple roles effortless per day, and thus , they are considered the backbone of every society. Living in male-dominating societies, women play a wide range of roles, such as caring mothers , loving daughters , and capable colleagues. The best part is that they fit the bill perfectly in every role. Nonetheless , they've also stood as a neglected bunch of society in different parts of the world. From the study it is conclude that the women entrepreneur get support and encouragement from family, society, government and financial institutions. Such positive efforts can open new avenues for them and increase the marketability and profitability of business owned them. Thus it can be conclude that MFI encourage and supported many women entrepreneurs in setting their business.women is the small credit risk and often benefits the whole family. The main aim of Self Help Group is to empower women. This induced the researcher to focused more on the empowerment of rural women who participates in the micro finance.

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