



# PETTY SAVINGS & INCOME OF RURAL WOMEN EMPOWERMENT (WITH REPRENCE TO KUNDAPUR TALUK)

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## ABSTRACT:

Indian society and family is dominated by male and women are less involved and totally have been neglected while making decision making process especially in financial decision. Their family obligation, limited access to finance, gender discrimination in family, illiteracy, low management or more such issues etc are the most important hurdles in the path of empowerment. Rural women today have been suffering a lot due to the feeling of helplessness and lack of decision making capabilities in financial matters. Self help groups (SHG's) are the most recent development for them which could enable them to come forward to make them self dependent and self employed. These SHG's are informal groups of women where members pool their savings and re-lend in the groups on rational basis, depending upon the individual consumption, production or investment needs. But it's all operated very secretly keeping away a word from lead of the family. Thus SHGs have been able to provide rudimentary banking services to the members on cost effective basis and meet urgent micro-credit requirements in time as for as employment of women is concerned the women self help groups in India have been recognized as an effective strategy for the employment of women in rural as well as an effective strategy for the employment of women in rural comparatively urban areas, bringing women together from all spheres of life to fight for their rights. This study high-lights whether SHGs have succeeded in empowering women and making them socially, politically, culturally and economically strong and optimistic.

**Key words:** Self help Groups, Empowerment, domestic, credits, livelihood, Market, Micro-finance, Urban, Rural, Saving.

**Introduction:**

Dr. Radhakrishna said that “The progress of our land cannot achieved without involvement of our Mothers, wives, sisters and daughters in all stage of economic and social affairs, Involvement of women becomes essential”. Development of the Nation Highly depends on development of rural economy. Rural women also play a major role as farmers, entrepreneurs etc. Micro-finance is an emerging sector in our country. Women contributes to their empowerment. It is widely assumed that micro-finance will have positive impact on women’s livelihood in leading to higher income that will help women to better perform their productive roles as brokers of health, finance and education. It is in sharper focus today with government taking keen interest to ensure visible upliftment of rural women. The structure of SHGs is to provide mutual support to participants by assisting one another in saving money and help women and other people to build credit with other institution.

The movement of SHGs is most effective tool for financial inclusion was started by NABARD in 1984 initially with 500 Groups. This has been involved in the national movement with productive role of state governments gaining recognition from all the major stake holders in a development paradigm. Micro finance has evolved as a need based programme for empowerment and alleviation of poverty to the so far neglected groups especially women and has become one of the most effective interventions for their economic empowerment. In India NABARD has been playing a leading role in micro-financing programme from the last two decades. Micro-Finance is a type of banking service provided to unemployed or low income individuals. Otherwise have no other means of gaining financial services. So that they can start to earn their livelihood by themselves.

India has been facing the problem of rural poverty where about 70% of the Indian poor population lives in rural areas. Hence poverty remains an unceasing condition for majority of India’s rural population. Poverty is very deep rooted among the members of scheduled castes, scheduled tribes and women in country’s rural regions. A major cause of poverty among individuals and communities is lack of access to productive assets, financed resources, high level of illiteracy, Inadequate health care and extremely limited access to social services. Rural people often have just hand to mouth existence and have very few reserves for major expenses.

Rural women play a very significant role in domestic and socio-economic life in the society, and therefore National development is not possible without developing this segment. Providing economic support or loans to rural women helps them to empower not only economically but also socially and this strengthens the whole society in general. The success of rural development depends upon the active participation of rural women through SHGs. Micro-finance is considered as an entry point in the context of a wider strategy for women’s social and economic empowerment. This enhance women’s ability to influence or make decisions, self-confidence or role in household. Micro-finance is necessary to over

come exploitation. Micro finance suits the best to those with entrepreneurial capability. Its main aim is to provide means of livelihood, saving money, borrowing money and insurance.

The world bank estimates that more than 16 million people are served by some 7000 micro-finance institutions all over the world and about 500 million families benefit from these small loan making new business possible. In a gathering at Micro-Credit summit in Washington DC the goal was reaching 100 million of world's poorest people by credits from world leaders and major financial institutions.

During the 2005 was proclaimed as the international year of micro-credit by economic and social council of united Nations in call for financial and building sector to 'finance' the strong entrepreneurial spirit of the poor people around the world. World wide poverty is considered as one of the local constraints on the way to socio-economic advancement of the countries, especially the developing countries. Despite this impressive growth vast majority of our population is not able to meet their both ends. The people who still excluded from growth story are teaming millions who live in rural area excluded from organized credit and banking facilities and are under the constant threat of survival. Generally banks and organized credit agencies provide credit only to the people who is credit worthy. So naturally the rural people especially rural women are deprived from organized credit. The only way out is to organize themselves and help each other at the time of need so the concept of micro-finance and self help Groups enmated. It's a big boost when Mohammed Yunusof Grameen Bank of Bangladesh got noble prize.

In many developing countries, people are being increasingly pushed in to finding new ways of generating income. Regular wage-earning jobs are becoming harder to come by while pressure on many families to seek alternative means of support. Moreover the basic application of charges for basic service obliges even poor people to raise a minimum of cash in order to secure the family's livelihood. The individual households tends to depend on range of source of income, which combine to form its basis of substance. Million people under take activities like breeding chicken, selling vegetables at market or producing mats are the income generating activities which ensures the household its most essential cash income.

Recently finance institutions have become a burning issue among the policy makers the bankers and researchers. In order to promote inclusive growth it is considered as an integral part. Access to sage, easy and affordable financial services for poor, vulnerable groups disadvantages areas and lagging sectors for accelerated growth and for reducing income disparities and poverty. To take advantage of growth opportunities for economic development of inclusive financial system to provide equal opportunities to all in accessing financial services affordable costs is a pre-condition for achieving accelerated economic

growth opportunities without an inclusive financial system by poor vulnerable section of the community and small and petty enterprises.

### **Review of Literature:**

**Malhotra (2010)** Highlights the fact that women may be empowered within one of the dimension be it economic, socio-cultural, Inter-personal, leagal, political and psychological. **Nageshwar Rao (2010)** watches that the goal before present day economy is to guarantee development with distributive equity tuned in to the vote based standards of the best satisfaction to the best number development cannot be considered as an end by itself until it interprets in to pay era, strengthening the entire populations of all regions and divisions.

**Osmani and sen (2010)** access to micro-finance help people to over come their poverty or crisis time, not only by giving them an opportunity of earning money or acquiring assets, but also giving them a chance to maintain their existing assets by discouraging them from selling land during the quandary period.

**Rekha Goankar (2011)** concludes that the SHGs significantly contribute towards the reduction of unemployment and poverty of the economic and lead to social transformation in terms of economic development and social change.

**Dash Sridhar and Sherel Mendonsa's (2011)** Study found that the local institutions play a very important role in the formation of SHGs and help them to perform better in terms of saving, mobilizing and utilizing credit.

**Tanmoyee Banerjee, Chatterjee, (2012)** Stated that Self employment held the key to continuity of employment. The study concluded that training significantly influenced various dimensions of empowerment and the trained group members were more likely to be both empowered as well as employed.

**Vijayalakshmi Gowda, Jamina, Ray and Sajjan (2012)** Concluded that self-help Groups Improved the standard of living of all families who have come in the projected areas.

**Das and Shams (2012)** Investigated and found that grants based approach has positive Impacts on MF participation of the ultra poor households. Self help Groups by mobilizing women around thirft and credit activities have resulted in economic self reliance there by changing their social attitude and status in society and family and has emerged as a key programming strategy for most of the women development activities.

**Sathibama Y. (2013)** Infer that the lots of micro-finances potential for empowerment makes women economically Independent and subsequently results in Higher prestige and self esteem.

**Singh Y. (2013)** was of the opinion that intervention of self help Groups bank linkage programme has brightened the lives of the rural people. The self help Groups movement has come to mean more than merely a provision of the financial services to the group members which are composed mainly of poor women.

**Muralidhar A. Lokhande (2013)** explored in his empirical analysis, after joining self help groups members confidence level has increased to a great extent with the help of field survey the author concluded that group association and access to financial services certainly brings positive change among group members leading to their socio-economic empowerment and they can come out of poverty.

**Bhoopathy and Malhivanan (2014)** suggested that Micro-Finance has profound influence on the economic status decision making power knowledge and self worthiness of women participants of self help groups.

**Hota (2014)** pointed out that the recent years self help groups approach has emerged to be one of the most aggressive and effective strategies for empowering rural women and alleviating rural poverty.

**Jhawarand Chawla (2014)** stated that the main aim of getting associated with self – help groups is to create a medium through which empowerment in self generated.

**Chaula (2015)** stated that the rural women were able to increase their savings and income through the help of self help groups. The study also emphasized the importance of self-help groups promoting institutions like banks and NGOs and opined that there is need to encourage and launch self-help groups in all village for betterment of poor particularly the tribal women.

### **Concept of self-help groups:**

In the past decades, credit schemes for women were highly negligible. But today SHG's play a major role in improving lives of women folks and alleviating rural poverty. Formation of SHG's in India gained momentum in the early 1990 s when non-governmental organization (NGOs) including NABARD got involved in their formation and promotion. SHGs have increased in considerable numbers. Acquiring greater importance and significance and put up many new experiments in the field of rural development. However the significant development of SHG's shows that rural poor are indeed efficient to manage credit to mitigate poverty in the country. It plays a prominent role in assimilation and dissemination of knowledge about health, nutrition, literacy, women's rights, child care, education, adoption of new agricultural practices etc. it helps rural women to enhance their knowledge to produce wide range of products such as handicrafts, food products, handlooms and textiles, herbal products and artificial

jewellery. The SHGs is an informal organization of passion form the homogeneous poor section of the society and it is controlled and managed by the members itself. It is an association of 10 to 20 local individual members who are financially weak and from the same socio-economic backgrounds. The savings are kept in a account. This common fund is in the name of the SHG. This group then uses its savings to give loans to members to meet their emergency and other needs.

The members decide on savings per members, maximum size of loans, guarantee mechanism in loan sanction. The members can save small amount of money on monthly basis and once their group becomes able to lend money they can take loan as per their requirements which could make them start their small business and make them employable. For taking loan they have to give a prior notice in the meeting. So that they could get the loan at the right time. They fix small installment for repayment of loan which is very convenient for them to repay their borrowings with principal amount as well as interest. Every month all the women come together and hold meetings and make their monthly payment. They maintain simple records and documents, which exhibit meetings, savings and expenditures and store other extra activities.

It has been well recognized that self help supplemented with mutual help can be a powerful vehicle for poor people's efforts in socio-economic upward migration. Poor people need not only credit support but also do savings and other services. The concept of SHGs serves to underline the principle "For the people, by the people and of the people". SHG is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHGs method is used by the government, NGOs and the others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with small rate of interest to start their micro unit enterprise. Thousands of poor and marginalized populations in India are building their lives and their families through this scheme. The ninth give year plan has given due recognition on the importance and relevance of SHGs. Method to implement developmental schemes at the grassroots level. SHGs Bank linkage programme is emerging as a cost effective mechanism for providing financial services to the 'unreached poor' which has been successful not only in meeting financial needs of rural poor women but also strengthen collective self help capacities of poor leading to their empowerment.

To elaborate more SHGs will comprise like minded Individuals who volunteer to save small amounts of money in a common pool out of which need based loans are given to members for meeting their emergent credit requirements based on priorities decided by the group. The group members take collective decisions on all matters including those relating to terms of credit viz purpose, size, interest rate and repayment period. The process helps to imbibe essentials of financial intermediation including prioritization of needs, setting terms and conditions and account keeping. As a result members learn to handle resources of a size that is much beyond their individual capacity. Thus SHGs is a group of people

having a common goal of socio-economic sustainable development, discussing their problems and resolving it through appropriate participatory decision making. SHGs promotes savings among members and use the pooled resources to meet the emerging needs of the members including the consumption needs. It has been identified as a tool to bridge the credit gap in the rural areas. SHG appears to be another interesting experience in rural credit delivery system in India. The SHGs are mostly voluntary into small groups of homogeneous rural poor, where members pooled savings are done within the groups of homogeneous rural poor and need basis.

NABARD defines as “a group of about 20 people from homogeneous class who come together for addressing their common problems. They are encouraged to make voluntary thrift on regular basis. They use this resource to make small interest bearing loans to their members “They play a very important role in differentiating between consumers credit and production credit, analyzing the credit and changes in the economy, culture and social position of the target groups providing easy access to credit and ensuring repayment setting viable norms for interest rates, writing off bad debts and assisting group members in getting access to normal credit institutions. Therefore SHGs micro credit to rural women for the purpose of making them enterprising women and encouraging them to enter in to entrepreneurial activities. Credit needs of rural women are fulfilled totally through SHGs. It enhance equality of status of women as participants, decision makers and beneficiaries in democratic, economic and cultural spheres of life.

The SHGs don't start with credit, but with savers group with regular, weekly or fortnightly targets. Each members of the group have to save small amount per month. The savings are re-deposited in a meeting on an appointed time every week, and the collected savings are lent to the members. In many groups, savings are entered in individual pass books. An account is opened with the main line bank to deposit any surplus savings. After some six months the banks where the savings were deposited examines the performance of the group and issue loans to the group. The SHGs in turn increase its capacity to manage high amount of finance, develop entrepreneurial and communication skills, logical ability, co-operative sense and finally income and employment generating confidence. These groups can create a unique, alternative, need based credit delivery mechanism by pooling their insufficient resources for catering to their consumption and occupational requirement.

SHGs movements has been the indication of many changes in the life of poor rural women in India these groups are activating collectively. They are measured as a new lease of life for women in villages for their social, economic and political empowerment. It has amply demonstrated that poor women save, use loans productively and do not default on repayment. So it is playing major role in removing poverty in rural India today. The government of India has been using SHGs for subsidy linked credit schemes for the poor.

**TOTAL NUMBER OF SHGS LINKED AND PERFORMANCE OF SHGs.**

	2013	2014	2015
Total number of SHG linked	73.17 lakh	74.29 lakh	77.12 lakh
Number of families reached	95 million	97 million	101 million
Total savings of SHGs	Rs. 8217 crores	Rs. 9897 crores	Rs. 11307 crores

**Source: Sa-dhan Bharath Micro Finance Report 2014 & 2015.**

**Micro – finance:**

The term Micro-finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. the task force of supportive policy and regulatory framework of Micro finance. It has defined as “Provision of Thrift, credit and other credit services and products of very small amounts to the poor in rural or semi urban areas for enabling them to raise their income levels and improve their living standards the term ‘micro’ literally means ‘small’. As per micro credit special cell of Reserve Bank of India, the borrowed amounts up to the limit of Rs. 25000/- could be considered as micro-credit products and this amount could be gradually increased upto 40000/- over the period of time.

Micro finance means providing very poor families with very small loans (micro – credit) to help them engage in productive activities. Over the time MF has come to include broader range of services as we have to come to realize that, poor that lack access to traditional financial institutions require a variety of financial products traditionally MF was focused on providing a very standard credit product.

Micro – Finance is the provision of financial services to low income clients or solidarity lending groups including consumers and self-employed, who traditionally lack access to banking and related services. It is not just giving micro credit to the poor rather it is an economic development tool whose objective is to assist poor to work their way out of poverty.

**Growth of Micro-Finance in India**

The history of Micro-Finance dates back to the establishment of Syndicate Bank in 1921. During the early years this bank concentrated on raising deposit in the form of daily / weekly basis and sanctioned micro loan to its clients for shorter period of time. But MF came in to lime light only when Dr. Yunus gave it a mass movement. He observed that the most villagers were unable to obtain credit at reasonable rate, so he began to lend them money from his own pocket allowing the villagers to buy materials for project like weaving bamboo tools, making pots (Newyork times, 1997) etc. Ten years later he set a Grameena Bank as a project in one of the places in Bangladesh in 1976 to assist poor families by providing credit to them.



Today MF has been widely spread all over the world as an effective tool to poverty eradication. It is found that MF has reached about 80 million households and about 2000000 MF institutions are operating in developing countries of Asia, Africa, Europe and Latin America. In India there are more than 1500 MFIS and 300 commercial banks reaching out to about 27.5 million people and India is one of the largest Emerging market in MF in the world and according to experts, the depth of out reach in India is phenomenal. The MF program in India has registered an exponential growth in last few years and 2.3 millions. SHGs have been credit linked covering approximately 32.3 million house holds. 8 out of 10 most productive MFI in south Asia are in India with a range of 469-28733 borrowers per staff members.

The MF initiative in private sector in India can be traced back to initiatives undertaken by Shri Mahila Seva. According to the latest research done by the world Bank, India is the home for almost one thirds of the world's poor. Though many central government and state government programmes are currently active in India. The Micro-finance plays a major contributor to financial inclusion. In the past few decades it has helped out remarkably to eradicate poverty. Reports show that the people who have taken MF has been able to increase their income and hence the standard of living. About the half of the Indian population does not have any accounts in banks and are deprived of Banking Services.

**Following table shows the MF credit client during 2008-2011 (Figures in million)**

		2008	2009	2010	2011
1.	Commercial Banks	41	39.2	45.2	43.3
2.	PACS borrowers	28.5	28.7	30	31
3.	SHG members	47.1	54	59.6	62.5
4.	MFI Clients	14.1	22.6	26.7	31.8
5.	Total	130.7	144.5	161.5	168.6

**Source: SHG data provided by NABARD**

### **Scope and Limitation of the study:**

The present study is conducted in and around Kundapura and is limited only to 2 self-help groups. The study is confined to small area of Kundapura. Some of the respondents failed to provide the necessary satisfactory information. There can also be bias in response given by the respondents. The main occupation of the respondents were petty shops, papad and pickle manufacturing, tailoring, catering housemaids, agricultural labour, peons and attenders in school, colleges, banks etc. fruits, vegetable, fish and flower vendors, for the present study only 36 lady members were interviewed through a structured questionnaire with only few important questions. The questionnaire was divided in to 2 parts. In the first part some personal information of the respondents was collected with regard to their age, qualifications,

marital status, earnings, monthly income etc. In the second part of the questionnaire information was collected with regard to their respective groups.

## Interpretation of data Analysis:

### 1. Age-wise breakup of the respondent

**Table**

	Age – Group	Members
1.	23-30	4
2.	31-35	16
3.	36-40	13
4.	40 and more	03
	<b>Total</b>	<b>36</b>

**Figure**

#### Interpretation:

This shows that among 36 respondents 4 were between the age group 23-30 years, 16 were between the age group of 31-35 years, 13 were between the age group of 36-40 years and 03 belonged to the age group of more than 40 years.

### 2. Caste profile of the Respondents

**Table**

	Members	Caste
1.	15	SC
2.	14	ST
3.	05	OBC
4.	02	General
5.	36	Total

**Figure**

#### Interpretation:

This shows that among 36 respondents a majority of 15 belonged to SC, 14 belonged to ST, 05 belonged to OBC and 02 belonged to General and other category.

### 3. Educational qualification of the respondents

**Table**

1.	Illiterate	10
2.	Primary	07
3.	Higher Primary	12
4.	SSLC	05
5.	PUC / Degree	02
	<b>Total</b>	<b>36</b>

**Figure**

**Interpretation:**

Among 36 respondents, 10 were illiterate, 7 could complete till lower primary, 12 were educated till higher primary, 05 had completed their SSLC and only 02 of them could complete their PUC/Degree.

**4. Types of family of the correspondents****Table**

	<b>Types of family</b>	<b>10</b>
1.	Joint Family	10
2.	Nuclear Family	26
	<b>Total</b>	<b>36</b>

**Figure****Interpretation:**

Among 36 respondents, 10 respondents belonged to joint family and remaining 26 belonged to nuclear family.

**5. Martial Status of respondents****Table**

1.	Married	58%
2.	Unmarried	06%
3.	Widows	19%
4.	Divorces	06%
5.	Separated from their husbands	11%

**Figure****Interpretation:**

Among 36 respondents a majority 58% of them was married 06% were unmarried, 19% were widows, 06% were divorces and 11% were separated from their husbands.

**6. Monthly income of the respondent's family:****Table**

	<b>Monthly Income</b>	<b>Members</b>
1.	Below 5000	4
2.	5000 to 8000	24
3.	9000 to 12000	4
4.	More than 12000	4

**Figure**

**Interpretation:**

Among 36 respondents 4 had family income below 5000, a majority of 24 respondents had family income of 5000 to 8000, 4 had an income of 9000 to 12000 and 4 had family income of more than 12000.

**7. Amount of loan borrowed from the group:****Table**

	<b>Loan Borrowed</b>	<b>Members</b>
1.	Less than 10000	05
2.	11000 to 15000	10
3.	15000 to 20000	07
4.	More than 20000	14

**Figure****Interpretation:**

Among 36 respondents a majority of 14 of them have borrowed more than 20000/- 10 of them have borrowed 11000/- to 15000/-, 7 have borrowed 15000/- to 20000/- and 5 of them have borrowed less than 10000/-

**8. Availed loans from other institutions other than SHGs:****Table**

	<b>Banks</b>	<b>Members</b>
1.	Co-Operative Bank	20
2.	Commercial Bank	12
3.	Money lenders	04

**Figure****Interpretation:**

Among 36 respondents a majority of 20 respondents have borrowed loans from Co-operative Banks other than with their respective SHGs, 12 have borrowed from commercial banks and remaining 4 have borrowed from money lenders in their localities.

## 9. Purpose of borrowing the loan:

**Table**

	<b>Purpose of borrowing loan</b>	<b>Members</b>	<b>Percentage</b>
1.	To start an enterprise	04	11.11%
2.	Construction of house	02	05.55%
3.	Repairing of house	09	25%
4.	Marriage and other functions	5	13.88%
5.	Education	13	36.13%
6.	To repay old debts	03	08.33%
	<b>Total</b>	<b>36</b>	<b>100%</b>

**Figure**

### Interpretation:

Among 36 respondents a majority of 13 respondents have borrowed loan for their children's education 9 of them for repairing their house, 5 have borrowed for marriage and other functions like festival, naming ceremony, to perform rentals of any of their family members etc. 04 they borrowed as they wanted to start a new enterprise, 3 to repay their old debts and remaining 2 had borrowed for the construction of their houses.

## 10. Reasons to join SHGs:

**Table**

1.	To borrow loans for business	11	30.55%
2.	Inspired by success stories of SHGs	03	08.33%
3.	Compelled by friends / relatives	06	16.66%
4.	To save	14	38.88%
5.	To supplement family income	02	05.55%
<b>6.</b>	<b>Total</b>	<b>36</b>	<b>100%</b>

**Figure**

### Interpretation:

Majority of the 14 respondents stated that they had joined the SHGs to save money for their requirements. 11 wanted to borrow loans to use for starting some business, 6 were compelled to join SHGs by their friends and relatives 3 of them were inspired by the success stories of SHGs and so they joined. Remaining 2 of them joined SHGs as they wanted to supplement their family income.

### Key issues and challenges in Micro-finance Institutions:

1. **Negligence of Urban people:** It has been noted that the MFI's is pay more attention to rural areas than urban areas, However, the population of urban area is very large. Out of more than 800 MF's across India, only 6 are currently focusing their attention on urban poor. However, the population of urban poor is quite large amounting to more than 100 million with increase in urbanization. This number is expected to rise rapidly in the coming years. The MFI's also need to pay equal attention to urban poor because they too need financial assistance to increase their standard of living and for other active.
2. **Low educational level:** The level of education of the clients is very low. So it creates a problem with growth and expansion of the organization. Target group of MF' is mainly rural uneducated masses with less productivity.
3. **Language Barriers:** It makes communication with clients difficult. Further, the clients are not able to understand the policies and procedures clearly because of linguistic barriers.
4. **High Rate of Interests:** The poor already deprived of credit from formal sources, MFIs are charging high rate of interest which is difficult for the poor to pay. It has been argued that MF's are private entities and hence need to be financially sustainable. They do not receive any subsidized credit for their lending activities and that is why they need to recover their operational costs from their borrowers. Further MF's follow different patterns of charging interest rates.
5. **Late payments:** This issue usually occurs because of illiteracy of clients and they have no idea regarding the management of their debts they are unaware of the fact that a late payment increase their interest on loans. MFIs are negatively affected because borrowers are failing to make payments and hence their recovery rates are falling.
6. **Low outreach:** In India, MF' outreach is very low. It is jointly 8% compared to 65% in Bangladesh. Data shows that potential of MF's in increasing their outreach and scale of operations. It has been observed that MFIs programmes focus a great deal of attention on women. It is argued that women are better clients as they are more inclined to save than men. But in order to increase their outreach MF's cannot ignore men clients. Further small and marginal women workers are scattered over the rural geographical areas where communication facilities are limited.
7. **Fraud:** It is an issue that creates a problem in growth and expansion because its percentage is about 67% in MF's. Mismanagement of loans on part of clients creates problem of financial embezzlement on the part of the clients.
8. **Financial illiteracy:** Financial illiteracy becomes a very critical component therefore most of them borrow loans for unproductive purposes. This is an inefficiency in the system. This also creates difficulty

in creating awareness of MF's and even more difficult to serve MFIs clients. So there is need to simultaneously focus on the financial literacy part besides delivery / access.

9. **Need of proper checking:** MF's provide credit to small business, farmers educational and housing loans etc. there is need for proper check of what the credit is approved for and is it really used with finely performance report. The out come in terms of production and income is the major challenge for the sustainability of the MF's.
10. **Political interference:** No doubts government is playing important role in building legal and regulation environment for MF's. However restrictive regulation and too much political interference may harm their sustainable growth.

## CONCLUSIONS

The new millennium has thrown many challenges subjecting many nations to undergo transformation cutting across their established tradition and culture. Women are the vital Infrastructure and their empowerment would hasten the pace of social development. Investing in women's capabilities and empowering them to achieve their choices and opportunities is the definite way to contribute to the economic growth and the overall development. The empowerment of rural women leads to benefit not only to Individual women and women groups, but also to the families and community as a whole. To make SHGs really meaningful and successful, the government at different levels has to intervene in large scale not as provider of finance or provider of other inputs, but as facilitator and promoter. It is also thus important to view micro-credit programmes as a complement rather than a substitute for effective policies to be able to transform national and international development of women. The researcher presents this study with the fervent hope that this will draw the attention of the authorities, departments and organization concerned with micro-finance and self help groups on various issues in respect of the development of women empowerment.

The present challenge in to cover all rural households under the banner called SHGs for their upliftment and empowerment. But the long term prospects and sustainability of SHGs is depending upon its linkages with banks especially with the finance point of view with sufficient monitoring of SHGs and bank linkage programme it could be an effective means of solving the problem of credit in rural and backward areas considering financial inclusion as a major agenda, the need for re-designing the long tested strategies of SHGs movement need to be over emphasized. Scope for active participation community oriented organizations in institutional arrangement for financial product delivery to poor seems to be bright. Providing a mix of saving and credit services also would spawn a feedback effect. Earlier it is done it is better for the country.

Microfinance institutions has the potential to have powerful impact on women empowerment. In the present study although it has not empowered all women most women have experienced some degree of social, financial and economic empowerment it also expected to play a significant role in poverty alleviation and development of rural women allover India. MF's should also come up with more innovative product to suit the changing market needs. MFI's will henceforth bear in mind that they will stop competing among themselves, but with other similar sector in the economy. Their real success will depend on the potential, reach and transparency, both from financial side. Let the co-ordinate efforts of the stake holders with genuine focus on the poor contribute to the development of the whole country.

### **DOCUMENTS REQUIRED TO OBTAIN LOANS FROM SHGS:**

1. Constitution documents which can be used as KYC are Recommendation letter / sanction letter / loan recommendation letter from Block development officer (BDO) or a class I Gazetted officer working in the same department.
2. Inter-se Agreement executed by all members of the SHG communicating their decision to open a saving account with the bank and identifying two or three members to jointly operate the account.
3. Identify proof of the SHG letter of certification from empanelled SHPI certified by NABARD official empowered at the village or taluk level.
4. Recommendation letter / sanction letter / loan recommendation letter from Block Development Officer (BDO) or a class I Gazetted officer working in the same department
5. SHG Registration certificate or copy of pass book of existing account with a public sector bank; or scheduled commercial bank.
6. Original letter of introduction from a bank official of a public sector Bank or copy of pass book / statement of an existing account with a Regional Rural Bank / Co-Operative Bank / Systematically Important NBFCS / Credit Co-Operative society along with a letter of introduction from SHPI / the village Sarpanch / Village Administrative Office (VAO).
7. KYC certification by dully empanelled Business correspondent of the Bank.
8. Address proof of the SHG.
9. Same as constitution Documents or same as Identity Documents if it contains the address.
10. Photographs of Authorized Signatories.
11. Identify and Address proofs of Anthorised signatories.
12. Voter ID Card
13. Bank pass book issued by SBI and its subsidiaries or Nationalized Banks where account has been opened at least 3 months prior can be accepted along with an account opening cheque drawn on the same account.
14. Sarpanch letter



## DOCUMENT REQUIRED OTHER THAN KYC

- Duly filled Facility application form
- Loan allhorisation letter
- Direct Debit form / ECS mandate / PDC Declaration.
- Inter se agreement executed by all members of SHGs.
- SHPI Recommendation Letter.
- Repayment track record if the SHG has credit Linkage with any other bank.

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