

A Detailed Study on role of Self Help Groups in Women Empowerment through Micro Finance

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ABSTRACT

The positive aspects of formal financial system in India are that under this system, microfinance is available at very low interest rate income generation with easy and timely and by period repayments and moratorium period-MP. But at the same time, it has been identified the fact that micro finance facilities from recognized financial institutions with their system is not easily available. It has complex legal and operational procedures which exacerbated by the limited influence of poor people who require microfinance. The poor people are unable or fail to inform formal markets about their creditworthiness or about their demand for savings, services and loans. It is irony in this that those who hold power do not understand the demand and those who understand demand do not hold power vice versa. A significant feature of the micro-finance movement in India and their process obviating the need for a new institutional set-up due to less banking facilities. Most of the leading practitioners of micro finance activities follow the Grameen model and is also very much convenient. Bank to local MFI have contacts in small villages. India's bank-SHG link program is now the biggest in the world.

Keyword: Financial System, Microfinance, Grameen Model, Bank-SHG Link Program.

INTRODUCTION

Microfinance is an important means and part for attaining women development and empowerment in large leading microfinance institutions, banks, cooperatives has expanded rapidly and have been demonstrated that how in various form to provide efficient, responsive, and profitable microfinance services to the society at large. It's all round development and there harmonious growth towards nation It has been rightly stated by first prime Minister Pandit Jawaharlal Nehru that, "In order to awaken the people it is the women who have to be awakened is only possible when women are given their desired place with position in the society and should be treated as equal partners as men Once she is on move, the family moves, the village moves and the nation moves". It is the nobler of the two, for it is even today the embodiment of sacrifice, silent suffering, humility, faith and knowledge".

As per Census in India, the women accounts/shares for around 48.5% of total population. Females have a share of 48.6 % in urban population & 49.0 % in rural population. Participation of women in terms of workforce out of total women in the country accounts for 26.67 percent. The female's participation rate in rural sector was 26.1 in 2009-10 (NSS 64th round) while that for male was 54.7%. Over the last decade, microfinance has come of great age. In society poor women and men have showing with specific focus on women and set standards and common performance indicators have been established for the same that they are strong enough in entrepreneurs, change agents, borrowers etc. In change the micro credit has become microfinance, with a rapid growing number of institutions which responding to poor and needy people for a range of financial services like lending, savings, and insurance etc. In nut shell key elements and their required policies, regulations along with institutional infrastructure have been agreed upon for the development of women.

REVIEW OF LITERATURE

Satish. P16, 2001 assert that "The SHG is defined as a voluntary group valuing personal interactions and mutual aid as a means of altering or ameliorating the policy planners and development planners cherish the myth that poor people do not have the spirit to thrift from different parts of the globe challenge this. Since the SHGs in India are informal groups, their legal status has not been defined. These groups are voluntary associations of people formed to attain certain collective goals that could be economic, social or both. They initially intended to bring together people particularly economically weaker sections and to undertake activities of mutual interest." He cautiously observes that

members of SHGs have no risk taking ability, hardly anything to offer as guarantee against availing loans from formal Rural Financial Institutions (RFIs), and limited earning opportunities.

Gradatim (2008) referred microfinance as “banking for the poor”; it has emerged by way to provide financial assistance to the underprivileged. It also refers to that are available to the economically lower strata of the society and host of financial services includes loans, savings and other financial products. The author also highlights that microfinance has now become an essential ingredient in the development which enabling and empowering tool for poverty alleviation and economical empowerment of the needy.(Gradatim, Microfinance: Convergence of Business and Social Objectives, 2008)

RESEARCH METHODOLOGY

Objectives of Study

- To study how SHG helps in changing incomes & savings of the poor women's in the villages.
- To find out the lacunas in financing loan to women SHG.

Hypothesis

H₀: “Standard of Living of women is unaffected due to participation in SHG”

DATA ANALYSIS

To study the above hypothesis Paired sample t-test is applied with the help of SPSS ver 20

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	The procedure of obtaining loans from MFIs is easier than conventional banking before joining SHG - The procedure of obtaining loans from MFIs is easier than conventional banking after joining SHG	-1.36000	1.05906	.10591	-1.57014	-1.14986	-12.842	99	.003
Pair 2	Improvement in Food Expenditure before joining SHG - Improvement in Food Expenditure after joining SHG	-1.12000	1.28141	.12814	-1.37426	-.86574	-8.740	99	.001
Pair 3	Improvement in non-food expenditure before joining SHG - Improvement in non-food expenditure after joining SHG	-.84000	1.52236	.15224	-1.14207	-.53793	-5.518	99	.000

Above table was analysed as follows:

- Pair 1 studied the satisfaction level on convenience of procedure in obtaining loans from MFIs as compared to conventional banking before joining SHG and after joining SHG where significance value of paired sample t-test obtained in 0.003 which is again less than the alpha value of 0.05 and hence it is concluded that women participant find the procedure in obtaining loan from MFIs more convenient than conventional banking after joining SHG.
- To study the improvement in food expenditure of women participants after joining SHG paired sample t-test is applied on pair 2, where significance value of paired sample t-test obtained in 0.001 which is less than the alpha value of 0.05 and hence null hypothesis is rejected and it is concluded that there is improvement in food expenditure of women participants after joining SHG since there is also an improvement in income and saving of the participants.
- Pair 3 studied the improvement in non-food expenditure of women participants before and after joining SHG, where significance value of paired sample t-test obtained is 0.000 which is less than the alpha value of 0.05 and hence null hypothesis is rejected and it

is therefore concluded that non-food expenditure of women participants have improved after joining SHG and this ultimately provides economic empowerment to them.

- The significant paired sample t-test value on the satisfaction from the rate of interest of micro credit before joining SHG and after joining SHG is 0.001 which is less than the alpha value of 0.05 and hence null hypothesis is rejected. This states that the satisfaction level of women participants has increase with regards to the rate of interest charged by micro credit after joining SHG.

FINDING

1. Surprisingly and on a positive note 84% of the respondents had no experience of business before entering SHG and remaining 16% had some experience. This leads to create opportunity for a woman who doesn't have any experience but having any X factor to do some business.
2. The study shows a Non-favorable trend in the participation of group members in Meeting; 64% of the respondents said they do not participate in group meeting of SHGs and only 36% participate in such meetings.
3. It is observed from the study that 68% SHG members responded that their spending power in food have also increased and the utilization of money in food items like Packed Food, varieties of food items etc.
4. Data reveals that majority 52% of the respondents agree that they have got Opportunity to participate Participation in cultural activities/festivals after joining SHG and only 12% highly agree to this. Rest 8% each disagreed and highly disagree to this. Whereas 20% respondents in neither agree nor disagree.

CONCLUSION

A woman plays a crucial role in the mitigation of poverty and in the overall progress of the nation. The provision of micro finance assumes greater importance as there has been various measures have been targeted and taken towards women empowerment. It is evidence that for improving the status of women Micro Finance institution along with NGOs has enabled the poor and women to expand, diversify their venture and also to increase their saving habits.

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