

The Effect of Microfinance on Women Empowerment in M.P. by SHGs

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Abstract- Especially in villages where sex discrimination is dominant, the women get better chances to uplift their status and respect in society as they portray greater capacity to stand on their own feet. Hence it is worth noting that microfinance has played a beneficial role, based not only on a financial aspect but also in such a manner where gender empowerment and self-actualization are empowered. Microfinance sector is a sub-stream of Finance sector. It focuses on the financial services to the poor sector of the population. It is not just a money lending service to the poor people. It covers a lot of services such as short-term and long-term money deposits, insurance policies, emergency loans, short-term and long-term loans, pension plans, cheques and fund transfers for the poor people. The main objective of microfinance is to provide financial services to the poor, who were traditionally not provided access to these services. Though the microfinance industry was present in India from the early 1970s, it came into prominence very recently. The cumulative annual growth rate of the sector for the last 5 years is 93%. SHGs have also emerged as a powerful device and an effective medium for delivering credit to the poor in the rural economy. It helps in poverty alleviation and women empowerment. Self-help groups (SHGs) movement has triggered off a silent revolution in the rural credit delivery system.

Keywords: SHG's, development, resources, growth, utilization.

I. INTRODUCTION

The Self-Help Group (SHG) movement originated in Bangladesh under the Leadership of Noble Laureate Mohamed Yunus. It is a noble mission- an innovative concept that has its roots in Bangladesh and has touched every part of the globe. Self Help Groups are autonomous social bodies comprising of 10 to 20 members. SHG's generates a fund through its members or from a bank, and provides loans to its members or others during needs based on the collective opinion of the group. The collateral here is the borrower's societal status rather than physical property. Repayment of the loans is ensured by the pressure exerted by the members of the group. SHG has a definite organizational structure with the office bearers elected by the group members. Apart from the financial issues, the social issues are also dealt by the group collectively. This paper appraises options for research relating to microfinance in Madhya Pradesh, doing so in the broad context of rival macro pressures to accelerate economic growth, maintain political order, reduce poverty and adapt to climate change. His concept of Self Help Group has its roots in rural areas and it has been mooted along the rural and semi urban women to improve

their living conditions. Though it is applicable to men in our country, but it has been more successful only among women and they can start economic activities through SHG movement. This paper first set out of First goal **uses it to inform brief information of Microfinance. Second is women empowerment developed by SHG's?**

II. OBJECTIVES

Following are the objectives of my study:

- Based Study of economic development through microfinance
- Analysis of women empowerment by SHG's.

Microfinance in India is functioning based on several models:

1. Self Help Group Model (SHG)
2. Joint Liability Group Model (JLG)
3. Individual Lending Model (IL)

SHG has a definite organizational structure with the office bearers elected by the group members. Apart from the financial issues, the social issues are also dealt by the group collectively. Joint Liability Group is a model of combined responsibility. Members are formed into groups, and the groups into a centre. Most favored grouping is five members per group and 8 groups per centre. Individual lending is lending the money to individual persons from the Micro Finance Institutions (MFIs).

Self Help Group formed under SGSY: - In an effort to remove deficiencies in earlier schemes and create sustainable income generation assets to the poor, a new scheme was devised in 1999, by merging all these schemes under one umbrella. The Swarnajayanti Gram Swarozgar Yojana (SGSY) was started with a target of bringing 30% of the rural poor above the poverty line in five years. SGSY is applicable only to rural people who are under the poverty line. The objective of the SGSY is to lift the poor families under the scheme above poverty line by ensuring certain sustained level of income over a period of time. "SGSY is implemented by District Rural Development Agencies (DRDAs) through Panchayat Samitis and, with the active involvement of other Panchayati Raj Institutions, banks, various departments and NGOs. SGSY's focus is on social mobilization through formation of SHGs and development of micro-enterprises as a group activity or any individual activity under the umbrella of SHG. As the main focus of SGSY is to provide help to SHGs, the formation, stabilization and up gradation of SHGs is very important.

Table 1: Model of SHGs (Bank Finance)

Particular	Model 1	Model 2	Model 3
Name of model	SGHs formed and finance by banks	NGOs and formal organization but directly financed by the banks	SHGs financed by banks using NGOs and other agencies as financial intermediaries
Definition	In this model, banks themselves take up the work of forming and nurturing the groups, opening their bank accounts and providing them with bank loans after satisfying themselves as to their maturity to absorb credit. About 20% of the total number of SHGs financed was from this category.	In this model, groups are formed by NGOs (in most cases) or by the government agencies. The groups are nurtured and trained by the agencies. The bank then provides credit directly to the SHGs after observing their operations and maturity to absorb credit. While the bank provides loans to the groups directly, the facilitating agencies continue their interactions with the SHGs. This model has also been popular with and more acceptable to banks. About 70 percent of the total number of SHGs is financed under this model.	Bank is promoting the groups, nature and trains them they approach banks for bulk loans for further lending to SHGs. In other words, Bank takes the sole responsibility for promoting; developing financing About 10 percent of the total number of SHGs is financed under this model.

Table 2: Number of SHGs with loan outstanding and bank disbursements

Particular	Number of SHGs with loan Outstanding		Number of SHGs with disbursements	
	2012	2013	2012	2013
Year	60,815	65,358	8,751	15,182

Sources: NABARD. 2012, 13 AND Status of Microfinance in India 2012, 13

The number of SHGs with loans outstanding increased a small extent in Madhya Pradesh. The number of SHGs receiving loans during the year 2012–13 was 73 per cent in Madhya Pradesh.

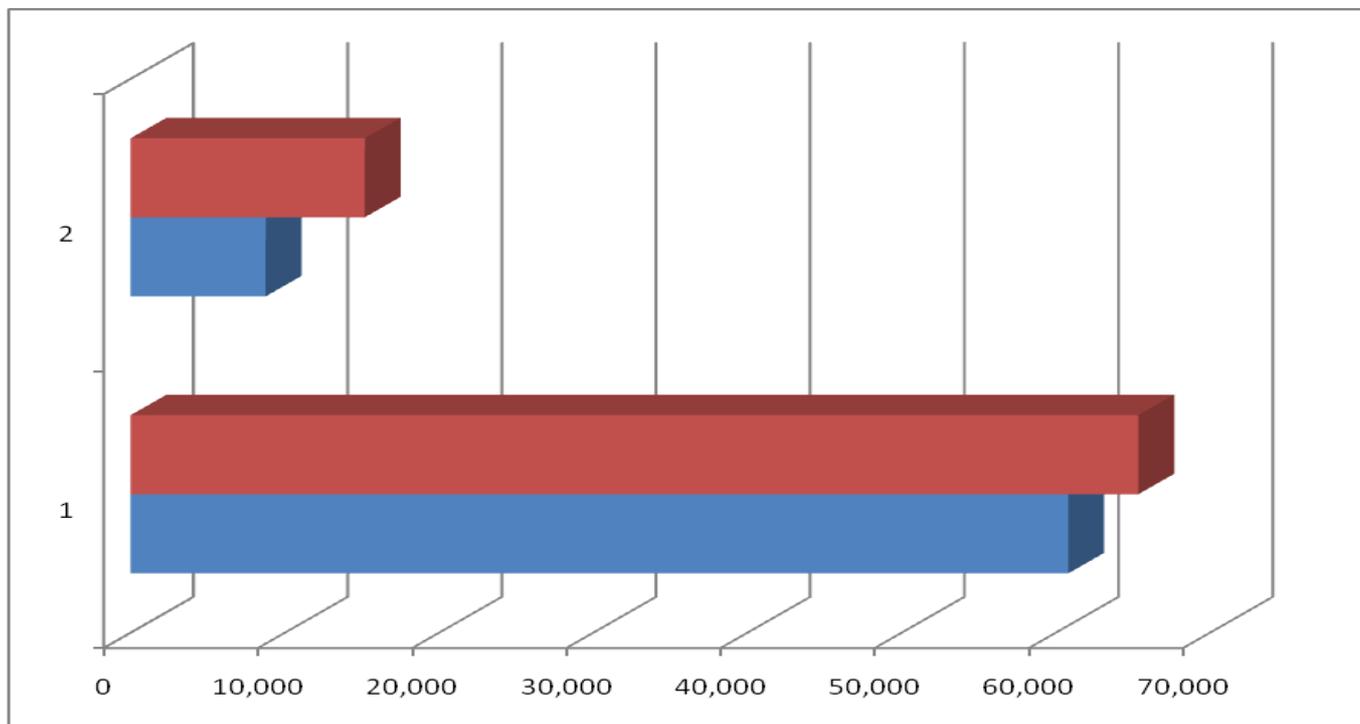


Table 3: Loan outstanding and disbursed amounts to SHGs

Particular	Loan outstanding (₹ billion)		Disbursements (in percentage)	
	2012	2013	2012	2013
	4.14	4.44	0.95	1.37

Sources: NABARD. 2012, 13 AND Status of Microfinance in India 2012,

Table 4: Performance of savings of SHGs

Particular	Year 2012		Year 2013		Growth (%)	
	No. of SHGs	Savings amount	No. of SHGs	Savings amount	No. of SHGs	Savings amount
	163,588	1,122.91	159,457	1,232.12	-2.53	9.73

Source - Micro finance report 2012, 13

Table 5: Number of SHGs and outstanding SHG loans

Particular	Year 2012		Year 2013		Growth (%)	
	No. of SHGs	Loans outstanding (₹ million)	No. of SHGs	Loans outstanding (₹ million)	No. of SHGs	Loans outstanding in percentage
	60,815	4,141	65,358	4,442	7.47	7.27

Sources: NABARD. 2012, 13 AND Status of Microfinance in India 2012,

Table 6: Disbursement of SHG loans

Particular	Year 2012		Year 2013		Growth (%)	
	No. of SHGs	Loans disbursed (₹ million)	No. of SHGs	Loans disbursed (₹ million)	No. of SHGs	Loans disbursed percentage
	8,751	954	15,182	1,373	73.49	43.82

Sources: NABARD. 2012, 13 AND Status of Microfinance in India 2012,

Table 7: Credit-to-savings ratio

Loan outstanding per SHG	Savings per SHG	Loans-to-savings ratio (multiples)
67,963	7,727	9

Source - Micro finance report 2012, 13

Table 8: SHG federations of Central region

Particular	No. of primary federations	No. of secondary federations	No. of tertiary Federations	Total
Madhya Pradesh	4,215	45	00	4,260
Chhattisgarh	62	00	00	62
Uttar Pradesh	2,619	104	00	2,723
Uttarakhand	174	00	00	174
Total	7,070	149	00	7,219

Sources: NABARD. 2012, 13 AND Status of Microfinance in India 2012, 13

There was a limited focus on savings and need based products. Though SHGs had built a good corpus, there was high dependence on external credit. However, a majority of SHGs had not accessed external grants, and most of those with active bank loans were dissatisfied with the loan size, term and timeliness of loans, and delays in loan sanction. At the same time, dependence on moneylenders had come down as had the interest rates of informal Credit sources. There was a significant impact of SHGs on women’s empowerment, and the majority of women had equal access to family income as their husbands/male heads of family. Though the work burden had increased for a large number of women, the sharing of household work by men had also increased.

Recommendations of the Group on finance Issues (Base micro finance report)

- About 70% of those who saved money deposited their money in bank accounts while 30% saved it at their homes.
- Most Indians (67%) took loans from their community networks and relied on friends, neighbors and relatives. While only 11% borrowed money from a bank and 12% borrowed it from money lenders.
- Low Banking activity continues despite the success of **PMJDY**, only 47% of users surveyed had a bank account and out of these only 54% had carried out a bank transaction from their bank accounts in the previous 90 days.
- The survey also revealed that ATM usage was still low at 28% compared to 71% who went to their branch bank to carry out basic transactions. The remaining 1% did their transactions through Banking Correspondent Agents and OTC counters at retail stores

Recommendations of the Group on SHGs Issues (Base micro finance report)

- SHGs may not lend outside the Group.
- SHGs may decide on some cap on borrowings per Member.
- Group to decide on apportioning of income earned during a year.
- Pass Books may be issued to each SHG Member.
- A rating matrix by lender to assess SHGs while making credit decisions to be made mandatory.

Marital status of the respondents

Married status	No. of Respondents	Percentage
Married	80	80%
Unmarried	7	7%
Widow/Separate	13	13%
Total	100	100%

The above table indicates that majority (80%) of the respondents are married & 13% are either widows or separated women & only 7% of women constitute single ones. From the above table we remember that a great majority of the members of SHGs are responsible housewives.

Classification of Respondents by literacy level

Education level	No. of Respondents	Percentage
Illiterate	42	42 %
Functionally literate	17	17 %
Primary	18	18%
High School	14	14%
Higher Sec. School	9	9%
Total	100	100%

Education to women is the most powerful instrument to change their position in society. From the above table the

educational status of the respondents shows that 42% of them are illiterate, 17% of the respondents are only functionally literates, 18% of the respondents have studied up to primary level & 14% of the respondents are up to High school level & only 9% are up to Hr. Sec. Level. Joining SHGs, they also realized the importance of education, which resulted in increased number of members being able to sign.

Analysis of the Data:

The study highlights the functioning & performance of SHG projects in M.P. Through these projects has led a wider socio-economic Impact on rural women. In centre reason M.P. large state of federation those work in women economics empowerment.

III. CONCLUSION

Rural women play a significant role in the domestic and socio-economic life of the society. Socio-economic empowerment has been considered instrumental for holistic development. Women empowerment is obviously essential for raising their socio-economic status in the society. Recently women empowerment has acquired an important place in government policy, non-governmental advocacy & academic research. However, more than 85% of the rural women are unskilled, restricting them to low paid occupations. Women have little control over land and other productive assets which excludes them from access to institution credit. Micro finance interventions are well-recognized world over as an effective tool for poverty alleviation & improving socio-economic status of the rural poor. In India also, micro finance is making headway in its effort for reducing poverty and empowering rural women.

Self help groups play an important role in the socio-economic empowerment of women and in income generating activities. The present study attempts to determine whether and to what extent SHGs has an impact on the overall empowerment of rural women in the Madhya Pradesh.

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