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Cases On Women Self Help Groups (SHGs) - Linkage Building And Successful Microfinance Entrepreneurs

Dr. Anjulata Joshi

Assistant Professor, Commerce, Department of EAFM, S.S. Jain Subodh P.G. Mahila Mahavidyalaya, Rambagh,
Jaipur (Rajasthan), India

ABSTRACT: Around the globe, the **United Nations Development Program (UNDP)** seeks to promote various approaches to reduce human poverty by emphasizing the importance of social inclusion and equity, human rights and women's empowerment. A well understood but poorly articulated reality of development is the role of women. The UN commission on status of women observed 'women who contribute half of the world's population by virtue of an accident of birth, perform two-thirds of the world's work, receive one-tenth of its income and owns less than one-hundredth of its property'. In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country. There is a growing realization that rural women have been underestimated and discriminated against all walks of life, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. **Women have been deprived of economic independence.** The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women. Given the gender division of labour that prevails in India, Nutrition, Child health, and related matters typically depend mostly on women's actions and decisions. Experience has shown that promotion of enterprise creation and income generating activities among women would transform them from 'being alive' to 'living with dignity'.

Researchers focused on the exclusive **role of self help group (SHG) in women empowerment** and found that significant changes in the living standard of SHG members have taken place, in terms of increase in income levels, assets, savings, borrowing capacity and income generating activities. Similarly, found that participation of women in the SHGs led to their empowerment in areas like, housemanagement, leadership, economic status, health and sanitation. The self-confidence among women increased due to participation in the SHGs.

SHGs are fast emerging as a powerful tool for socioeconomic empowerment of the poor in the rural areas. In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are seen to confer many benefits, both economic and social. It enables women to expand their savings and access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local elections or take action to address social or community issues.

I.INTRODUCTION

Self-help groups (SHG), also known as mutual help, mutual aid, or support groups, are groups of people who provide mutual support for each other. In a self-help group, the members share a common problem, often a common disease or addiction. Their mutual goal is to help each other to deal with, if possible to heal or to recover from, this problem.[1]

Most of the women in rural areas of India live in an isolated environment with very limited access to even the most basic services [2]. But, they have a vital contribution in rural and agricultural domains of development, namely, crops, food security, horticulture, livestock, nutrition, fisheries, energy, and family. Though they contribute economically, they have partial access to markets, economic services, education, and healthcare [3]. In addition, they are also responsible for



household chores, such as cleaning, cooking, child-care, fetching water, and so on, as these are considered traditional duties of a rural woman [4]. According to the Oxfam report, more than 40% of the 400 million women who live in rural India are involved in agriculture and associated activities. However, as women are not recognized as farmers and do not own land, they have limited access to government schemes and credit, which, in turn, restricts their agricultural productivity' [5].

Therefore, women need to obtain the power to raise their voice, to exercise informed choice, and accomplish their potential as equal to that of men in the society. Accordingly, empowerment of women has become a subject of great concern in India [6]. 'Empowerment means moving from a position of enforced powerlessness to one of power. **Women empowerment promotes women's inherent strength and positive image**' [7]. Empowerment of women is a crucial prerequisite for the alleviation of poverty, defense of human rights, and capacity building as a base for social change [8]. However, in a country like India, it is often difficult to involve poor women in economic and social activities. The lack of finance, education, enterprise, and the inability to take risks, are important constraints in this context. In such cases, policymakers often rely on self-help groups (hereinafter-SHGs) and micro credit programs to mobilize and empower women and use their collective enterprise to involve them in economic and social activities [9]. Micro credit is a well-suited choice for rural women as it provides them the required economic and social skills to face challenging environments. Micro credit for women, as a popular support, consists most typically of the provision of small loans, either to individuals or groups [10], and transform idle women into a productive workforce with their proven creditworthiness [11]. It is a well-planned system of providing small loans to poor communities for income-generating activities and to help them gain partial economic stability without encouraging debt [4]. Thus, micro credit can play a key role in boosting economic growth in any developing country. Consequently, access to micro credit is one of the most important elements of empowering poor women.

Micro Finance is growing as a powerful instrument for poverty alleviation in the new economy. A majority of the microfinance programmes has come up with the clear goal of reducing poverty and empowering women. In addition, an increasing number of microfinance institutions (MFIs) prefer women members as they believe that they are more responsible and trustworthy. Microfinance programs like the **Self Help Bank Linkage Program in India** have been progressively promoting for their positive economic impact and the belief that they empower women The SHG Programme has come up with a new system of saving and lending that is group lending and liability as a way of delivering microfinance to its predominantly female members. Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole of society. Thus, a special support for women in both financial and non - financial services is necessary. Many leading public and private sector banks are offering schemes exclusively designed for women to set up their own ventures. Even the unorganized sector has been heading into microfinance movement. The present work is an attempt to study the role of microfinance as an effective instrument in promoting women entrepreneurship in India.[12]

II.DISCUSSION

Women have always actively participated in their local economies . In Africa, for example, women produce 80 percent of the food and in Asia 60 percent and in Latin America 40 percent. In many cases, women not only produce the food but market it as well, which gives them a well-developed knowledge of local markets and customers. This is a small example of the importance of women's work in society. It does not illustrate the real extent of women's contribution, especially in developing countries, not only to the labour force, but also their role as a significant income-source for the family. **Women, especially poor mothers, must divide their time between work "productive role" and family "reproductive role", and balancing all the demands.** Time is valuable for these women, as their livelihoods depend largely on their ability to fulfil the multiple demands of the household and the marketplace. In spite of the remarkable importance of women's participation, their jobs have been considered as an "extra income" to family survival or simply to improve its living conditions. Moreover, microenterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income.[13]

Microfinance is a provision of a broad range of financial services such as deposits, loans, payment services, money transfer, and insurance to poor, low income households, and their microenterprises. In the development paradigm, microfinance has evolved a need based policy and programmes to cater the neglected group of society especially women's, poor, rural, and deprived etc. The basic idea of microfinance is to provide access to financial services including credit which enables the entrepreneur to start his microenterprise that will allow him to break out of poverty. The concept has gain lot of significance



and momentum, both theoretically and practically during last few decades. It is regarded as tool for economic development which is designed to spread financial support and assist the low income group people to work their way out poverty, deprivation, starvation, and other financial problems. Microfinance is viewed particularly as a means of contributing to the process of empowerment by enhancing women's productive role in enabling them to challenge inequalities within and between households. The programme has been derived to meet the basic objective of: The survival needs of the poor by enabling them to have access to credit for both consumption and productive activities.[14]

To empower the poor and marginalized by expanding the opportunity for participating in income generating activities and undertake social activities, aiming at removing social cultural barriers to empowerment and development.

Microfinance is a process of lending micro or small sums of money. Many developing and underdeveloped countries, lack of resources, capital, skill and knowledge, microfinance not only helps to prevent the country from deep into the poverty but also brings individual development of poor's. **Microfinance includes both micro-credit and micro-saving, though the term microcredit and microfinance used as synonyms.** The term microfinance perceived to be a paradigm shift in the quality of delivery of finance to micro entrepreneurs. The old paradigm of microfinance envisaged providing credit to poor people basically residing in poor and semi urban areas at subsidized rate of interest through public or governmental financial institutions, while the new continues to target the rural and urban poor households, with emphasis on women borrowers, provision of finance for assets creation on principles of **"borrower known best"**. [15]

Self help group (SHG) is a homogeneous group of poor, women, user etc. which are voluntary and are formed for the common interest of their development. **The SHG stands on the principal of "for the people, and of the people"**. It is a small economically homogeneous and affinity group of rural people who voluntarily agrees to contribute to common fund which will be lend to the members as per the decision of the group, which work for groups solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning. NABARD (1995), defines "SHG's as the homogeneous group of rural poor voluntarily governed, to save whatever the amount they can conveniently save out of their earning and mutually agrees to contribute to a common fund to lend to the members for meeting their productive and emergency, consumptive credit needs". The group members use collective wisdom and peer pressure to ensure proper end use of credit and time repayment. The SHG has average size of 15 members from a homogeneous class, but not more than 20 members (NABARD, Mumbai). The group meet together for addressing their common problems and makes voluntary thrift on regular basis and thus reported money is pooled to make small interest bearing loan to their members. This process helps the members to imbibe the essentials of financial intermediation including prioritization of their need, setting terms and conditions, account keeping, gradually built financial discipline among them. Once the group learns to handle resources of size which is much beyond of their capacity, banks are encouraged to advance loans to the group in certain multiples of their accumulated savings. The individual member can also apply for credit facilities, however there are certain norms and procedures which he must satisfy. Apart from financial support at the time of need, the group also provides social security to its members. It creates a platform for sharing experiences, collective knowledge, solving problems and resource mobilization. The SHG's endorsed with following features Homogenous in terms of economic status, identical interest and an affinity group, Small in size and their membership per group ranges from 10 to 20 peoples. **SHG's are non-political, voluntary and follows democratic culture in their operation.** They hold weekly meeting and mostly during non-working hours. They keep transparency in records and have the collective accountability of the group. The group works mostly on the principle of self help, group solidarity, awareness, social and economic empowerment. [16]

III.RESULTS

The social impact of SHGs show clearly that women's participation in various aspects of the decision-making processes have enhanced. These SHGs have helped their members to establish a common participatory platform to discuss and find a solution to their problems. Women's income and occupation structure under SHGs significantly influenced their standards of living, empowerment level and enhanced their leadership skills. **Study reveals that only 10 % women in the study area had used the loans for income-generating activities (business purposes) like opening shops such as kirana (grocery) shop, vegetable shop, bangle shop, pickle making papad (papadum – thin Indian flatbread), etc., at their own residence.** The availability of loans has encouraged to take up entrepreneurship both at individual as well as group level based on their traditional skills, like stitching cloths, weaving, preparing necklaces from locally available pearls, preparing banarasi silk saree (traditional wear), jari work (weaving threads and pearls on cloth) etc. The study concludes



that the bottom-up approach of development, with the explicit goal of inclusion of grass-root level people in the development process is actually empowering poor women and the study suggests that NGOs and the government must work to enhance the skills of SHGs women, banking facilities, market accessibility, and also provide them technical support. Besides these, at the local level, government institutions should change their attitude from a governing entity to a supportive instrument towards SHGs and its members.[17]

The United Nations Capital Development Fund (2005) emphasises that because of the interconnection of financial power, poverty and women, microfinance has an active role in improving economic equality. Increased economic power enables women to improve other areas of their – and their children’s – lives. A report (2003) also stresses that since microfinance programmes have generally targeted women as clients, access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities. This empirical investigation reveals that with respect to the control of resources, changes in behaviour and decision-making, women are in the process of empowering themselves. Examining the evidence from the SHG programme along with the strict interpretation of women’s empowerment, it is however, difficult to believe that a minimalist microfinance programme would have lasting impact on the empowerment of women. SHG programme, where a majority of groups are linked with the help of NGOs that provide support in financial services, specialised training and awareness creation on women’s empowerment issues have a greater ability to show a more lasting impact on women’s empowerment. For long-term impact the success and sustainability of the SHG bank linkage programme is also very important. This crucially depends on creating and maintaining good quality SHGs. Both with regard to the impact on women’s empowerment and the sustainability of the programme it is important to identify who are promoting the groups. As Researchers (2005) point out, if NGOs with their social-development perspectives are entrusted with this task, they need to be paid for this role. If the banks (who are concerned with their business of financial services) are put in charge of this task, they might be more interested in ensuring the safety of their loans rather than taking time-consuming interest in managing the SHGs. In (2002) also caution that without proper monitoring and support the long term sustainability of the SHGs is at risk. It is trivial to point out that without sustainable microfinance, provision of quality services and quality group, longterm impact is difficult. **To paraphrase Einstein, if the problems and discrimination faced by women have to be solved, the same (or old) level of thinking that created them needs to be changed.** If women’s empowerment is to be pursued as a serious objective by SHG programme in particular and the larger microfinance community in general, greater emphasis needs to be placed in training, education of women and creating awareness, with increased investment in social intermediation. Without these, channelling microfinance through women’s group alone might result in several other positive outcomes but will not translate into women’s empowerment.[18]

IV.CONCLUSIONS

Women’s empowerment needs to be an integral part of policies. Empowerment cannot be assumed to be an automatic outcome of micro-finance programmes, whether designed for financial sustainability or poverty targeting. More research and innovation on conditions of micro-finance delivery is needed. The cost-effective ways of integrating micro-finance with other empowerment interventions, including group development and complementary services are still lacking. Unless empowerment is an integral part of the planning process, the rapid expansion of micro-finance is unlikely to make more than a limited contribution to empowerment.[19]

Microfinance is becoming more diversified; offering education, insurance and other services to their members, but the clients are still treated as having foremost the needs of becoming economic entrepreneurs. [20] A consequence is therefore that women with other needs and desires may feel that they are being offered a limited number of choices, with which to fulfil their personal goals. There are empirical findings which point at tendencies for women to turn away from dealing with women’s issues, and towards dealing primarily with their businesses. This has the effect of women becoming apolitical, which makes them less able to influence decisions which have impacts on them as individuals or as a group. Solely economic compensation is of small comfort if one does not have a forum to address issues which can have economic, social and political consequences. **If the federated structure (MACS), on the other hand, took an active interest in offering, for example, legal support and encouraged women to organise around social and political issues, there would perhaps be more signs of the achievements of women.**[21]



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