

# Role of Microfinance and Self Help Groups in Rural Women Empowerment – A Study of Two Sub District Under Mahisagar District, Gujarat

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## **Abstract**

Being the most important program in the SHG movement in India, NABARD started the pilot phase of SHG Bank Linkage Program in February 1992. This was the first example of a viable SHG financed directly by a commercial bank. Informal saving and borrowing groups of the poor were recognized as bankable customers. Soon after the SHG-bank linkage was in place, RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations. Linking SHGs with the financial sector was good for both sides. Because banks were able to enter the money lending market, borrowers were lower income families, household costs were lower, and repayment rates were higher. By joining SHGs they were able to expand their operations with more credit and they had productive surplus funds for more credit. (Reddy and Maneck, 2005). This research paper attempts to examine the impact of microfinance in the context of poverty alleviation and socio-economic empowerment of women. Help empower women through microfinance by supporting women's economic participation, thus promoting gender equality and improving household welfare. To study the role of microfinance and self-help groups (SHGs) in women empowerment, Santrampur and Virpur sub district of Mahisagar district have been selected, for the present study a total of 20 SHG organizations have been selected from these two sub district and Out of these 20 SHGs, 150 respondents have been selected for the research. has been selected to start the job. Here tabular analysis has been used to analyze the data collected from local survey reports.

**Key word** – Women Empowerment, SHGs, Microfinance, Entrepreneurship

## **Introduction**

Self Help Group-Bank Linkage Program and National Bank for Agriculture and Rural Development (NABARD) sponsored microfinance program in India. It can be called the largest microfinance program in the world. Microfinance, along with an alternative source of credit, is currently seen as a tool for poverty alleviation and women's empowerment in rural areas. Especially since Bangladesh's Muhammad Yunus received the Nobel Peace Prize and confidence in microfinance programs as a tool to alleviate poverty and empower women has grown tremendously (Bujar Baruah, 2012).

### Objectives of the study

The broad objective of the study is to study the impact of SHGs in promoting women empowerment in the study area. However, some specific objectives of the study are as follows:

1. To examine the socio-economic status of the respondents.
2. To analyze the saving and loan dimensions of the respondents.
3. To examine the functioning of Self Help Groups in the district.
4. To suggest suitable measures for effective functioning of Self Help Groups in the district.

### Area of study

The present study has been conducted in Mahisagar district of Gujarat. This district is familiar to explorers. Thus this district has been deliberately selected for the study. For the present study, two sub district namely Santrampur and Virpur have been selected from the district. And 20 Self Help Groups (SHGs) have been selected from these two sub district and 150 respondents have been included to conduct the present study from these 20 Self Help Groups (SHGs).

### Source of information

This study is based on both primary and secondary data. Primary data has been collected by field survey in the district. A personalized questionnaire has been prepared for the members of these Self Help Groups.

To supplement the primary data, secondary data has been collected from official sources, reports, statistical handbooks of Gujarat and Mahisagar/Pachmahal districts, published and unpublished data etc.

### Analysis

The socio-economic profile of the respondents in the present study makes general education and literacy important for women if they are to reach their full potential and become empowered. Illiteracy creates a state of dependence on others that can limit possibilities for personal empowerment. Many microfinance institutions have found that illiteracy is a major barrier to their clients. Therefore, it becomes important to increase the literacy rate among women.

**Table – 1 Classification on the basis of educational qualification of the respondents**

Educational Qualification	Number of respondents	Percentage
STD – 10	82	55
STD– 12	35	23
Graduate	27	18
Post-Graduate	6	4
<b>Total</b>	<b>150</b>	<b>100</b>

Table – 1 shows that most of the respondents belong to class-10 i.e. 55 percent, 23 percent belong to class-12, 18 percent are graduate level and only 4 percent of the respondents are found to be post graduate level.

**Table – 2 Classification on the basis of professional activity of the respondents**

Professional activities	Number of respondents	Percentage
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<b>Agriculture</b>	47	31
<b>Housewives</b>	64	43
<b>Professionals</b>	27	18
<b>Other</b>	12	8
<b>Total</b>	150	100

From Table - 2 we can see that out of 150 respondents 31 percent respondents are engaged in agriculture, 43 percent are women who stay at home and work as housewives, 18 percent are employed with business activities, and 8 percent female respondents are engaged in other activities. Thus, most of the respondents work as housewives.

Thus, the main objective of microfinance is to empower women. Women are a major contributor to microfinance beneficiaries. Traditionally women (especially in underdeveloped countries) have not been able to easily participate in economic activities. Microfinance provides women with the financial support they need to start business ventures and actively participate in the economy. Joining SHGs gives them confidence, their status seems to improve and they also become more active in decision making, thereby promoting gender equality. (Sarumati and Mohan)

**Table – 3 Analysis of respondents based on association with self-help group**

<b>Years of joining SHGs by Respondents</b>	<b>Number of respondents</b>	<b>Percentage</b>
<b>Less than 2 years</b>	39	26
<b>Between 2 – 4</b>	72	48
<b>Between 4 – 6</b>	30	20
<b>More than 6 years</b>	9	6
<b>Total</b>	150	100

Analysis of the data obtained in Table - 3 shows that 26 percent of the respondents have joined the SHG for less than 2 years, 48 percent of the respondents are working with the SHG for 2-4 years, 20 percent of the respondents are working with the SHG for 4 to 6 years. And remaining 6 percent respondents are working with SHG for more than 6 years.

**Table – 4 Monthly income of the respondents before joining the self-help group**

<b>Monthly income</b>	<b>Number of respondents before joining a self-help group</b>	<b>Percentage</b>
<b>Zero income</b>	18	12
<b>1000+ income</b>	38	25
<b>Income between 1000 to 1500</b>	60	40
<b>Income between 1500 to 2000</b>	34	23
<b>2000+ income</b>	----*	----*
<b>Total</b>	150	160

From Table - 4 it can be inferred that 9 percent of the respondents had no income before joining SHGs and none of the respondents had an income of Rs. Not more than 2000.

**Savings and Credit Dimensions of Respondents in Self Help Groups (SHGs).**

Self Help Groups are small voluntary organizations of people and such organizations are mostly located in rural areas. The number of members of SHGs ranges from 10 to 20. These SHGs help motivate people to increase their income and savings. Small savings are made by SHGs through financial contribution of members for a period of time. These savings are used by these groups to lend to their own members or others for any purpose (Basumtari and Boro, 2012). Thus, SHGs aim to collect small savings from members.

**Table – 5 Analysis of respondents based on their savings per month**

Savings per month (in Rs.)	Number of respondents	Percentage
30 – 50	52	35
50 – 70	45	30
70 – 90	30	20
90 - 110	23	15
<b>Total</b>	150	100

Table – 5 shows that 35 percent of the members are paying Rs. 30-50, 30 percent members save Rs. 50-70, 20 percent members save Rs. 70-90 and the remaining 15 percent members save Rs 90-110 per month. Thus most of the respondents save Rs 90-110 per month. Thus it is clearly stated that most of the respondents Rs. Saving 30-50 per month is their poor financial condition.

None of the respondents remained without income after joining the self-help group and 8% of the respondents reported their income level below Rs. 2,000/- retained as shown in Table - 6.

**Table – 6 Monthly income level of respondents after joining SHG**

Monthly Income (in Rupees)	Number of respondents after joining SHG	Percentage
No income whatsoever	.....	.....
Income upto 1000	48	32
1000 to 1500 income	69	46
1500 to 2000 income	21	14
2000 more than income	12	8
<b>Total</b>	150	100

The analysis of the table shows that the income level of the respondents has increased and the increase in income level can reduce or eliminate their poverty. Thus SHGs are not considered as financial systems, but they are formed with a view to social and economic transformation of rural people especially rural women.

It can be clearly seen in Table – 7 that 100% respondents have taken loan from SHGs. Loan facility is available to all members without any restrictions.

**Table – 7 Classification on the basis of loan/subsidy availed by the respondents**

Loan/Subsidy	Number of respondents	Percentage
Yes	150	100
No	---	---

<b>Total</b>	150	100
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It is the utilization of credit that will determine whether a micro-finance program is contributing to women's empowerment. If the loan taken from SHG is invested in any productive activity, it definitely contributes to poverty alleviation and women empowerment. But in simple words, if the loan amount is spent on current consumption, it can adversely affect the economic status of women.

**Table – 8 Classification on the basis of subsidy/loan availed by the respondents**

<b>Utilization of Loans/Subsidies</b>	<b>Number of respondents</b>	<b>Percentage</b>
<b>For agriculture</b>	24	<b>16</b>
<b>For Poultry farming</b>	18	<b>12</b>
<b>For Pig farming</b>	39	<b>26</b>
<b>For Animal Husbandry</b>	21	<b>14</b>
<b>For family expenses</b>	48	<b>32</b>
<b>Total</b>	150	<b>100</b>

Table-8 shows that 16 percent of the respondents have used the subsidy amount for agricultural activities, 12 percent of the respondents are using the subsidy amount for poultry rearing activities, 14 percent of the respondents are using the subsidy amount for animal husbandry and the remaining 32 percent of the family self. Used for expenses. Most of the members taking loans for agricultural expenditure are mainly farmers and salaried. They repay the loan from his salary income. The women members who took loans for animal husbandry have either repaid the loan from their family income or have returned the loan by doing animal husbandry work.

**Key findings of the study**

- Educational background level of most of the respondents is up to 10th standard.
- Majority of the respondents are housewives with 43 percent.
- 45 percent respondents have joined SHG within 2-4 years.
- It is estimated that 12 percent of the respondents had no income before joining the SHG and none of the respondents had an income of Rs. Not exceeding 2000/-. But none of the respondents remained without income after joining the SHG and 23 percent of the respondents reported their income level below Rs. 2,000/- is mentioned.
- 35 percent of respondents spend at least Rs. Saves their money for 30-50.
- The results show that the average monthly income of the families has increased significantly in the post-SHG situation.
- Most of the respondents have availed loan/subsidy from SHGs.
- Majority of respondents are using subsidy or loan for household expenses.

**Suggestions**

- ❖ Government and NGOs should take necessary steps to popularize the benefits of micro credit program among poor women in rural areas of Mahisagar District.
- ❖ Poor women need education and training to benefit from microfinance credit schemes.

- ❖ Bank should provide adequate credit to SHGs according to their needs. There should be uniformity in the formulation and extension of financial assistance to them by banks in all taluks.
- ❖ The process of banks to sanction loans to SHGs should be easy and quick.
- ❖ Meetings and seminars should be organized regularly where members get an opportunity to exchange their ideas and through interaction they are able to develop their group strengths.
- ❖ A large number of SHG members are using the subsidy for non-productive purposes like household expenses, marriages, festivals etc. But banks and financial institutions should make some strict rules to use the amount for productivity.

### Conclusion

Facilitation of microfinance to small groups plays an important role in this direction. Women with low income and lack of knowledge about available banking facilities cannot do anything themselves to develop banking habits. Since poverty alleviation is the ultimate goal of any nation, studies have shown that providing microcredit to the poor is more productive, effective and less costly if women are organized into SHGs. Self-employment, which is the best form of employment considering the paucity of employment opportunities, is emerging as a very important source of livelihood for women. The SHG movement in India in general and Gujarat in particular has significantly changed the rural economic scenario. Thus as a supplementary source of family income, self-help groups have proved to be a boon not only in uplifting the economic status of women but also in promoting entrepreneurship among them.

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