

Role of Microfinance in Economic Empowerment of Rural Women: A study with Reference to Self-Help Groups in Arunachal Pradesh

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Abstract

Micro finance programs have been receiving a considerable attention world over for their potential to generate income and employment and alleviate poverty. The experience shows that microfinance programme has a high degree of reach out to women. Microfinance through women SHGs for promotion of income generating activities has become an effective strategy for alleviation of poverty. The Micro-finance facility is one of the solutions to promote the quality of life which accelerate the socio-economic development and reduce the rural poverty considerably.

Self Help Group (SHG) is a group of women that usually consist of 10-20 members who belong to similar socio economic background. SHGs are created with the purpose of generating saving and credit organization with the logical concept of uplifting socio-economic status of rural poor women. It is a very effective tool to promote rural savings and provide gainful employment. Self-Help Groups are able to promote income generating activities through micro finance. Micro finance and SHGs are considered as a very effective instrument of social and economic development.

The main objective of this study is to find out the role of microfinance in economic empowerment of rural women in the sample districts. For this study simple random sampling method was followed and information was derived by using both primary and secondary data. This study is limited to data collected from SHGs registered under Arunachal State Rural Livelihood Mission (ArSRLM) of Lower Subansiri and Papumpare districts.

Keywords: SHGs, Rural development, Micro-finance, ArSRLM.

Introduction

Microfinance

Microfinance deals with mobilization of savings, provision of small loans and other services (counseling, training, marketing etc) for poor and low income group with or without collateral, targeting individuals and small businesses that lack access to conventional banking and related services. These services are provided by a variety of institutions, which can be broadly divided into banks, NGOs, credit and saving co-operatives and associations, and non financial and informal sources.

The SHG-Bank linkage programme was initiated in 1992 that tried to facilitate the flow of bank credits to SHGs and a pilot project was launched by NABARD in consultation with RBI. Now, SHG-Bank Linkage programme in India is considered as the largest microfinance programme in the world.

In India a pilot project was for connecting 500 micro groups, comprising economically impoverished population, with banks was incepted by NABARD in 1992. The pilot project outperformed its target of linking credit - the total loan amount was Rs 65 lakh in 1994, and within 3 years by 1996, a total of 4757 micro groups were credit linked with a bank loan of Rs 6 crore by 28 commercial banks, 60 regional rural banks (RRBs) and 7 co-operative banks. This success resulted in the introduction of three important measure by RBI and NABARD. These were 1. recognition of informal groups as clients of banks-both for savings and credit linkage, 2. collateral free lending and 3. permission to give loans to groups without specification of purpose, activity or project. This success also led the RBI to prioritize micro-group bank lending program (BLP). This resulted in the initiation of Swarnjayanti Gram Swarojgar Yojana (SGSY), a self-help group (SHG) based poverty alleviation program targeting mainly to rural female groups of the country on 1st April 1999. This was later modified as National Rural Livelihood Mission (NRLM) in 2011. The main policy objective assumed under this scheme was to aid poor women to acquire employment, assist them with skill upgradation, training, credit and other facilitating services so as that the women in the SHG could undertake income generating activities for enhancing their incomes (Chakraborty & Kumar 2023). This is one of the largest world's initiatives to improve the livelihood of poor. This programme was launched with the budget of \$5.1 billion and is one of the flagship programmes of Ministry of Rural Development. This programme is supported by World Bank with credit of \$ 1 Billion (www.nrlm.gov.in). With the objective of sustainable livelihood approach and upholding inclusive rural development, this scheme has emerged as the world's largest scheme towards poverty alleviation. And poverty eradication is crucial for achieving socio-economic empowerment and sustainable development.

As on 31st March 2022, the SHGBLP program had a total membership of about 119 lakh SHGs covering 14.2 crore households across the country. During 2021-22, the number of SHGs had increased by 6.70 lakh (9.80 lakh in 2020-21, the pandemic year) with a corresponding increase in the savings to Rs.47,240 crore in 2021-22 from Rs.37,478 crore in 2020-21. In 2021-22, the banks disbursed loan amounting to Rs 99,729 crore to the sector as against Rs 58071 crore in 2020-21 an increase of 72% (NABARD, 2021-22; Chakraborty & Kumar 2023)

Self-Help Groups

Self Help Group (SHG) is a group of women that usually consists of 10-20 members who belong to similar socio economic background. SHGs are created with the purpose of generating saving and credit organization with the logical concept of uplifting socio economic status of rural poor women. In 1975, Prof. Mohammed Yunus of Bangladesh made an experiment with micro-credit creation and women SHGs, whereby, the concept of Self Help Groups gained much significance. In Bangladesh this programme was considered as a revolutionary tool for poverty eradication and women empowerment. SHGs movements was initiated by NABARD in India in the year 1986-87, by adopting the Bangladesh model but in a modified form as a tool for poverty eradication and empowerment of the women. With the emergence of microfinance as a powerful instrument in the new economy, hence the movement of Self Help Groups and credit management thus widely spread out in India. The real take off point for SHGs movement was considered to be during the year 1992-93 when NABARD started the promotion

of SHG at large scale. And the major boost to the SHGs movement was, when Reserve Bank of India allowed SHGs to open their accounts in the banks for availing the benefits of bank services in the year 1993. Self –Help Groups systematically organize rural women in groups for providing them opportunities of self employment on a sustained basis in India. Various studies have found that the provision of microfinance is a productive and effective tool for empowerment of rural people that helps poverty reduction in rural areas.

Arunachal Pradesh State Rural Livelihood Mission or ArSRLM (an autonomous body registered under the Society Registration Act of 1860 under the aegis of government of Arunachal Pradesh) is the nodal agency responsible for implementing DAY-NRLM Scheme in our state (www.arsrlm.in). ArSRLM promotes SHGs and arranges credit from banks. As a financial advisor, it provides the necessary financial and supportive assistance to the SHGs. This ultimately leads to raise the capacity of SHGs in terms of savings mobilization, linking them with banks and providing technical support for starting feasible micro enterprises by the SHG members. It basically plays the role of intermediate agency between SHGs and banks.

Economic Empowerment

Empowerment as a concept can be interpreted as process of creating awareness about social realities and available rights to build capacity through education, knowledge, skills and action to initiate participation to bring change. Economic empowerment may be considered as most important parameter of overall empowerment. It emphasize on reduction in poverty and vulnerability and diversification towards higher income generating activities leading to better life.

Review of related literature

The micro finance facility is one of the solution to promote the quality of life which accelerate the socio-economic development and reduce the rural poverty considerably and hence empowerment;

Reddy & Manak (2005) concluded that the SHGs federations are emerging as community owned dominant form of microfinance institutions, so there is a need for significant investment in providing institutional building support.

Narang (2012) felt that SHGs have the great potential to get a positive impact on women by giving increased economic access, greater confidence, self-motivation, more strength, more recognition and more involvement in family and society. It is found to be very helpful in poverty reduction by enabling the poor household to access gainful self-employment and skilled wage employment opportunities that result in appreciable improvement in their livelihood.

Khaki & Sangmi (2012) have shown that the microfinance initiatives in the District Anantnag in the form of SHG-Bank Linkage Programme have significantly increase income and savings of the SHG members which decreases their vulnerable situation. Thus, there is a need for up scaling of microfinance interventions so that the entrepreneurial talent of the poor is unleashed to achieve the laudable objective of inclusive growth and poverty alleviation.

Saikia & Patwari (2013) in their paper have proved SHG to be important institution for financial inclusion and is a very good solution for channelizing the credit availability to the rural masses of Arunachal Pradesh. In supplying of credit to the rural masses for strengthening their livelihood, addressing poverty, social development, savings, investment and even women empowerment SHGs are found to be playing a major role.

Thangmani & Muthuselvi (2013) found out that, after joining the Self Help Groups, the socio-economic status of women has changed remarkably. It was concluded that the economic activities of Self Help Groups with microfinance facilities are very successful in Mettupalayam Taluk.

Meena & Singh (2013) shows that there is a significant improvement in behavior of SHG members inculcating a positive behavior. Thus, for addressing the issues of rural poverty for improving sustainable livelihood security in eastern India, a positive attitude could play a significant role.

Islam & Sarmah (2014) concluded that SHGs activities have opened up choices for women and changes are observed in the study. It is considered as one of the means to empower women by providing easy access to credits, create awareness on social issues and access to savings for women.

Mishra & Langwangbe (2014) concluded that with support of government and NGOs the SHGs are in position to develop the primary sectors of the economy to a very great extent. The impact on poverty alleviation, unemployment problems, and other social problems are visible with the introduction of SHGs programme indicating, close collaboration of various agents, government or non-governmental organizations, the SHGs are heading for a steady growth of the state economically, socially and even politically.

Sarania (2015) observed that regarding empowerment of rural women in the study area, the SHGs are found to be playing an important role. Increase in income, rise in employment and access to saving after joining SHG as compared to pre-SHG situation.

Linghbila (2016) concluded that when women has increased access to economic resources, with more confidence and self-motivation, more financial strength, more recognition in society, more involvement in the family matters through participation are the factors for real empowerment of women. And also after joining SHGs, women got the opportunity to improve and identify their hidden talents.

Das (2016) concluded that more of psychological and social empowerment was brought by SHGs than economic empowerment. In bringing confidence, courage, skill development and empowerment in women, the role of SHG is appreciable.

Hussain et al (2017) found that social impact of SHG programs increased the involvement of women in decision-making; awareness about various programs and organizations encourages the rural women to participate in different developmental programme of the government.

Pradeep & Rakshitha (2019) pointed out that SHGs are proved to be an effective means for empowerment of women and addressing their interest, to facilitate rural development, socio-economic betterment of the poor. Just as working women are being respected by the household members and the society, Now a days the women in the SHGs also get respected, as they are financially far more independent than before and they are contributing to household income, savings and expenditure just as working women do.

Grover (2022) found that women entrepreneurs' monthly income grew considerably after joining SHG in terms of earnings generation and contribution to the family income, access to the bank and other financial services, savings, deposits, and investments, as well as control and access to family assets. It has given them more authority over decisions increased their participation in household financial planning, and helped them manage household financial needs, all of which have enhanced the family's standard of living and asset acquisition capability since joining the SHG.

Chakraborty & Kumar (2023) in a study to examine microfinance activities pertaining to Sal leaves plate/bowl making enterprise and its effects on the livelihood of the SHG entrepreneurs have observed that the biggest opportunity that the SHGs perceived to be getting by being associated with SHG was

they could avail the conspicuous scope to improve their socio economic status with the mean score of 65.2 and developing new contacts through NGOs to get access to supplementary employment opportunities with mean score of 59.3. Despite realisation of lower prices for their product in the market, the earning per member was calculated to be well above what they would have received if they were working as daily wage labourer in farm or non farm establishment. It has contributed to improving their income base. Side by side their self confidence and self reliance went up by virtue of SHG led empowerment.

Area of study

The present study was conducted in two districts namely Papumpare and Lower Subansiri; Papumpare district covers an area of 3462 sq kms. The name of the district is derived from the two major rivers Papum and Pare. Total population of the district according to census 2011 is 1,76,573 with male population 89,182 and female population of 87,391. The rural population of the district is 79,610 and urban population of 96,963. The literacy rate of the district is 68.55%.The administrative headquarter of this district is Yupia which is only few kilometers away from Itanagar, the capital city of the state.

Lower Subansiri district of Arunachal Pradesh which is one of the oldest districts of the state and it is named after the mighty Subansiri River. The present district is predominantly inhabited by Apatani and Nishi tribes. According to census 2011, the total population of the district is 83,030 with the population growth rate of 48.65%. The sex ratio is 975 female per 1000 male. The literacy rate of the district is 76.3%.The administrative headquarter of this district is Ziro.

Objective of study-

1. To identify the socio-economic profile of rural women Self-Help Groups.
2. To examine the economic empowerment of rural women through Self-Help Groups.

Data Source & Methodology-

The present study is purely based on primary data for analysis considering the objectives of study. Various secondary sources were also consulted to understand the existing literatures. The study was conducted in Papumpare and Lower Subansiri districts of Arunachal Pradesh considering its high participation and success rate in terms of Self-Help Groups as parameters at the time of sampling. 3 CD blocks were selected randomly from each districts for this study; Kimin, Baliyan and Sagalee blocks from Papumpare and ZiroI, ZiroII and Hong Hari blocks from Lower Subansiri district. The entire sample SHGs are registered under Arunachal State Rural Livelihood Mission (ArSRLM). A simple random sampling method was followed and 2 SHGs from each selected CD blocks i.e.,12 SHGs in total were selected randomly for this study. Interviews with structured interview schedules were used for collection of primary data. Data analysis and interpretation has been done with the help of simple statistical tools. The reference period of this study is January 2021 to December 2023 only.

Analysis and Discussions

Table 01- List of Self-Help Groups

Dist.	Sl.no	Name of SHGs	Members	Economic Activities	Year of formation	CD Block
Lower Subansiri	1	Kilya Ane	07	Weaving (Gale' & Shawls)	2018	Ziro I
	2	Niti Puyu	07	Knitting (Baby Dresses)	2019	Ziro I
	3	Myolyang	10	Farming & Catering	2017	Hong Hari
	4	Myolyi Pecha	10	Weaving & Bio-Fertilizers	2018	Hong Hari
	5	Benji Hapa	12	Farming	2016	Ziro II
	6	Kuh	09	Farming & Food processing	2018	Ziro II
Papumpare	7	Torung Apung	08	Farming & Broom making	2020	Kimin
	8	Ane Jumi	07	Food processing	2018	Kimin
	9	Aab Gagu	12	Farming & Wage labour	2021	Balijan
	10	Den Acham	08	Catering	2020	Balijan
	11	Hemp Nam Den	07	Farming & Food processing	2019	Sagalee
	12	Anyabo	10	Farming & Food processing	2017	Sagalee
Total	12	-	107	-	-	-

(Compiled by author based on primary data)

From Table 01, shows the list of SHGs randomly selected for this study. Total members interviewed were 107 from 12 SHGs. It is found that entire sample SHGs are registered under ArSRLM. It is observed that their economic activities are mostly farming followed by other activities. And here it is concluded that majority of the sample SHGs practice farming along with other economic activities.

- To study the socio-economic profile of rural women Self-Help Groups, variables like age, education, occupation, marital status, family size and purpose of joining the SHG have been considered.

Table 02- Socio-Economic characteristics of respondents.

Sl.no	Variables	Classification	Frequency	Percentage (%)
1	Age	a). Below 30 years	7	6.54
		b). 31-40 years	31	28.97
		c). 41- 50 years	49	45.80
		d). 51 years above	20	18.69
2	Educational Qualification	a). Illiterate	25	23.36
		b). Primary	17	15.89
		c). Secondary	30	28.04
		d). Higher Secondary	30	28.04
		e). Graduation	5	4.67
3	Occupation	a). Housewife	12	11.21
		b). Farmer	47	43.93
		c). Labour	10	9.35
		d). Business/Trade	35	32.71
		e). Any other	3	2.80
4	Marital Status	a). Married	74	69.16
		b). Unmarried	07	6.54
		c). Widow	26	24.30
5	Family Size	a). Small (1-3)	05	4.67
		b). Medium (4-6)	64	59.81
		c). Large (more than 6)	38	35.52
6.	Purpose of joining SHGs	a). To improve social status	5	4.67
		b). To improve economic status	3	2.80
		c). To promote saving	33	30.84
		d). To invest in business	29	27.10
		e). To repay previous debt	15	14.02
		f). Household expenditure	10	9.35
		g). Others	12	11.22

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From table 02, it is observed that only 6.54 % of respondents belong to the age group of below 30 years, 28.97% of respondents belong to age group of 31-40 years, 45.80% respondents belong to age group of 41-50 and 18.69% of respondents belong to the age group of 51 years and above. Therefore, it can be concluded here that majority of respondents fall under the age group of 41-50 years.

From table 02, it is evident that 23.36% respondents are illiterate, 15.89% respondents have studied up to primary school, 28.04% respondents have completed secondary school, 28.04% respondents have completed higher secondary and only 4.67% respondents are graduates.

Hence, most of the members in the sample SHGs have either studied up to secondary school level or higher secondary school level. That means equal numbers of respondents were found to have studied up to secondary school level and higher secondary school level.

Table 02, shows that of the 11.21% of respondents are housewives, 43.93% of respondents are farmers, 9.35% of respondents are labors, 32.71% of respondents are engaged in small business enterprises (like grocery or cloth shops or vegetable vendors etc.) and 2.80% respondents fall under the category of other occupations (e.g., contractual job at government or private sector). So, here it may be concluded that most of the respondents are farmers followed by business.

Table 02, indicates that 69.16% of respondents are married, only 6.54% of respondents are unmarried and 24.30% of respondents are widow. Therefore it may be concluded here that majority of respondents are married.

Table 02, suggests that only 4.67% of respondents have small family, 59.81% of respondents have medium size family and 35.52% of respondents have large family. So it is found that majority of respondents have medium size family.

Table 02, shows that 4.67% of respondents have joined SHG to improve social status. It is found that 2.80% of respondents have joined SHG to improve economic status, 30.84% of respondents have joined SHG to promote saving habits, only 9.35% of respondents have joined SHG to maintain household expenditure (especially school fees of children), 14.02% of respondents have joined to repay previous loans as the interest rate on the loans from SHG is very less in compare to the loan from any other financial institutions, about 27.10% of respondents have joined SHG purposefully to enter into business or to expand the existing business they own and 11.22% of respondents fall under others category.

So, it is found that majority of respondents have join SHG to promote saving.

- To access the economic empowerment of rural women through SHG movement, the variables taken are the saving, income, source of income and details of loan.

Sl.no	Name of SHG	Economic Activities	Sources of income
1	Keilya Ane	Weaving	Sale of traditional attire (<i>Gale'</i> and Shawls)
2	Niti Puyu	Knitting	Sale of woolen dresses (only baby dresses)
3	Myolyang	Farming & catering	Sale of seasonal vegetables & Earnings from occasional catering
4	Myolyi Pecha	Weaving & Bio-Fertilisers	Sale of traditional attire (<i>Gale'</i>) & Sale of vermicompost
5	Benji Hapa	Farming	Sale of seasonal vegetables (mostly maize)
6	Kuh SHG	Farming & Food processing	Sale of dry ginger chips & bamboo shoot pickle
7	Torung Apung	Farming & Broom making	Sale of seasonal vegetables & Broom
8	Ane Jumi	Food processing	Sale of dry ginger flakes
9	Aab Gagu	Farming & handicrafts	Sale of seasonal vegetables & handicraft items
10	Den Acham	Caterings	Income from occasional catering

11	Hemp Nam Den	Farming & Food processing	Sale of seasonal vegetables & Chilli flakes
12	Anyabo	Farming & Food processing	Sale of seasonal vegetables (Ginger & Turmeric) & Turmeric powder

Table 03- Economic Activities & Source of income of SHGs

(Compiled by author based on primary data)

From table-03, we can see most common among various economic activities of many SHGs is farming, for group farming they take up a farm land or agricultural plot of any of their member who willing to give their land for this purpose on rent or for free. In the study it was found that most of the land used for group farming was no more cultivated by any member or which was left abandoned for quite some time. It was also found that no member claim any rent from the group for lending their plot for group farming or any other activities. It was revealed by the members that they perform group farming only one or two days in a week.

Regarding catering, it was found that their catering activities are occasional in nature; it happens only when there is a big function organized by any individual, community, NGOs or government in the area. For weaving and knitting, it was informed by the members that they perform these activities at the comfort of their own house and as per their convenient time. But they have to finish their product within the specified target time set mutually by the members.

For rest of the economic activities in the sample (i.e., for food processing, handicrafts, making broom and vermicompost) it was found that the members spare one or two days in a week and choose the most spacious house of the member of their respective SHGs or any other feasible place for performing their economic activities.

Table-04: Average annual Income from Group Activities

Sl.no	Average Annual Income (Rs)	No. of SHGs	Percentage
1	Less than 10,000	2	16.67
2	10,000-20000	3	25
3	20,000-30,000	5	41.66
4	More than 30,000	2	16.67
	Total	12	100

(Compiled by author based on primary data)

Table 04 shows average income from group activities; 16.67% of sample SHGs earn less than Rs 10,000 , 25% of SHGs earn between Rs 10,000 –Rs 20,000, 41.66% of SHGs earn between Rs 20,000 – Rs.30,000 and 16.67% of SHGs earn more than Rs 30,000. Here earnings of the majority of SHGs’fall under the range of Rs 20,000-Rs30, 000.

It was informed by the SHG members the sale and purchase of finished product is done only at local market so far, therefore it may be concluded here that more awareness and trainings are required to be imparted to the members regarding marketing strategies of their finished product to increase the annual income.

Table 05-Average annual savings (from weekly savings)

Sl.no.	Average annual savings (Rs) (Group)	No. of SHGs	Average annual savings(Rs) (Individual)	No. of respondents
1	Less than 20000	4(33.33)	Less than 2000	12(11.22)
2	20000-30000	5(41.67)	2000-3000	78(72.90)
3	30000-40000	2(16.67)	3000-4000	0(0)
4	40000-50000	0(0)	4000-5000	0(0)
5	More than 50000	1(8.33)	More than 5000	17(15.88)
	Total	12(100)	Total	107(100)

(Compiled by author based on primary data)

**Figures in parentheses represent percentage

Each member contributes a fixed amount in every weekly meeting for saving. Even though the saving amount per person is less but contributing every week in the common fund leads to collection of good amount for lending purpose. They lend to the neediest person at the time of meeting on mutual understanding. The interest rate they charge is only 1% per month and they do not lend to non-members. This financial support reduces the dependence of respondents on local moneylenders. In this study the weekly contributions of the sample SHGs ranges from Rs 20 to Rs 100.

Table 05 shows that average annual saving of majority of SHGs (41.67%) ranges from Rs 20,000-Rs 30,000 and average annual saving of majority of members (72.90%) ranges in between Rs 2000-Rs 3000.

Table 06- Details of Loan (2021-2023)

Sl.no.	Name of SHG	Amount of Loan (Rs)	Source of loan	Utilisation of loan for group activity	Income generation from utilisation of loan amount
1	Keilya Ane	50,000	PLF	Yes	Yes
		1,00,000	Bank	Yes	Not Yet
		6,50,000	PLF	Yes	Yes
2	Niti Puyu	1,00,000	Bank	Yes	Yes
		1,00,000	PLF	Yes	Yes
3	Myolyang	1,00,000	Bank	Yes	Yes
		1,00,000	PLF	Yes	Not yet
		90,000	PLF	Yes	Yes
4	Myolyi Pecha	1,00,000	Bank	Yes	Yes
		1,00,000	PLF	Yes	Yes
		50,000	PLF	Yes	Not yet
5	Benji Hapa	1,00,000	Bank	Yes	Yes
		1,00,000	PLF	Yes	Yes
6	Kuh	1,00,000	Bank	Yes	Yes
		80,000	PLF	Yes	Not yet

7	Torung Apung	80,000 1,50,000	Bank PLF	Yes Yes	Not yet Yes
8	Ane Jumi	40,000 1,00,000	Rural Bank PLF	Yes Yes	Yes Yes
9	Aab Gagu	1,00,000 80,000	SBI PLF	Yes Yes	Yes Yes
10	Den Acham	1,00,000 6,50,000	SBI PLF	Yes Yes	Yes Yes
11	Hemp Nem Den	50,000 1,00,000	PLF Rural Bank	Yes Yes	Yes Yes
12	Anyabo	1,00,000 50,000 40,000	Rural Bank PLF Rural Bank	Yes Yes Yes	Yes Yes Yes

(Compiled by author based on primary data)

SHGs of NRLM are clubbed into a federation for smooth implementation of micro financing known as Primary Level Federation or PLF. There are many PLFs in a CD block depending on the concentration of SHGs in a particular village. One PLF consists of many SHGs, the number ranges from 5 to 10 SHGs. Two members from each SHGs represent its group in the federation by attending or participating in all the activities of the federation. Money is primarily lend to federation by banks and the members in the federation then mutually decide to lend the loan amount to any specific SHG on the basis of its previous performances or may decide to divide the loan amount and lend to more than one SHG of the federation. Above the PLF there is also a highest level of federation known as Community Level Federation or CLF, it includes many PLFs and promote the micro financing facilities.

Table 06 shows that impressive amount of loans are being mobilized through microfinance for the sample SHGs for earnings better livelihoods of members. Two groups namely Keilya Ane and Den Acham have been benefitted by the scheme known as AGEY with loan amount of Rs 6,50,000 for generating alternative source of livelihood. And two SHGs namely Ane Jumi and Anyabo have been benefitted by the scheme known as PM-FME with seed capital support of Rs 40,000/- and their final products are already been registered under FSSAI.

It was found in the study that the SHGs could earn sufficient amount of income so as to repay their loans from banks or PLF. The entire sample SHGs are self-sufficient to repay their loans by the small businesses they have started with the help of microfinance. No defaulter SHG was found in the sample areas so far. It was learnt that loan amount was utilised for income generating group activities where it was found that some of the activities have started generating income for the group and some investment from loan amount was yet to generate income at the time of field survey.

The two schemes mentioned above are the sub-schemes under DAY-NRLM, details of the scheme are as follows-

Arunachal/Ajeevika Grameen Express Yojana(AGEY)- This scheme was launched in 2017 by Ministry of Rural Development. The objective of this scheme is to provide to the beneficiary as an interest free loan through PLF/CLF to the members of SHGs. Under AGEY, capital support of Rs.6,50,000 to the beneficiary as an interest free loan to the members of SHG. SHGs utilize this amount to purchase commercial goods/passenger vehicle for generating alternate source of livelihood.

Pradhan Mantri Formalization of micro food processing enterprises (PM-FME) – It is a centrally funded scheme launched in June 2020 by Ministry of Food Processing Industries, with an aim to provide financial, technical and business support to micro food processing units in the country. It is being implemented by ArSRLM with support of Department of Industries in Arunachal Pradesh. This scheme envisages seed capital support up to Rs 40,000 for working capital and purchase of small tools for the SHGs who are engaged in food processing activities. It also helps facilitate FSSAI registration & Udyam registration of their product. It also provides capacity building training on skill development, packaging leveling and marketing.

Table-07: Details of individual loans from internal fund rotation (2021-2023)

Sl.no	Amount of loan (Rs)	No. of respondents	Percentage
1	Less than 20,000	5	4.67
2	20,000-30,000	8	7.47
3	30,000-40,000	10	9.36
4	40,000-50,000	51	47.66
5	More than 50,000	33	30.84
	Total	107	100

(Compiled by author based on primary data)

Internal funds are accumulated from the weekly savings and interest earned on the savings. And also from the surplus arises out of the income from group activities which are left after group loan repayment and further necessary investment. It was informed that entire sample SHGs do not lend these funds to the non-members or outsiders.

Table-07 shows that about 4.67% of respondents have received loan amount less than Rs 20,000, 7.47% of respondents have received loan amount that lies in between Rs 20,000-30,000, 9.36% of respondents have received loan amount ranges in between Rs 30,000-40,000, about 47.66% of respondents have taken loan amount that ranges in between Rs 40,000-Rs 50,000 and 30.84% of respondents have received loan amount of more than Rs 50,000.

Here, it may be concluded that the loan amount received by most of the members ranges from Rs 40,000-Rs 50,000 from their internal fund rotation. The interest rate on internal loan for all the sample SHG is 1% per month and tenure of loan is one year. It was found that Myolyang SHG does not charge any interest on loan from members if it is taken for any medical emergencies.

Table-08: Purpose of loan

Sl.no.	Purpose of loan	No. of respondents	Percentage
1	For farm related activities	28	26.17
2	For children school/college fees	14	13.08
3	For Business	30	28.04

4	For medical emergency	15	14.02
5	Repayment of old debts	12	11.21
6	Others	8	7.48
		107	100

(Compiled by author based on primary data)

From table-08 it is observed that 26.17% of respondents demand loan for farm related activities, 13.08% of respondents demand loan for purpose of children school or college fees, for business purpose 28.04% of respondents demand loan, 14.02% of respondents demand loan for medical emergencies, 11.21% of respondents demand loan for repayment of old debts and others only 7.48%. So majority of respondents' demand for loan is for business purpose.

Here, it was found that even though majority of members are farmers but most of the loan are being taken for business purpose. The reason here could be even though majority of members are farmers but they practice traditional farming where capital input is less and the members who are taking loan for business purpose are the owners of small groceries shops, vegetable and meat vendors, cloth shops, beauty parlors, handicrafts shops, vegetables and meat shop and food restaurants where capital requirements are more than that in farming.

Major Findings

1. The study found that the entire samples SHGs are registered under ArSRLM with almost similar economic activities. Majority of the sample SHGs practice farming followed by food processing and catering.
2. Majority of respondents (45.80%) fall under age group of 41-50 years of age.
3. Equal numbers of respondents i.e., 28.04% each have studied either up to secondary school level or up to higher secondary level.
4. The main occupations of most of them (43.93%) are farming.
5. Majority of the respondents (69.16%) are married.
6. Most of the respondents (59.81%) have medium size family of 4-6 members
7. Majority of respondents (30.84%) have revealed that, the main reason behind their joining in SHGs was to promote saving.
8. Group activities like farming, food processing, compost making and broom making are organized only once or twice in a week at the most convenient place selected by the member of respective groups. Catering is found to be occasional in nature and weaving and knitting are done at the comfort of own house of respective members but the completion target set by the group has to be taken care of.
9. Regarding average annual income from group activities, it is found that majority of SHGs (41.66%) are earning income ranging from Rs 20,000-Rs 30,000.
10. Average annual saving of majority of SHGs (41.67%) ranges from Rs 20,000-Rs 30,000 and average annual saving of majority of members (72.90%) ranges in between Rs 2000-Rs 3000. In this study the weekly contribution of sample SHGs ranges from Rs 20 to Rs 100 only.
11. Regarding loan disbursement, it was found that there are good amounts of loan mobilization through the provision of microfinance to ensure better livelihood and to generate alternate source of income. The amount of loan ranges from Rs. 50,000 to Rs 6,50,000. It was learnt that loan amount was

utilised for income generating group activities where it was found that some of the activities started generating income for the group and some investment from loan amount was yet to generate income at the time of field survey.

12. It was found that majority of respondents (47.66%) have received loan amount ranging from Rs 40,000 to Rs 50,000 from internal fund rotation.
13. Majority of respondents (28.04%) take loan for business purposes.
14. Many entrepreneurs with small businesses are budding up in the study area and are found to be functioning well enough to repay their loans through microfinance.

Suggestions

- a. More training on entrepreneurship development according to the rural women's capacities or skills and feasibility of resources of different areas may be provided so as to empower the rural women SHGs in those areas and also to enable them to expand their economic activities and explore more opportunities for entering into new businesses.
- b. More training on skill development and marketing strategies are required.
- c. Campaigns may be organized to generate awareness to non-members local people regarding scope and benefits derived by the members of SHGs.

Conclusion

From the findings it may be concluded that the SHGs in Arunachal Pradesh have great potential of poverty eradication and economic empowerment of rural women through microfinance. It has been recognized that SHGs and microfinance have significant role in poverty reduction by creating self-employment opportunities. Hence microfinance needs to be promoted and properly channelised through SHGs to create livelihood and employment opportunities for their members. But SHG members in study area while promoting their small businesses faced a lot of problems in marketing their product. It is suggested that SHGs require more training and capacity building programme regarding finance, marketing strategies and risk taking skills. My sample though very small i.e., only 12 SHGs with 107 members and purely based on primary data collected through field survey, therefore there may be some unintentional variations and it may not be a complete representation of the SHGs of entire state but still we cannot deny the fact of emerging small businesses operated by the members of SHGs in sample areas. So, we may conclude in this study that SHGs have great potential for gearing up economic empowerment of rural women if proper guidance, initiatives and basic facilities are provided to them.

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