

## **A DETAILED STUDY ON THE CONTRIBUTION OF MICROFINANCE IN WOMEN EMPOWERMENT**

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### **Abstract**

In India, microfinance having several models for which are being applied through involving banks, government, various agencies and Non-Governmental Organisation-NGOs. The major and dominant approaches that target the poorer section of the society can be broadly classified as the Self Help Group (SHG) Model. The microfinance sector in India is well on its way to professionalize and institutionalize performance measurement with initiatives such M- CRIL and EDA rural systems. **(Source-RBI)**. However, it was also been observed that although lakhs of poor households are reached compare to this, these numbers are relatively very small looking into the size of the population living in poverty line. Furthermore, Northern states have been underserved compared to the South in India.

For the SHG Bank linkage model, the concept of federations is seen as a promising initiative that could strongly contribute to sustainability of both the SHGs and women empowerment than in the other dominant model for microfinance, basically the Grameen model.

**Keyword:** Banks, Government, Microfinance, Grameen Model.

### **Introduction**

Compare to other countries In India Banks specifically commercial banks are beginning to study and analyse the micro-finance market very minutely. In last decade, micro finance has explore of new market which has been facilitated by loan guarantees, RBI rediscount lines, and technical assistance. Donor-funded credit programs linkage was the initial resources for loans frequently came from and time began commercial banks draw on their own deposit for micro-loans.

Banks pointed out with commitment to do at its levels best and is necessary to make a micro-finance program work effectively and successfully in coming days. Without this support, these programs will not receive the human as well as financial resources they require for expansion. Afterwards, larger banks started funding through their own deposit with relatively minor reliance towards micro loan. Risk is associated with that and this funding also attached with risking lakhs of rupees from their own deposit to fund these programmes.

### **Review of literature**

**S.Suja (2012)** conducted a study on "Women Empowerment through Self-Help Groups-An evaluative study". A total sample of 100 beneficiaries had been selected for the study. The objective of the study was to analyze the role of Self-Help Groups in the Economic empowerment of women. The researcher used Mean, S.D & T -test for finding out the changes in pre & post situation of SHG. By comparing the variables like Economic

empowerment, Decision making empowerment, Social empowerment, Managerial, Personality empowerment, leadership, legal awareness and quality of work life.

**Murlidhar L. (2013)**, found that after joining the group, the monthly average income and savings of the respondents had shown an increase of 133.37 % and 76.27 % respectively. More than 96% of them reported that they play an important role in decision making in the family which is an economic factor of an economic empowerment. The confidence level of the respondents had increased to a great extent. They had reported active participation in socio economic activities. It was inferred that micro financing through women self- help groups had brought a positive change in the lives of the members. The study concluded that poor, discriminated and underprivileged women if join the groups, can come out of poverty.

## **Research Methodology**

### **Type of research**

The type of research design followed for the study will be **Exploratory Research**. When the purpose of research is to gain familiarity with a phenomenon or acquire new insights into it in order to formulate a more precise problem or develop hypothesis, the exploratory research comes in handy. If the study happens to be too general or too specific, hypothesis cannot be formulated. Therefore need for exploratory research is felt to gain experience that will be helpful in formulating relevant hypothesis for more detailed investigations.

### **Data Source**

#### **Primary Data Source**

The actual information will be received by the researcher for study from the actual field of research. The data will be obtained by means of questionnaires and schedules. In some fields primary data will be collected through interview and observation methods. The observation method, for collecting primary data, will be both participant & non-participant. They will be called primary data because they will be attained by the researcher from the field directly and for the first time.

#### **Secondary Data Source**

Secondary data will be attained indirectly. The researcher will not attain them directly. Such data will be attained from published and unpublished materials. Secondary data will be gathered from information collected from the individuals and stores through personal diary's, letters and survey documents etc. The secondary data again, will be gathered through two types of sources. The first source will be the personal documents such as diaries, letters, photographs etc. the other source will be the public documents such as books, manuscripts, records, reports of surveys by private organisations and various information's published in newspapers and magazines. The researcher will collect some data from journals, souvenirs, magazines etc. of national & international cadre.

### **Objectives of Study**

- To compare the living standard and expenditure of the people before and after receiving the loan.

- To study whether SHGs bank linkage are an effective for poverty alleviation, human development.

### Hypothesis

**H0:** “Income and savings of women is unaffected due to participation in SHG”

**H1:** Income and savings of women is affected 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, where the data of 100 women from different SHGs of Nagpur was collected.

#### Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	The rate of interest of micro credit is reasonable before joining SHG - The rate of interest of micro credit is reasonable after joining SHG	-1.70000	1.14150	.11415	-1.92650	-1.47350	-14.893	99	.001
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	-0.84000	1.52236	.15224	- 1.14207	-.53793	-5.518	99	.000
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### Findings

1. The SHGs women of other age group are also taking Interest, Motivated and joining the SHGs knowing the benefits available as the age of 12% respondents was Less than 25 years however the respondents between 25-40 years and above 40 years are 44% each.
2. From the study overall observation point out that the majority of the educational experience of 44% of the respondents was more than 10 years are availing the Microfinance loan compare to other range of experience as considerably low in percentage.
3. Majority of the respondents i.e. 72% had more than 5 members in their family this revealed that majority of the SHG member having dependent and Independent members and chances of saving is very less.
4. 8% of the respondents who have less than 2 members in their family said that they have nuclear type of family and remaining 92% of the respondents live in Joint Family.
5. 28% of the respondents got the information about implementation of SHG from their friends/relatives. Apart from that 26% said they got the information from NGOs working in their locality. This awareness functioning by the various Groups and people leads strengthen the respective community and society at large.

### Suggestions

1. Encouraging SHGs women members because one of the reasons for this is the weak banking network as bank are very cautious while providing loans and social backwardness is also increases. Here NGOs need to increase their activities in Nagpur city.
2. Government should also focus on their functionaries which will help them in their Capacity building which ultimately leads to serve better to the society at large. Mahila Bachat Gadh is also doing good work in Nagpur but still far behind for productive result.
3. SHG movement will lead to participatory and self-help character as most of the SHG members is not part of the group which is bad signal and might harm the respective stake holders.
4. People should be educate on regular basis in the above mentioned area as still most of the women are under family pressure and not aware about the how to be good

livelihood in the society. Area wise group leaders to be form and they should have joint association with the local activist to do the same.

5. In Nagpur as per the report received from 2-3 micro finance companies due to malpractices money landed to wrong people which leads to higher defaults, misuse of loans like revolving loan for money lending.

### **Conclusion**

It is fact proven that the self-help groups (SHGs) are the latest and targeted breed of the micro finance industries in India. In Nagpur there are more than 30 micro finance institutions and in India, efforts have been made to promote micro finance in a sustainable manner. It is also fact that the need of the hour is SHG bank Linkage Program which is an important vehicle now a days. Serious efforts have been made towards SHGBLP. As SHGs in existence since long even before the linkage programme but the banks could not recognize that SHG would be their potential business clients and till date both operated independently, without knowing each other's strength. Micro finance and SHGs have been playing a major role in spite of the assorted constraints and intrinsic limitations for the empowerment of women. It is very critical and tough for women empowerment in the process of development of the women and economy too.

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