

Role of Micro finance in Empowering Self-help Groups – An Opportunistic Approach

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Abstract- Micro finance is a strategy where the growth is normally distributed among the society and it creates opportunity for all the members of self-help groups. It targets on rural women's as they considered to be more dependent on others and it is a powerful tool for empowering women particularly. It always focuses on serving the women in the self-help group and is mainly for the rural poor who are living below the poverty line and they should make sure the poorer women are able to access credit. The government announced various schemes for the rural women for their betterment and availability of micro credit for the underserved section of the society. This paper elaborates the role and impact of microfinance in self-help groups, which pave way for the growth of women in the family and in the society.

Keywords: *Microfinance, self-help groups, NGO, Financial inclusion, Poverty Alleviation.*

I. INTRODUCTION

Micro finance is a powerful tool for the unreached poor who are unable to get any services. In India, National Bank for Agricultural and Rural Development (NABARD) initiated the starting of the SHGs in 1986-87. The non-governmental organizations (NGOs) also contribute significantly in working for the betterment of the rural poor. They concentrate more on the areas of poverty eradication, women empowerment, community growth and also they make sure that all the groups aware of the activities that are either given by the government or the NGOs. They provide a great service to SHGs in income generating activities. Self Help Groups are initiated by the Government for the development of rural women. The group normally consists of not less than ten people (with maximum of twenty). In the earlier day's women depend more on the agriculture but now most of the women become independent through the SHGs. In the recent years the self-help group has become a prominent one in alleviating the poverty and targeting the group development. The origin of SHGs which turned the life of the poor people in good way not only as individuals in the family but also in the society. Financial inclusion will be really prosperous only when the marginalized poor will have an access to savings, affordable credit and Insurance facility (Porkodi, Dr. Aravazhi 2013). Self-help group bank linkage programme that have a significant improvement among group members and which could increase in income, savings and investment (Audil khaki 2012). Micro finance a financial device which helps in shaping the marginalized section of our society and also helps in empowering women. Moreover, it provides a forum for savings, insurance and employment

to all women beneficiaries which would help for a better life. (Dr.Manidipa, Raunaq 2017: 344). In the recent years there are many changes in financial activity of the SHG members where it helps them to meet all their needs, illness and children education. The origin of SHGs which turned the life of the poor people in good way not only as individuals but also in the family and the society.

II. REVIEW OF LITERATURE

- According to (S. Rajamohan 2005) in his study, he examined that self-help group helps the women to increase their status and raise the standard of living and also most of the women are becoming entrepreneurs with the help of self-help groups resulted in improving their self-confidence.
- According to (Amutha 2015) in her study done on impact of microfinance is a key strategy to address the poverty. She concluded that the members of the group started saving only after joining the self-help group, and no savings done in the pre Self-help group era so it plays a role in the development of women.
- Another study done by (Madhavi Kodamarty 2016) highlighted about financial services and identified an influential factors relating to micro finance. The result of the study revealed that microfinance created a greater impact among the members of the self-help group by not only in savings and increase income but also better improvement in bank related activities and improve their self confidence and self-esteem in the society.

- Further study by (Kwadwo Boteng 2018) Financial inclusion has become important tool for alleviating poverty. The people who are under the marginalized section where concentrated more and financial services are provided to their doorsteps. Policy such as Pradhan Jhan dhan yojana has become an indicator which aims to provide basic bank account, Pension for unorganised sector and expanded affordable access of financial services to the marginalized poor for their better life. Financial inclusive programs also helped Rural Poor in reducing poverty and financial exclusion.

III. OBJECTIVES OF THE STUDY

- To study about the sources of micro finance in self-help group.
- To understand the role and impact of micro finance in self-help groups.

IV. ROLE OF MICROFINANCE

Microfinance is financial service provided to the low income group people including consumers, self-employed who lacks access to banking and services. It covers the services like credit, insurance, savings etc. Financial inclusion provides timely financial services to low income groups people at an affordable cost. This small finance which makes them to take care of themselves and their family members. It helps them to become self-sufficient and financially independent through their businesses. A large number of people who live in the rural area find very hard to get finance from established lending institutions. The provision of micro credit is certainly a powerful tool that will bring financial inclusion which provides services through the private micro finance like Grameen Koota, samasta, ujjivan, Esaf, Sangamitra etc.

- **Grameen Koota Financial Service**
The main aim of Grameen Koota is to serve the financially ignored section of the society by providing financial literacy campaign for women, training on how to manage micro enterprises, sanitation and safe use of water etc. They also provide service on financial inclusion to help Self-help group members to access good income and better lives and to be part of Indian growth and completed 21 years of service for low income households.
- **Samasta Micro Finance**
Samasta microfinance institution is committed in working towards women economic empowerment, which provides affordable financial services to women. They provide different loans like income generation loan, education loan, top-up loan, dairy cattle loan etc. to the women self-help group members.
- **Ujjivan Small Finance**
The main purpose of Ujjivan is to provide financial services to people who are unserved or underserved

by the commercial banks. They provide microcredit loans like Business loan, education loan, Agriculture loan etc. to the Self Help Group member.

- **Esaf Small Finance**

Esaf Microfinance was established on 11th march 1982 and its main motive is to alleviate poverty and reduce unemployment. Esaf provide loans like income generation loan, housing loan, vidya jyothi loan etc. for the upliftment of women self-help group members.

- **Sanghamithra Rural financial service**

It established in 1995 basically work with self-help group bank linkage model with the aim of providing financial service and works on the promotion of community health projects like maternal care, child nutrition, sanitation etc.

In today's scenario micro finance has become one of the important strategy to provide financial services for the unreached poor. Women who is needed with finance, micro credit helps them to improve their self-confidence, self-esteem, social status etc. There are various types of micro finance in India, namely

- **Joint Liability Group (JLG)**

Joint Liability Group was pioneered in the year 2006 by the efforts of National Bank for Agriculture and Rural Development (NABARD) which provides institutional credit for small farmers. JLGs is an informal group consists of 4-10 individual generally from weaker section of the society, formed for the purpose of availing loan through mutual guarantee and it is a credit oriented group which is primarily formed to avail loan from the bank. A MFI can finance a JLG by financing to a group directly or individual in the groups. In both of the cases all members of JLG is responsible for repaying the loan amount.

- **Self Help Group (SHG)**

Self-help groups is a village-based financial intermediary committee usually composed of 10-20 local women who work together for social and economic upliftment of their families and community. Individuals come together and generate a common fund to meet the emergency needs. The basic idea behind the SHG's is to provide credit facilities at a reasonable rate and also without much documentation process they can get the financial service.

- **The Grameen Bank Model**

Grameen model was introduced by Nobel laureate prof. Muhammad Yunus in 1970s. The main motive of this model has been the overall development of the rural economy and promote financial independence among the poor. It has offered credit to the people of formerly underserved: the poor women, illiterate, and unemployed people.

- **Rural Cooperatives**

The Rural Cooperatives was introduced in India in 1904 by the government of India. Initially it provided credit to farmers and then gradually it extended its service to the weaker section of the society, backward communities for rural development.

This study is focussed on micro credit service provided to the Self Help Group member for the growth of rural women. The borrowers for these loans are from low income group and the amount is small called micro loans. SHG loans are short term loans which are offered without any security for income generation purpose.

V. IMPACT OF MICRO FINANCE IN SHGS

Microfinance is a small loan given to an individual to help them become self-employed and provide real opportunities for rural women to challenge the barriers that women face. There are various types of loans which is given to the group members for their development. Micro finance distributes loans to Self-help group members without any security and support them to meet their financial crisis. The following are the impact of micro finance for SHGs beneficiaries

➤ Entrepreneurship

As a SHG group or an individual they need capital to start a business. Micro finance plays a vital role in empowerment of women. They borrow finance and create new jobs for themselves. It is identified as a ladder for their self-development, self-confidence and decision making power in the society.

➤ Leadership Skill

As a leader understanding the group members behaviour and acting according to situation and she has many responsibilities compare to other members in the group. She has to take care of the banking activities, maintain accounts, savings, division of work and group meetings etc. these behaviour results in improving the rural women leadership skills.

➤ Social Status

Microfinance improves not only economic status but also social status of the SHG members. It also paves the way to move more independently, expressing their opinions, participating in more social welfare activities and when these are taking place they achieve new status in the society. Women are engaged in small business programs with the help of SHGs and to become economically empowered and achieve status in their community which lead them to an improvement in self and social awareness.

VI. CONCLUSION

Micro finance ensures the availability of credit and financial inclusion to the self-help group members for income generating activities. It plays an eminent role in the transformation in their life and influence women to become more independent, knowledge, reduce poverty and to empower rural women. The government also encourage the

development of rural women by introducing many schemes for the benefit of the women which would help them to show their talents and to be independent in the society. It is found that microfinance had a positive effect on improving social status of self-help group beneficiaries, promotion of self-help group and empowering women to realise their fundamental rights

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