

SELF-HELP GROUPS AND WOMEN EMPOWERMENT

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Abstract

The Indian economy has seen several positive changes since independence, but even today all regions are not equally developed and many rural region are underdeveloped even today. Self-Help Group (SHG) movement began in Bangladesh under the Leadership of Dr. Muhammad Yunus. Self-help groups (SHGs) movement has sparked off a silent revolution in delivering credit mainly to women of rural India. The SHG-Bank Linkage Programme is considered a most successful, promising and widely accepted model in India. SHG- Bank Linkage Programme (SHG-BLP) - a pilot project was initiated by National Bank for Agriculture and Rural Development (NABARD) in 1992 is widely accepted and successful model for providing finance to weaker section of the society. Micro finance has emerged as a visible credit channel to the poor as their access to conventional credit sources is constrained by the requirements of collaterals and high transaction costs.

Key words: *SHG-Bank Linkage Programme, Micro Finance and NABARD.*

Introduction

The Government of India and Reserve Bank of India (RBI) after independence in 1947, have made rigorous efforts, to include poor in the formal credit system. As we are aware there is increase in the number of formal banking/credit institutions in the past, but even today poor prolong to depend on informal source of financing. There is large number of poor and their credit needs are small and frequent, due to these banks and other financial institutions find it difficult in dealing with this successfully. To obtain the loan from banks and financial institution there is lengthy and difficult procedure and risk perceptions of the banks, which created a gap in fulfilling the credit needs of the poor. Many research studies were conducted to find the solution of this problem and to meet the needs of the poor.

In 1976 Muhammad Yunus, professor of Economics in Chitgaon University of Bangladesh, started Grameen Bank to provide loan to poor people of Bangladesh. Dr. Yunus has strong belief that microfinance is an important instrument to fight poverty. India has adopted the Bangladesh model in modified form.

Research Methodology

Objectives of Research

- 1) To study the concept of Self-help Group.
- 2) To study the concept of Micro Finance
- 3) To study the progress of Self-help Groups in Maharashtra State.

Data Collection

The present study is based on a case study, and secondary data - collected from Reports on-Status of Microfinance in India

Limitations of the Study

Secondary data only relating to number of self-help groups, number of members and saving amounts, of Maharashtra State is considered for the purpose of study.

Self- Help Group

Self-Help Group is a group of 15-20 members who come together with the aim of helping one and all who are the members of the group. Group is formed mainly by the women who stays in the same or nearby locality and belongs to almost same economic stratum. The registration of group is not mandatory. Non-Governmental Organisations (NGO) or Government agencies usually help in formation of such Self-Help Groups. The savings of group members are pooled together and fund is generated which is used for the sanction of small interest-bearing loan on the priority basis to the member who is in need of loan.

Micro Finance

The term micro finance is of recent origin, but it is always referred as the major solution for poverty reduction and women economic empowerment.

Affordability, availability and accessibility of adequate, timely and small flexible way of loans to those who cannot offer collateral security in a non-bureaucratic style, micro finance provides the financial support to those micro entrepreneurs.

In India micro finance operates through two main channels (a) banking system through SHGs under Self Help Group Bank Linkage Programme (SHG-BLP) and Joint Liability Groups (JLGs) lending programme and (b) through Micro Financial Institutions (MFIs) lending through individual and group approach.

In India micro finance is dominated by Self Help Groups-Bank Linkage Programme aimed at providing a cost-effective mechanism for providing financial services to the unreached poor.

Self Help Group - Bank Linkage Programme, a pilot project was initiated by National Bank for Agriculture and Rural Development (NABARD) in 1992 that aimed at promoting and financing 500 SHGs, today SHG-BLP is widely accepted and successful model for providing finance to weaker section of the society.

The pilot project was designed as a model of partnership between the three organizations, i.e., Self Help Groups, Banks and Non-Governmental Organizations (NGOs).

Today this programme is supported by all Commercial banks, Regional Rural Banks (RRBs) and Cooperative Banks.

NABARD (1992) has issued guidelines to provide the framework for a strategy that would allow banks to lend directly to SHGs. Based on these initial experiences; the Self-Help Group - Bank Linkage Program was launched in 1992.

Micro Finance Institutions (MFIs) -The Micro Finance Institution model has also gained momentum in India in the recent past. Micro Finance Institution model is known around the world, where as SHG-BLP model is an Indian model.

These MFIs provide financial services to individuals or groups and MFIs are institutions that have micro finance as its main operation. The main objective of MFIs to offer micro finance services.

Micro finance institutions plays an important role in facilitating financial inclusion and thus help the poor to avail cheap and timely finance, which will help the poor to overcome poverty, unemployment and contribute to economic development..

India has adopted a multi-agency approach for the development of its micro-finance programme. All the major credit institutions such as Commercial Banks, Co-operative Banks and Regional Rural Banks (RRBs) along with Non-Government Organisations (NGOs) have been associated with the micro finance programme. The role of the delivering agents and their interface has led to alternative models of micro finance.

It was mainly due to the Non-Profit / Non-Governmental Organization (NGO / NPO) initiatives Self-Help Groups (SHGs) began to appear in the country. Mysore Resettlement and Development Agency (MYRADA) was the first to regulate the concept of self-help groups in India.

Case Study

Name of Self-help Group: Shree Swami Samarth Mahila Bachhat Ghat(MBG)

Formed by Aadarsh Co-operative Society, Kopar khairane, Navi Mumbai

The group is having 40 women members who are staying in the same society.

This group was formed in September 2018 and successfully completed three years of its existence, under the able leadership of Miss. Rupali Pail who is the President of the group. Every member contributes Rs. 500 per month, which pools a total amount of $500 \times 40 =$ Rs.20,000. During lockdown some members found it difficult to pay the monthly contribution. This group is linked with State Bank of India.

The loan is provided to needy group members with a very simple procedure, @2% interest per month. This has boosted the confidence level of the members, who wants to start their small business they can get funds without collateral obligations.

The group sanctions the loan to the member only after completion of six months as the member of group and without default in payment of monthly contribution of Rs.500.

Mrs. Sangeeta Pawar was sanctioned a loan of Rs. 30,000 in October 2019 to start a small general store, which was running very successfully as there was no shops near to that society, she discharged full principal and interest amount. But during pandemic her business suffered a loss, but she has not lost her hopes and dreams as now some relaxations are given, she has again started the business with hopes and enthusiasm of accepting and adjusting with 'New Normal'.



Maharashtra State	Details of SHGs Saving linked with Public Sector Commercial Banks			Details of SHGs Saving linked with Private Sector Commercial Banks			Details of SHGs Saving linked with Regional Rural Banks			Details of SHGs Saving linked with Cooperative Banks		
	No. of SHGs	No. of Members	Saving Amount (Rs. In Lakh)	No. of SHGs	No. of Members	Saving Amount (Rs. In Lakh)	No. of SHGs	No. of Members	Saving Amount (Rs. In Lakh)	No. of SHGs	No. of Members	Saving Amount (Rs. In Lakh)
2016-17	301807	3395059	41415.07	98195	1309141	12222.20	112079	1811811	10121.66	373339	4758509	46585.67
2017-18	297196	3597498	34894.18	112561	1495113	11083.69	116144	1831520	10538.47	322390	4046846	38462.27
2018-19	420282	5125482	85465.62	134933	1801789	14584.73	124895	1918740	13320.81	403701	4965782	52783.32
2019-20	417491	5226888	62847.47	169099	2119853	28556.32	140752	2086663	18803.81	439814	5549693	48236.93
2020-21	511326	6912659	79229.20	188050	2354390	50276.30	116955	1616514	21242.02	396762	5013032	178800.56

Source: Data compiled from Status of Micro Finance in India Reports, NABARAD(2016 -17 to 2020-21

The above data is presented through Line Chart

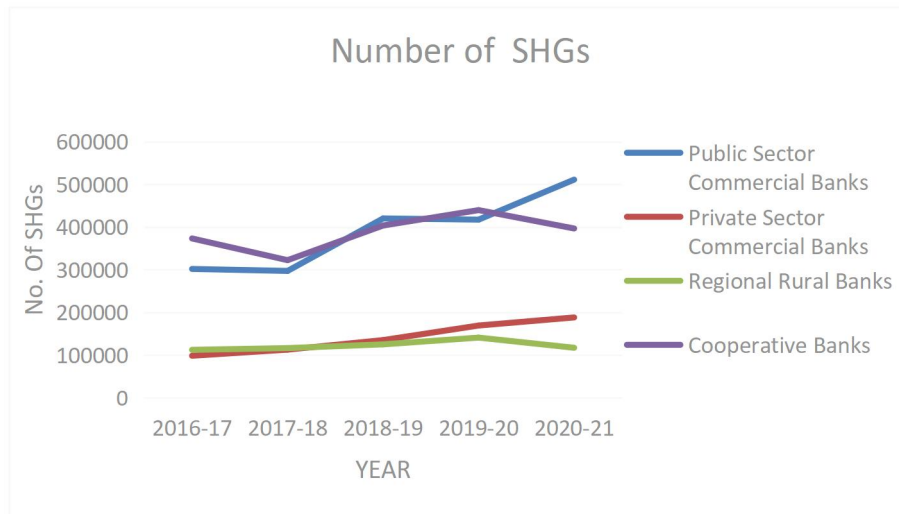


Figure 1: Showing Number of SHGs

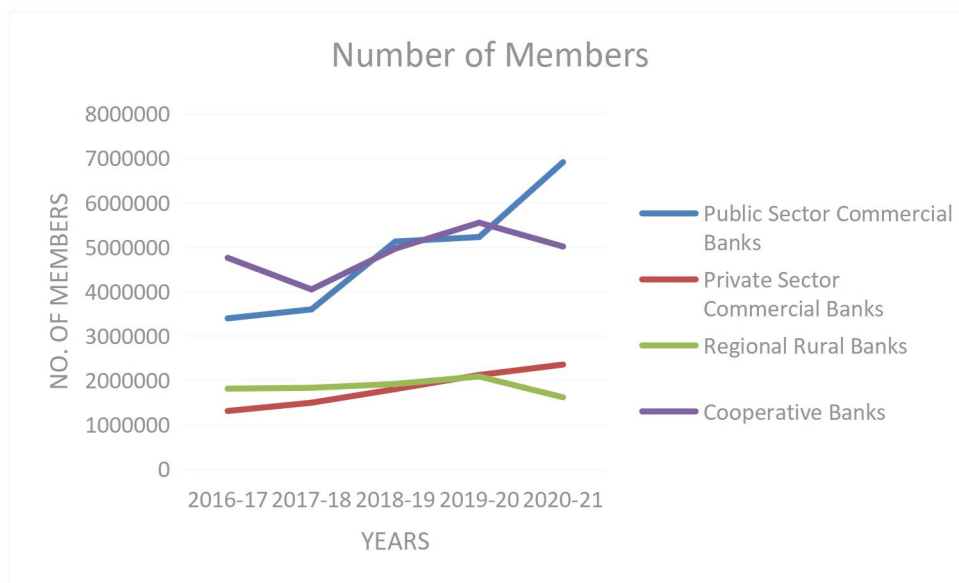


Figure 2: Showing Number of Members

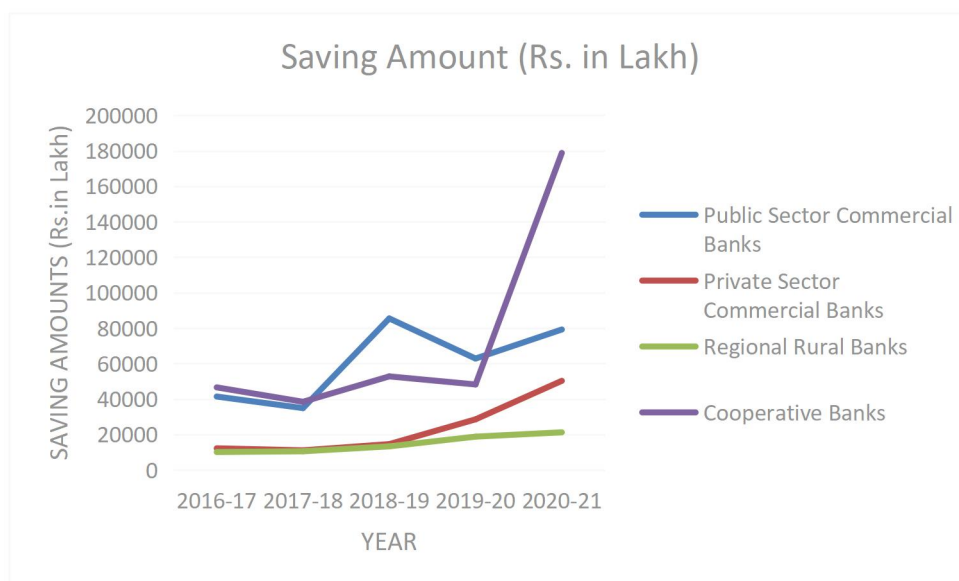


Figure: 3 Showing the Saving Amounts (Rs. In Lakh)

Conclusion

Microfinance is powerful tool to fight poverty, based on various studies and empirical findings, it is concluded that microfinance has reduced the incidence of poverty, women economic empowerment through self-help groups bank linkage programme. There is huge potential in this sector to speed up those activities which are connected to sustainable development and inclusive growth of all sectors of Indian Economy.

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