
ROLE OF MICRO-FINANCE, SHGS AND WOMEN EMPOWERMENT IN HIMACHAL PRADESH: A REVIEW OF STUDIES

Ajay Kumar

Assistant prof., Department of Economics,
Govt. Degree College Dhaneta, Hamirpur Himachal Pradesh.

ABSTRACT

In the present study, an attempt has been made to review those studies which were conducted by different researcher to analyze the significance of different concepts related to microfinance. The studies include the review of the role of micro-finance or group lending, internal and bank loan.

Keywords: Micro-finance, SHGs, Women Empowerment and Poverty Alleviation.

INTRODUCTION

The micro-credit and microfinance industry would not have developed so rapidly if both were not supported by in-depth insight in the small- and micro-enterprise sector at large and the theories developed in the late eighties. Rarely do we see development processes being supported by a well-founded theory, but the microfinance sector is one of them. The start and growth of the sector with the launch of many, fast growing micro-credit programmes for the poor was based on a theoretical framework and a strong awareness that something needed to be done about the plight of the poor. What first started in developing countries gained ground as well in European countries with the Netherlands following only a few years ago. Comparisons are difficult to make, but they do demonstrate that the matching of client groups and services/ channels deserves more attention, not in the least in order to continue serving the less advantaged in our society. Setting the millennium development goals and the International Year of Microcredit, and awarding the Nobel Peace Prize to Mohamed Yunus, have definitely given an enormous boost to microfinance worldwide, as it has also done in the Netherlands. Initially, most developing countries accepted microfinance as an instrument to combat poverty. Then it was acclaimed as an instrument to boost entrepreneurial initiatives. Subsequently, MFIs developed comprehensive programmes offering a wide range of products and services to micro-entrepreneurs (Molenaar 2009).

Athavale et al. (2001)¹ evaluated the working of a particular SHG called Yoshoda Mahila Samithi under the leadership of Anganwadi worker, has helped the members to do saving and get loan. The repayment was 100%. The loan was used for productive purposes of either buying fishnets of boats or for agriculture. Reading the success of this group, eight more groups were formed; of them two were by male. To fulfill the requirements of irrigation, 2 k.m. long pipelines were already laid. The scheme is expected to help in improving the methods of agriculture and to grow vegetables and fruits thereby stopping their migration to other places in search of wage labour.

Datta and Singh (2001)² observed that SHGs belong to the BPL households generated 70% of the saving and remaining by APL households. The loan sanctioned to BPL households was just 7.4% while it was 41% for the APL SHGs. Despite several lobbies the bank loan to BPL is not available. The APL families by virtue of their greater awareness, education and managerial abilities were able to get more benefits. Nearly 83% of BPL households were eligible after six months but only 5% were extended with loan. The provision of meagre credit hardly helped them to improve their income levels. It was suggested that undue delay in sanctioning of loan must be avoided. An extensive campaign is needed to educate the bankers that advancing credit to them is more profitable and the same in terms of recovery.

Kundu et al. (2001)³ found that the SHGs were formed with homogeneity of interests and involve in discussions with the members for determining their creditworthiness, need and exact requirements, income and repayment possibilities etc so as to arrive at practical and human decisions. SHGs have improved the confidence and also cultivated the habit of thrift and utilization of collective wisdom to tackle their own problems. It was suggested to organize the rural poor and get better access to credit.

Sharma et al. (2001)⁴ in their study on determining the success of NGOs in micro financing to SHGs in rural Himachal Pradesh found that the working and impact of SHGs on rural poor depended the NGOs regional coverage, ideology, programme, implementation, effectiveness, popularity and the leadership it has. The farm families utilized the credit for consumption purposes mostly followed by investment on education, social ceremonies and farm production. Regarding popularity and stability of the NGOs, a majority of the respondents were of the opinion that democratic working of the NGOs, long term planning , farsightedness of management, honest administration, and hard working officials shown a major impact on availing credit at the right time, type and amount to the members of SHGs.

Dwarakanath (2002)⁵ analyzed the characteristics and growth of Self –Help Group in Andhra Pradesh and found that the SHGs using the loan facilities from the co-operative credit banks, commercial banks, mahila bank and maheswaran banks, have produced more than 50 varieties of

products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles are important products. The author also said that the women groups started to educate their own group members and also they realised the importance and significance of literacy whereas a lot of enthusiasm has been generated and the SHGs had a greater vision in empowerment of rural women and for overall human development.

Rao (2002)⁶ made an attempt that the existing formal financial institution have failed to provide finances to landless, marginalized, and disadvantaged groups. The origin of Self-Help Groups could be traced to mutual aid in Indian village community. Cooperative are formal bodies, whereas Self-Help Groups are informal. Self-Help Groups encourages saving and promote income generating activities through small loans. The experiences available in the country and elsewhere suggest that Self-Help Groups are sustainable, have respectively stimulate savings, and in the process help borrowers to come out of vicious circle of poverty

Jothy and Sundar (2002)⁷ in their study of evaluating the programme of Tamil Nadu Mahalir Thittam found that SHG women are currently involved in economic activities such as production and marketing of agarbathis, candle and soap, readymade garments, pickles, fur toys, bags, palm leaf products dhotis, herbal products, fancy sea shell, ornaments, coir mats and other coir products, mattress, chapels, leather good etc. In addition, the SHG women monitor the normal functioning of the ration shops, maintain vigil to prevent brewing of illicit group, help the aged, deserted and widows to obtain loan.

Rangi, Sidhu and Singh (2002)⁸ brought out the fact that majority of the respondents of the SHGs were in the young age group and educated. Two-third of the respondents belonged to the SCs and backward castes. About one-third of them had their own land but majority of them belonged to the small and marginal farmers' families. It was found that about 1, 8 62 and 20 per cent of the respondents of three districts became member of the SHGs in the year 1998, 1999 and 2000 resp. The study also revealed that 44 per cent of the respondents borrowed from the internal sources of the SHGs during the year 2000-01 and 62 per cent of them had taken loans from the banks with the help of SHGs. The amount of loans taken from the banks was high as compared to the internal borrowing from the SHGs. It was also found that both types of loans were for productive and non-productive purposes and benefited them for directly and indirectly for their economic empowerment. Finally, the additional income generated in this way with the help of SHGs have provided them big moral support and will to bring new changes in the rural economy of the state as well as to the country in future.

Das (2003)⁹ examined the inability of the credit institutions to deal with the credit requirement of the poor effectively has led to the emergence of micro-credit system as an alternative credit system for- the poor, usually, credit institutions provide finance for productive purposes but

sometimes poor people need money for consumption or for emergency purposes, which many a time cannot be catered by the formal credit system or government sponsor and poverty alleviation schemes. In rural India, it can be seen that the poorer sections of the society and destitute cannot avail of the credit from banks and other formal institutions due to their inability to deposit collateral security and mortgage property. At this point of view, micro financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-a-vis rural development.

Das (2004)¹⁰ evaluated that micro finance through Self-Help Groups has not become a modern economical weapon for the poor to fight against poverty. Many big and small institutions are taking part in this revolution of micro finance vigorously. Many programmes from 'Garibi Hatao' to IRDP were started by the government enthusiastically but they were not able to achieve their objectives. The reason behind this is poor follow up, lacks of management and no programme can ever get its' ultimate result unless and until there is co-ordination and co-operation between the government and the beneficiaries.

APMAS (2005)¹¹ Addressed a wide range of issues including cases of dropouts from SHGs and internal politics, and issues of social harmony and social justice, community actions, book-keepings, equity, defaults and recoveries and sustainability of Self-Help Groups. The study was based on a primary survey of 214 self-help groups in 108 villages in 9 district of 4 states, two southern (Andhra Pradesh and Karnataka) and two northern (Orissa and Rajasthan) the sample of the study was based on older women groups, mostly bank linked (with a bank loan) before March 2000. The study found that 51 percent of self help group members were poor, 55 percent belonged to the S.C/S.T. category and 66 percent of Self-Help Groups had members of a single caste. It also found that 74 percent of the Self-Help Groups members had no schooling at all, only 15 percent of self help group members had schooling till the primary level and 11 percent had only adult education to become 'neo-literate'.

Ramakrishana (2006)¹² assessed the SHG bank-linkage programme from the survey data that was collected from 27 public sector banks, 192 regional rural banks and 114 co-operative credit institutions in Tamil Naidu, West Bengal, Karnataka, Chhattisgarh and Maharashtra. The analysis of the study was based on information from the banks as on March31, 2005.

Kulshrestha and Gupta (2007)¹³ evaluated the experience of the last several years particularly in respect of financing poverty alleviation programmes and creation of employment in rural areas does reveal that a number of factors prevent small borrowers and poor people found securing adequate credit from formal credit agencies, such as lack of awareness among beneficiaries in respect of development through credit and thereby making proper use of credit; lack of effective co-ordination among officials concerned at village, block and district level for proper planning,

implementing, monitoring, revising and evaluating performance under the programmes; collateral requirements, transaction costs and delay in sanction etc. Lack of proper assessment of credit needs; mounting overdues, staff problems, lack of consumption loans, cumbersome tending procedure, wrong identification of beneficiaries and activities, inadequate supervision, non-availability of infrastructural repayment schedule etc. have resulted in large scale misutilization of loans. This situation reveals that the rural poor require small but regular urgent loans whereas their options are restricted to programmes designed and approved by the government which do not cater to their needs. Hence, to bridge the gap between demand and supply of fund in the lower rungs of the rural economy the micro finance scheme of NABARD has made a foray in to the rural economy and generated self-reliance and self-sufficiency in the Indian rural scenario.

Bharathy (2010)¹⁴ pointed out that a participatory grassroots experiment such as the Ulloor Samatha SHGs initiative reveals that poor women- while achieving their limited task – can acquire awareness about their conditions, and the ability to use and build on their own knowledge system to develop critical awareness about their economic, political and physical environment. At the same time, the achievement of specific objectives for improving their resource position through collective effort imparted confidence, brought the women out of isolation, and resulted in reinforcing their community consciousness.

Kumar (2011)¹⁵ assessed that micro-finance institutions (MFIs) essentially act as financial intermediaries, bridging the gap between mainstream financial institutions and low-income households for a specific type of credit need that face the entire sector, such as rainfall failure, impact the livelihood of a large number of clients and pay a great deal of attention to factors such as length of the group formation process, regularity of group meetings and attendance rates.

Murlidharan (2011)¹⁶ suggested in his study that at least 75 per cent of micro finance should be made available only income -producing activities. Indeed, this was the spirit in which Muhammad Yunus pioneered the idea of micro-finance- giving a helping hand to the weaker sections of the society so that they live honourably pursuing whatever skills they have and eking livelihood out of them.

Lakshmi (2011)¹⁷ analyzed that the empowerment of women through Self Help Groups would benefit not only to the individual women but also the family and community as a whole. Empowering women is not just for meeting their economic needs but also for more social and the SHGs provide credit and empower women socially and economically.

Paul (2012)¹⁸ in his study showed that micro-credit plays significant role to empower women in respect of extending economic, social and legal autonomy in Burdwan district where as in case

of psychological and political autonomy it is South 24-Parganas district and Hooghly district in respect of inter personal autonomy of women. It also observed that if women empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and more lasting empowerment.

REFERENCES

- Athavale M.C., Sharma K.G. and Mishra A.M., "Working of Self-Help Groups and their Success story in Hoshangabad District of Madhya Pradesh", *Indian Journal of Agriculture Economics*, Vol.56, No.3, July-Sep, 2001, pp. 480.
- Data Kamal and Singh Parminder, "The Performance of Self-Help Groups in Punjab", *Indian Journal of Agriculture Economics*, Vol.56, No. 3, July-September 2001.
- Kundu K.K. et al., "Sustainable Micro-Financing through Self-Help Groups in Gurgaon District (Haryana)", *Indian Journal of Agriculture Economics*, Vol.56, No.3, July-Sep, 2001, pp. 483.
- Sharma M.L., Sharma K.R. and Sharma N.K., "Determining Success of Non-Government Organisation in Micro Financing to Self-Help Groups of Rural Poor: A Study in Himachal Pradesh", *Indian Journal of Agriculture Economics*, Vol.56, No.3, July-Sep, 2001, pp. 485.
- Dwarakanath, H.D., "Rural Credit and Women Self Help Group-A profile of Ranga Reddy district in Andhra Pradesh", *Kurukshetra*, Vol. 51, No.1, Nov, 2002 pp. 9-15.
- Rao V.M., "Women Self-Help Groups: Profile from Andhra Pradesh and Karnataka", *Kurukshetra*, April 2002, p. 26.
- Jothy K and I. Sundar, "Self Help Groups under the Women's development programme in Tamil Nadu: Achievements, bottlenecks and recommendations", *Social Change: Vol.32, No. 3 and 4*, Sep-Dec 2002, pp.195-204.
- Rangi et al., "Economic Empowerment of Rural Women Through Self Help Groups", A Case study of Fatehgarh Sahib District (Punjab), *Man and Development*, 2002 Vol.24 No.3. pp. 65-78.
- Das Sabyasachi, "Self-Help Groups and Micro Credit: Synergic Integration", *Kurukshetra*, August 2003, p. 25.

Das, Mousumi Rimjhim, "Micro Finance through SHGs: A Boon for the Rural Poor", Kurukshetra, Feb. 2004, p-44.

APMAS, "A study on Self-Help Group-Bank Linkage in Andhra Pradesh", Hyderabad (2005).

Ramakrishna, R.Y., "Management Information System (MIS): SHG Bank Linkage Programme", GTZ, Aril (2006).

Kulshrestha R. and Archana Gupta, "Self Help Groups: Innovations in Financing the Poor", Kurukshetra, November 2007, pp. 27-29.

Bharathy, Manjula, "Feminization of Invisibility and the Politics of Presence", Indian Journal of Social Work, Vol. 71, Issue 4, October, 2010 pp. 534-535.

Kumar, Gaurav, "Managing Risks in Micro-finance", The Hindu Business Line, February 16, 2011.

Murlidharan, S., "Group is better than One", The Hindu Business Line, February 24, 2011.

Lakshmi, K. Dhana, "Empowerment of Women Through Self Help Groups", Women Empowerment Issues and Challenges, The Associated Publishers, Ambala City INDIA (2011)-134003, pp. 214-225.

Paul, Pankaj Kumar, "Impact of Micro-Credit on Women's Empowerment: Evidence from Rural West Bengal", IASSI Quarterly-Contributions to Indian Social Science Vol. 31, No 1, Jan-March 2012 pp.63-83.