

Trends of Micro-financing Schemes for Women through SHGs and their Utilization Pattern with special reference to U.P.

Pooja Gupta

Assistant Professor
IFTM University

Abstract: SHGs help women and men for empowerment, they make money for the sake of development after collecting some money so that they may start their own venture. They may also lend some of money to the needy for earning for the same. In India many SHGs linked with banking sector for delivering micro finance and also provide financial security. In 1985 they started their work in Mysore and continued after it. Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. In this paper the main objectives on which the researcher has worked, these are: the trends of microfinance sector and self-help groups in U.P., importance and role of the Self Help Group and micro finance in poverty alleviation and women empowerment, the pattern of credit facilities provided by the Government to Self Help groups, the role of micro finance in Women Micro-entrepreneurs in rural areas, For which I have collected some data for the selected time period. This paper help in knowing the importance of SHGs in the form of micro finance.

Keywords: SHG, Micro finance, women empowerment

Introduction

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Women's development problems are complex and they need socioeconomic as cultural understanding. Empowerment of women is essential to harness the women labour in the main stream of economic development.

Microfinance helps women to own assets, including land and housing, and play a stronger role in family decision - making. By providing access to financial services to women through loans and ensuring repayment procedures, maintaining savings accounts for women, providing insurance coverage through women microfinance programmes send a strong message to households as well as to communities. Furthermore, evidence from the data of many MFIs clearly indicates that women prove to be more financial responsible with much better repayment rates. Despite in substantial contribution of women to both household and national economy, their work is considered just an extension of household domain and remains non-monetized. In India, Microfinance scene is dominated by Self Help Group (SHGs) as an effective mechanism for providing financial services to the "Unreached Poor", and also in strengthening their collective self help capacities leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country.

Women empowerment became an essential concept, which leads to bring a better society in the world. It provides power and acts them to become independent society builders with potential challenges to the future generation. We cannot omit the women contribution to the socio- economic development of the nation. Empower the women in social, political, economical and legal aspect become necessary to convert the ideal society into self – sustainable society. Women empowerment can be achieved through the political power, education and employment through micro finance. Among this micro finance dominate truthful success of the women empowerment and an important means for attaining women empowerment all over the India and especially in Uttar Pradesh.

The Concept of Micro Finance

Microfinance, in common parlance, refers to the small loans that help the poor people to start or expand their business. It has emerged as a powerful and potential instrument for poverty alleviation. The micro finance industry, which began in 1976 with the establishment of Grameen Bank in Bangladesh, is now a worldwide movement comprising thousands of specialist, bank, credit unions, co- operatives, village credit societies, NGOs and charities. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because these poor people unable to offer sufficient collateral.

Micro finance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women. Through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, and wider social and political empowerment.

The focus of this study is limited to Self Help Groups which have originated in India and especially in U.P.

The Concept of Self-Help Group

Self-help groups have emerged as a popular method of working with people in the recent years. This movement stems from the people's desire to meet their needs and determine their own destinies through the principle of "by the people, for the people and of the people". The activists and representatives in India were in need of an organizational structure which would help in solving the problems faced by rural poor men especially women at the grass root level resulting in the genesis of Self Help groups. The idea of Self Help groups entails the development of a small, economically homogeneous group of rural poor where members willingly agree to contribute to a common fund. This fund is further used to lend money to the group members on the basis of decisions arrived by the group, keeping in mind group unity, self and group awareness and democratic functioning. A Self-Help Group (SHG) is a small, economically homogeneous and organized group of rural poor willingly coming together.

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to fight poverty and to encourage rural development and women empowerment. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable growth of the nation. Self Help Groups are voluntary organizations of the poor at grass root level, which mobilize thrift and expend micro credit to its members for various purposes such as production, consumption, education, etc.

Literature review

Lalitha Shiva kumar (1995) 'Self-Help Groups', Social Welfare, Vol. 42, No. 4, p. 9. ,pointed out that the small savings by rural women can generate the requisite resources which can wean the people away from the exploitation of moneylenders savings depend on habits and voluntary savings constitute the key for economic progress. It has also been proved that the poor people can save substantially through group efforts. Promotion of Self-Help Groups has the potential to bring women into the mainstream of economic development paving the way for sustainable development.

Barik and Vannan (2001) in their work "Promoting Self Help Groups as a Subsystem of Credit Cooperatives", the Cooperator, January 2001, Vol. 38, No.7, pp. 305-311. have stated that SHGs can be developed as a sub-system to primary agricultural co-operatives societies at village level. They have seen that by and large SHGs have been linked with commercial banks in the rural areas. However, the linkage with the co-operative credit system is proverbially poor. As such the need of the hour is to make an earnest effort to bring about effective linkage with the co-operatives.

Bharat Dogra (2002) 'Women Self Help Groups', March 2002, Vol. 50, No.5, pp. 40-42. has presented that almost all these women are from poor families, mostly from Dalits and backward classes; while the increase in income is important, it is not the only aspect of these SHGs which is emphasized. Several existing problems of villages and ways of overcoming them are also discussed. It is important for the long-term success of Self Help Groups that loans should be returned promptly.

Prem Singh Dahiya (2002) have described in their article 'Socioeconomic upliftment through Self Help Groups in Solan District of Himachal Pradesh' that the success or the efficiency of micro finance interventions can be understood at three levels mainly (i) outreach and financial sustainability of the programme, (ii) income or poverty impact on the users, and (iii) development of financial market at the local level. The economic impact is measured in terms of increase in annual incremental income. All SHGs recorded increase in income, overall is 94.3%. They have also pointed out that various parameters are used to measure the maturity of the households. These are (i) homogeneity, (ii) feeling of relevance of group formation, (iii) awareness about objectives of groups, (iv) participation and frequency of meetings, (v) regularity of savings, (vi) repayment of loans and (vii) group participation in financial transactions.

Rajeshwari (2003) 'New Generation Co-operatives through Self Help Groups', Cooperation, August 2003, Vol. 3, No. 10, pp. In her article has described the models of financing SHG. In model I, the bank branch finances directly the SHG by opening the loan account in the name of SHG. In model II the bank branch finances SHG which is formed at the instance of NGO. The maximum permissible ratio between savings in the common fund and bank credit is 1:4 for concerned NGO which acts as facilitator, but the responsibility of repayment solely lies with SHG. In model III the local bank branch does not have adequate confidence in lending to SHG promoted by NGO or in SHG itself for various reasons and is not willing to be linked directly with the SHG; the bank finances such SHG through the agency that promotes the group. The NGO may act as a financial intermediary and is responsible for loan repayment.

Bhagyalakshmi (2004) 'Women's Empowerment: Miles to Go', Yojana, August 2004, Vol. 48, pp. 38-41 in her study stresses the need for sharpening women's empowering strategies to make them effective and results oriented. She pointed out that money earned by poor women is more likely to be spent on the basic needs of life than that by men and that this realization would bring women as the focus of development efforts. She also examines the advantages of organizing women groups thereby creating a new sense of dignity and confidence to tackle their problems with a sense of solidarity and to work together for the cause of economic independence.

Loganathan (2004) 'SHGs and Bank Linkages', Kisan World, April 2004, Vol. 31, No. 4, pp. 24-26. has disclosed the three basic groups of banks which are involved in SHGs linkage with banks. They are the commercial banks, the regional rural banks and the co-operative banks. 48 commercial banks, 192 regional rural banks and 264 co-operative banks are associated with SHG and Bank Linkage Programme. This programme is in operation over 523 districts across the nation. Average loan disbursement per

SHG as micro finance by commercial banks was Rs. 31,836 and the same by RRBs was Rs 26,220 and by cooperative banks was Rs. 21,703.

Sundar and Asokan (2004) 'Performance of Co-operative Banks in Financing Women Self Help Groups', Cooperative Perspective, January 2004, Vol. 38, No. 4, pp. 5-26. have expressed that cooperative banks are financing Women Development Programmes in terms of self-help groups. Cooperative banks in Karnataka State occupy the first position with respect to coverage of more number of women SHGs in their credit plan, followed by Tamil Nadu, Andhra and Kerala.

Rimjhim Mousumi Das (2004) in his article 'Micro finance through SHGs' has explained that microfinance through SHGs has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally. He has also revealed that micro finance not only deals with the credit part but also deals with savings and insurance part. The most successful region for micro finance is the southern part of India.

Sanjoy Ray (2004) has mentioned in his article Linking Self Help groups under SGSY scheme with Co-operatives –Prospects and Concerns that the distinguishing feature between SHGs and Co-operatives is that the latter often tend to be large sometimes heterogeneous and formal and sometimes lose cohesiveness and proximity with members in the process of their operations while the former is informal based on interpersonal relations where decision making, implementation and follow up become comparatively easy. He has also pointed that the Central Government and State Government fund the SGSY in the ratio of 3:1.

Shobha (2008) 'Problems of self-Employment of Women: An Analysis', Southern Economist, 2008, Vol. 47, No. 6, pp. 24-26. has evaluated the problems of self-employed women. The study took 400 self-employed women as sample from Coimbatore Municipal Corporation limit and used scaling technique. The study has concluded that the problems faced by the beneficiaries of Prime Minister's Rozgar Yojana are less severe than non-beneficiaries.

NCSW Report (2009) National Perspective Plan for Women, Government of India, Ministry of Human Resource Development, New Delhi, 2009, p. 119. stated that Self-Help Groups have taken the form of a movement for women especially rural women's social and economical development. SHGs have arisen out of the perceived problems of women's lack of access to resources at both the household and the village level. In the past 20 year, Self-Help Groups have become significant institutions for rural development in India. This has been particularly true in the case of poor women.

Murlidhar A. Lokhande (2013) has described in his study 'Micro Finance for Women Empowerment - A Study of Self-help Groups-Bank Linkage Programme' Issue: Volume 2 – April 2013 Link: icbr.net/0204.34 International Center for Business Research that group association and access to financial services certainly brings positive changes among group members leading to their socio-economic empowerment. However, there is need of employing long term policy measures to empower women in its true sense. Some key issues such as training, awareness and viability of the group activities need to be addressed in order to strengthen women empowerment process through micro financing. The study concluded that poor, discriminated and underprivileged women if join the groups, can come out of poverty. So, conducive environment is needed to be created in the country to give boost to women self-help groups.

R. Geethanjali and K.Prabhakar (2013) 'Economic Development of Women through Self Help Groups' Women participation in Self Help Groups have obviously created tremendous impact upon the life pattern and style of poor women and have empowered them at various levels not only as individuals but also as members of the family members of the community and the society as whole. Now self Help Groups are giving credit as and when needed for their basic requirements. They have injected a positive change in their socio-economic behavior and capable of asking their right entitlements like equal wages, better working condition, health, education toolin bringing women together in the remote rural areas and thus helped to emancipate the once mute sufferers in silence to march forward towards collective community progress on a substantial basis, nutrition for their children etc. Thus Self Help Groups have become a powerful enhanced their status and value at the grass root level. The rural women have risen to the levels of self-management. They have realized the importance of their numbers and have become a the once mute sufferers in silence to march forward towards collective community progress on a substantial basis powerful tool in bringing women together in the remote rural areas and thus helped to emancipate.

Statement of the Problem

Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. In spite of all Government and Non-Governments' efforts, they have been highly ignorant clients of the financial sector. In the current times, microfinance has been raising as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi-formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial movement. Empowerment of women is seen as one of the most important means of poverty eradication. Lack of capital is a serious constraint to the growth of poor women in rural and urban areas who find little or no access to credit. Credit can help women to start farm and related activities such as keeping mulch cattle, fowl or independent small enterprises, enabling them to respond to the opportunities produced by the procedure of development. There are many credit facilities provided by the Government, NGOs, and other micro financing institutions. The credit pattern of these credit facilities and their utilization for development of Women Self Help groups in UP is to be studied.

Research Objectives

The primary objectives of the study will be as follows and more objectives will be incorporated when study would be in its full swing:--

1. To study the trends of microfinance sector and self help groups in U.P.
2. To study the importance and role of the Self Help Groups and micro finance in poverty alleviation and women empowerment.
3. To study the pattern of credit facilities provided by the Government to Self Help groups.
4. To study the role of micro finance in Women Micro-entrepreneurs in rural areas.

Research Methodology

Research is defined as human activity based on intellectual application in the investigation of matter. The primary purpose for applied research is discovering, interpreting, and the development of methods and systems for the improvement of human knowledge on a wide variety of scientific matters of our world and the universe. Research can use the scientific method, but need not do so. Research is a vast and multidimensional concept. It is unending hunt for actuality. In other words research provides the means for accumulating knowledge, which is scientific and objective and is a matter of rational understanding and experience. It is an in-depth analysis based on glittering thinking of various phenomenon or observed units to make an accepted concept. A research design is simply a plan for study in collecting and analyzing the data. It helps the researcher to conduct the study in an economical method and relevant to the problem. Research methodology is a systematic way to solve a research problem. The methodology should combine economy with efficiency.

Sources of Data: The study is exploratory cum Descriptive in nature and is based on secondary data. Secondary data will be collected from various journals, articles, working papers, NGO reports and especially NABARD reports etc. – (secondary data are those data which are primarily collected by the other person for his own purpose and now we use these for our purpose secondly.)

Area: The study will mainly be related and concerned with different SHGs operating in Uttar Pradesh and their financing and utilization pattern along with comparative analysis of SHGs working in other States of India

Present State of Work

Micro finance in India

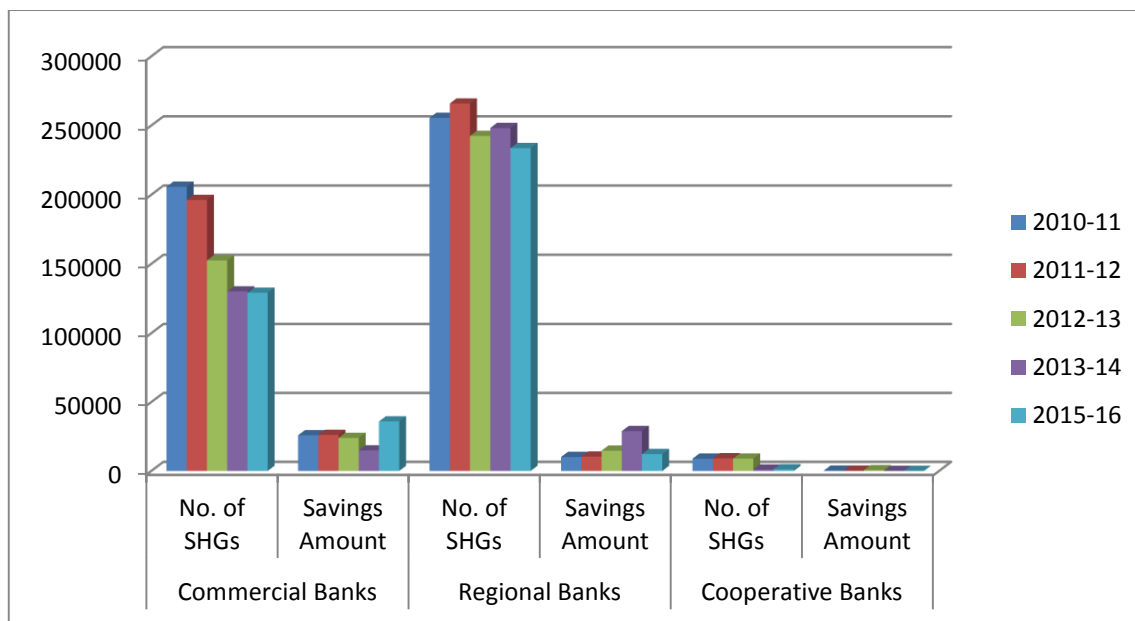
Achieving balanced and inclusive economic growth is a key challenge faced by policy makers in India. Gains of economic growth are easily accessible to relatively advantaged, who find it easier to participate in the growth process while, poor people have to wait much longer to reap the benefits. Microfinance sector has responded to these challenges admirably in the last 20 years. The Self Help Group- Bank linkage programme, which is the largest microfinance programme in the world, touches 101 million households through 7.9 million SHGs with thrift & deposits of about INR 1,36,914 million, annual loan off take of INR 3,72,869 million and loan outstanding of nearly INR 5,71,192 million till the year 2015-16. Despite these milestones, a large section of the poor population still remains unreached and even majority who are in the SHG fold face the issue of inadequate credit.

Micro finance in Uttar Pradesh

Progress under Microfinance – Savings of SHGs with banks

In Lakhs						
Year	Commercial Banks		Regional Banks		Cooperative Banks	
	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
2010-11	205734	25893.59	255508	10140.05	8915	235.92
2011-12	196140	26179.94	265849	10409.82	9195	231.68
2012-13	152501	23928.68	242460	14672.92	8971	599.22
2013-14	130126	14918.96	248167	28903.99	977	35.89
2014-15	NA	NA	NA	NA	NA	NA
2015-16	129172	25933.39	233625	12230.09	1182	42.81

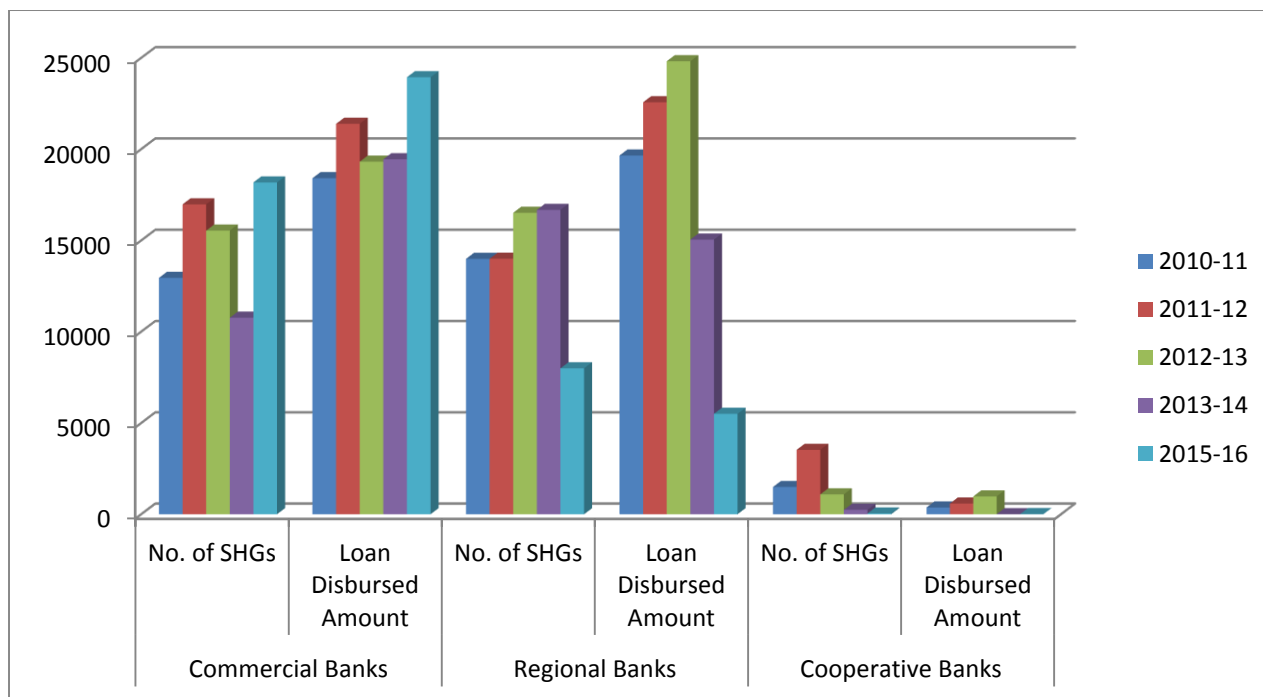
According to the report, published by NABARD, the saving outstanding of SHGs as on 31st March 2011 had reached at the level of 36269.56 lakh. But now the savings outstanding of SHGs as on 31st March 2014 has reached at a high level of 43858.84 lakh with a increase of 7589.28 lakh in Uttar Pradesh but in the year of 2016 a decline rate has recorded in savings outstanding of SHGs as it is 38206.29 lakh with a decrease of 5652.55 lakh. In this year the savings of SHGs are low. Commercial banks and Regional Rural banks play an important role in the progress of SHGs and its savings amount than the cooperative banks.



Progress under Microfinance – Bank disbursed loans during the year 2010-11 to 2015-16

Year	Commercial Banks		Regional Banks		Cooperative Banks	
	No. of SHGs	Loan Disbursed Amount	No. of SHGs	Loan Disbursed Amount	No. of SHGs	Loan Disbursed Amount
2010-11	12949	18408.34	13988	19648.6	1493	368.11
2011-12	16975	21385.92	13994	22567.76	3528	587.15
2012-13	15539	19312.52	16513	24811.76	1088	974.14
2013-14	10765	19443.38	16668	15042.51	241	2.05
2015-16	18173	23935.33	7992	5500.17	43	4.79

According to the report, published by NABARD, during 2015-16, banks provided loans of amount 29440.29 lakh to 25908 lakh SHGs as compared to the amount of 34487.94 lakh to 27674 lakh SHGs during the year 2013-14. The number of SHGs, provided loans during 2015-16 was lower than the last two years. The amount of loan disbursed by banks to SHGs was 45098.42 lakh during the year 2012-13 which was higher than loan disbursed by banks to SHGs of amount 38425.05 lakh during the year 2010-11. A decline in credit linkage of SHGs during the year 2015-16 was also observed in Uttar Pradesh, where banks have provided credit to lesser number of SHGs compared to previous year.



CONCLUSION

The contribution of women in the present day business and commercial world is significant. Women empowerment through microfinance reported many positive results, in so far as transformation in the living standards of the women SHGs members and income levels are concerned the following matters like, ownership of assets, increase in savings and borrowings, income-generating activities and creation of entrepreneurship, etc. Therefore, the impact and success of microfinance has to be seen from wider perspective of graduation of women SHGs members to micro enterprises with focused attention on the economic social and political empowerment of SHGs members especially women. The awareness of Bank lending and the help from the government made the rural women to think of new lines. Micro finance through SHG programme has provided women access to financial services. This service to a certain extent has improved their ability to harness their capacity. In this process of capacity building, they can uplift themselves. The result of the programme can be assessed in terms of converting non credit worthy women into credit worthy women of small groups and also the high repayment rate and cost recovery. Women seem to be reliable when it comes to repaying their loans. The dependence on agricultural activities by the rural women is vanishing and the emergence of SHGs makes a great change in the life of rural women. Self Help groups are considered as agents of Socio –economic transformation in rural areas. The characteristic features of SHGs are voluntary membership, participatory, planning, holistic approach, resource mobilization, self management, self – help and mutual help. Many of the SHGs are formed by women and are supported by NGOs and they provide revolving credit to them. The micro credit facilities provided by the financial institutions help in the formation of more SHGs. The success role of SHGs gives a clear indication to the Government that it has to support at all levels. Entrepreneurial ability and skills are not the exclusive right of rich business class alone. India is a vast country of villages and still 70% of the population depends on agricultural. We need a new beginning; of course the nationalized Banks. The SHGs are really an instrument to guide out poor women, to inculcate entrepreneurial abilities and to empower them in various fields of their life.

In this twenty first century, the society must take an active people centered and growth- oriented poverty alleviation strategy – a strategy which seems to incorporate women's aspirations, dynamism and involvement. It is envisaged that SHGs Bank Linkage Programme plays a vital role in such strategy. There is an very important the Role played by NABARD in women empowerment through microfinance. The study reported the progress of SHGs Bank Linkage Programme in Uttar Pradesh, since 2010 SHGs credit linked with banks were gradually increased. It was growth and expansion stage of SHG Bank Linkage program. Bank loan, average loan per SHG and average loan per family are increased. Savings of SHGs with Banks, total amount of loans disbursed to SHGs also increased. This clearly indicates that, in recent year's government, banks and NGOs are more encouraged to SHGs. Also give some training, awareness programmes and financial support to SHGs. So it leads to improve the savings and women empowerment. But there is a need for structural orientation of the groups of new business. Micro- credit movement has to be viewed from a long term perspective under SHG framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro finance sector, which leads to a real contribution to women empowerment.

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