

**MICRO-FINANCE, SELF HELP GROUPS AND WOMEN
EMPOWERMENT IN HIMACHAL PRADESH: A STUDY OF LOW HILL
ZONE**

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ABSTRACT

Development of a nation is very much dependent on the development of rural people. Today, the real problem faced by every developing country like India is the poverty. Nearly half of the available human resource in India is women. Majority of them are living in rural areas and most of them are illiterates and are below poverty line. Besides this in comparison to urban women, rural women have limited access to all kinds of resources such as education, transportation, training, financial support, availability of current information etc. but have more hidden talents, which have to be brought in to light. Hence, there is need to change their capacity to work by giving them the necessary trainings on income generating activities, bringing their talents into light, supporting them with financial facilities, giving them marketing knowledge, current information etc. which helps in increasing knowledge, enriching their skills and improve their economic status.

1. Introduction

Micro-finance basically aims at the self-sustainability of poor people through income generating activities but it also provides credit for consumption purpose (Das, 2003)¹. The concept of Micro-Credit was formally pioneered by Mohammed Yunus, founder of Grameen Bank in 1976. An innovative scheme in rural delivery system launched by NABARD is the linking of SHGs of the poor with banks and bulk lending through NGOs. NABARD provides policy guidelines technical and promotional support mainly for capacity building of NGOs and SHGs, the exposure training to banks/NGOs having potential and in promoting SHGs (Christabell, 2009)². The inability of the credit institutions to deal with the credit requirements of the poor particularly poor women in rural areas effectively has led to the emergence of the microfinance and micro credit system for the poor. In rural India, it can be seen that poor sections of the society and destitute cannot avail the credit from banks and other formal financial institutions-due to their

inability to deposit collateral security and mortgage properly. The government sponsored poverty alleviation programmes are involved centrally and planned without participation of the local people, and therefore fail to address the needs and requirement of the poor. Lacks of participatory approach in planning and execution of these programmes result in complete failure to improve social and economic conditions of the poor masses for which they were evolved. At this point, micro financing is looked upon as an instrument that can be considered as the golden stick to generate income and employment and an important approach to poverty alleviation and enhancement of living standards, particularly of women (Verma, 2009)³. Women constitute nearly half of India's population and play an important role in social and economic development of the nation. But their role is marginalized in the context of national development. For, no country can sustain its development if it does not utilize properly its women as a productive resource. Women empowerment is regarded as a necessary condition to stabilize and in turn to have a sustainability of the development process. Empowerment of women is an active multi-dimensional process which enables women to realize their full identity and powers in all sphere of life. In other words, empowerment of women represents ability of women to handle responsibility to envision a better future and also to overcome the obstacles that confront them. Empowerment of women includes higher literacy level and education for women, better health care, equal ownership of productive resources and more participation in economic and Commercial sectors, improved standard of living and acquiring self-reliance, self-esteem and self-confidence. (Kittur and Shidaganal, 2010)⁴. The women's empowerment and eradication of poverty under micro finance schemes are made possible through the formation of Self Help Groups. A Self-Help Groups are usually informal groups whose members have a common perception of need and importance towards collective action. These groups are voluntarily associations of people with the member size of 10 to 20. The group is basically homogeneous in terms of education, occupation, income distribution and sex composition. Self-Help Groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation which they are facing in several forms. A group becomes the basis for action and, change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts (Singh, 2003)⁵.

Self-Help Groups are formed with the following objectives:

- (a) Improve discipline among the members in developing saving habits;
- (b) Saving enhance self-confidence of the individual as it is a sign of group encouragement;
- (c) Income generation and gradually become self-reliant;

- (d) Development of leadership quality to realize their potentiality and self -belief;
- (e) Training of members in the use of extension services and government support;
- (f) Building common infrastructure for the benefit of the members (Das, 2003)⁶.

2. Need of the Study

Poor need credit in small doses, frequently and that it should be made available when it is needed the most. Time and tide, wait for none. A timely loan of Rs. 500 may ensure the survival of a person in case of medical emergency, if time has run out; a bigger loan will also not bring back that person from the outer world. So, in order to cover all the poor households, particularly BPL households, there is need for providing full support by the government, financial institutions and NGOs to Self-Help Groups programme. So, for the Self-Help Groups bank linkages programmes has been much successful in achieving quantitative targets. The need of the hour is to make the programme more qualitative that is enriching the lives of poorest of the poor in the context of globalised socio-economic environment.

3. Research Methodology and data collection tools

In the present study block Hamirpur in Hamirpur district has been selected purposively because Hamirpur block is relatively more developed in terms of literacy, female employment and has comparatively better performance of SHGs in comparison to other blocks (Bijhari, Bhoranj, Sujampur, Nadaun and Taunni Devi). An empirical study was conducted with 200 self help group members. Random Sampling method was adopted.

The study is based on collection of data from both primary and secondary sources. The primary data has been collected through personal interviews and observation and secondary data through Govt. agencies responsible for formulation of groups and financial institutions like ICDS, DRDA, NGOs, Banks and NABARD.

4. Objective

1. To study the role of Self Help Groups in Himachal Pradesh.
2. To assess the contribution of micro-finance to the well-being of poor women in Himachal Pradesh.

5. Sampling Procedure

For the collection of first hand data and information, multistage purposive-cum-random sampling was adopted. Himachal Pradesh is divided into three major agro-climatic zone, namely, low hill zone, mid-hill zone and high-hill zone.

a) Low Hill Zone

The elevation of this zone ranges from an altitude of 350 metres to 950 metres above mean sea level (MSL) and this includes Hamirpur, Una and parts of Kangra, Bilaspur, Mandi, Shimla, Solan, Kullu and Sirmaur districts. These areas are very fertile and can be subjected to intensive cultivation.

b) Mid Hill Zone

It lies between 950 to 1500 metres above mean sea level. This zone comprises of parts of Solan, Sirmaur, Shimla, Kullu, Bilaspur, Mandi and Chamba districts. Although field crops are raised in this zone but it is more suitable for horticultural crops i.e. fruits and off-seasonal vegetables.

c) High Hill zone

This zone lies above the elevation of 1500 metres above the mean sea level and includes interior parts of Shimla, Kullu, Mandi, Solan, Sirmaur, Chamba and Kangra districts. This zone is good for raising forests. Because of altitude and severe winter conditions, these hills are sparsely populated. Above 3500 metres of mean sea level, Alpine zone is started which is abound in pasture lands. However, there is also a land of perpetual snows above the perpetual snow line and are without any vegetation.

From these three zones, low hill zone was selected purposively. This zone was selected for the reason that geographically, the areas of this zone are easily accessible for the purpose of implementation of development programmes and policies. Also, almost every nook and corner of this zone is connected with the roads and transportation. Hence, this zone was selected to see the position of microfinance and its socio-economic impact on the members of self-help groups.

6. Self Help Groups in Himachal Pradesh

The Self Help Group (SHG) movement has spread across the state and is now on a firm base. The movement has been up scaled with support in the human resources and financial products. There were 50,749 SHGs as on 30th September, 2009 operative in the state promoted by Department of Social Justice and Empowerment and various NGOs. The number of SHGs credit linked in H.P. up to the end of September, 2009 was 49,318 and 1, 124 bank branches were associated with micro credit movement. A total of 30 farmer's clubs were working as self help promoting institutions (Statistical Outline 2008-09)⁷.

Table-1
Self Help Groups in Himachal Pradesh up to March 2010

Districts	No. of Groups Formed		Savings		Linked with Banks		Amount of Loan		Yet to be Linked with Banks	No. of Haats organized during 2009-10
	Cumulative	During 2009-10	Cumulative	During 2009-10	Cumulative	During 2009-10	Cumulative	During 2009-10		
Hamirpur	2461 (9.44)	201 (10.27)	455902 80 (7.4)	790442 0 (8.25)	1084 (9.04)	111 (9.8)	54190 700 (7.46)	6012200 (4.62)	1377 (10.1)	19 (7.54)
Bilaspur	1596 (6.12)	202 (10.32)	233494 46 (3.79)	727461 1 (7.59)	996 (8.31)	64 (5.6)	39915 563 (5.49)	6148500 (4.73)	600 (4.4)	14 (5.56)
Kullu	1507 (5.78)	103 (5.26)	193548 17 (3.14)	139616 3 (1.46)	958 (7.99)	62 (5.5)	30443 500 (4.19)	4969200 (3.82)	549 (4.02)	24 (9.52)
L&S	60 (0.23)	-	775400 (0.13)	77097 (0.08)	11 (0.09)	-	48200 0 (0.06)	-	32 (0.23)	-
Mandi	4855 (18.60)	180 (9.19)	105627 369 (17.2)	176629 19 (18.4)	2358 (19.7)	377 (33)	18752 7940 (25.83)	2548787 (19.6)	2497 (18.31)	104 (41.3)
Una	1840 (7.06)	104 (5.31)	500662 80 (8.13)	106400 20 (11.1)	797 (6.65)	45 (4)	34985 406 (4.82)	3349000 (2.57)	1043 (7.65)	10 (3.97)
Solan	2390 (9.17)	178 (9.09)	692415 67 (11.2)	166611 2 (17.4)	1347 (11.2)	117 (10)	15972 6320 (22)	3089527 2 (23.8)	1043 (7.65)	-
Kangra	4616 (17.7)	329 (16.8)	712882 87 (11.6)	127238 19 (13.3)	1878 (15.7)	66 (5.8)	94553 616 (13.03)	1372355 8 (10.6)	2738 (20.08)	35 (13.9)
Chamba	1517 (5.82)	226 (11.54)	158226 436 (25.7)	591507 2 (6.18)	358 (2.99)	28 (2.5)	15175 310 (2.09)	3198140 (2.46)	1159 (8.5)	-
Shimla	2211 (8.48)	149 (7.61)	305846 64 (4.97)	485492 0 (5.07)	642 (5.36)	40 (3.5)	18713 328 (2.57)	2476419 (1.9)	1087 (7.97)	10 (3.97)
Sirmaur	2665 (10.2)	230 (11.75)	356647 02 (5.79)	887556 6 (9.27)	1279 (10.7)	200 (18)	74698 800 (10.29)	2874451 2 (22.1)	1413 (10.36)	30 (11.9)
Kinnaur	359 (1.38)	56 (2.86)	601313 7 (0.98)	180334 6 (1.88)	278 (2.32)	26 (2.3)	15492 600 (2.13)	5070000 (3.9)	98 (0.72)	6 (2.38)
Total	26077 (100)	1958 (100)	615782 393 (100)	957890 80 (100)	11986 (100)	1136 (100)	72590 5083 (100)	1300746 71 (100)	13636 (100)	252 (100)

Source: Social Justice and Empowerment Department (Kasumpti) Shimla, 2009-10.

Note: (-) Data not available

Figures in the parenthesis denote percentage

7. Result and Discussion

In this section, the second objective about the well-being of the poor women in terms of savings, credit availed, loan used for multiple purposes, income generating activities and self confidence of the members are analyzed.

Table -2 saving mobilized by the members

Saving amount in (Rs)	No of members	per cent of total
Less than 1000	65	32.5
1001-2000	105	52.5
2001-3000	25	12.5
More than 3000	05	2.5
Total	200	100

Source: Field study

Above table indicates that majority (about 53 per cent) of the members saved between Rs '1001 to 2000' and least (about 3 per cent) of the members saved 'more than Rs 3000'. All members reported savings with the group. SHGs were able to develop savings habits among the members. Regular, savings of Rs. 10 is compulsory in all the SHGs. Savings is collected at the time of weekly meetings and all the members were issued a passbook. These weekly savings are deposited in nearby bank in the account of the group and have accumulated over a period of six months.

Table -3 credit availed by the members

Amount of credit (Rs)	No of members	per cent of total
500-10000	85	42.5
10001-20000	55	27.5
20001-30000	45	22.5
30001-40000	15	7.5
Total	200	100

Source: Field survey

SHGs were emerged as the major source of credit for its members. Table-3 indicates that majority of the members have taken loans between 'Rs 500 to 10000' and least of the members between 'Rs 30001 to 40000'. Loans are provided to meet the needs of the members for various purposes such as, to meet immediate consumption needs, treatment of illness, payment of children's school fees etc. (Table 4). The loan amount varied from Rs. 500 to Rs. 40,000. In the

case of SHGs, a member can apply for a loan as soon as He/she has completed the minimum required period of savings of six months.

Table -4 Loan used by the members for multiple purposes

Purpose of loan	No of members	per cent of total
Consumption purpose	95	47.5
Asset creation	125	62.5
Housing improvement	85	42.5
Redemption of old debts	80	40.0
Total	200	100

Source: Field survey

Only a simple application on a plain paper or an oral presentation of the purpose and amount of loan, need to be submitted. SHGs priorities the loan purposes like meeting medical expenses, children's school fee, and redemption of old debts, etc. (Table 4). Nearly 48 per cent of the respondents availed loan for meeting consumption needs and another 42.5 per cent for housing improvement. Majority of the members (about 63 per cent) availed loan for asset creation. The loan amount needs to be repaid in equal weekly installments. It is interesting to note that the members make it a point to repay the loan in time so that they are eligible for a second loan only on repayment of the first loan without default. Almost all the members except unemployed members reported that they are able to repay the loan amount out of their own income from wage employment or income from self employment activities.

Table-5 shows the income generation activities undertaken by the members for various purposes. The members were encouraged under SHGs to set up their own income generating activities. Dairying, Bag making and tailoring were found to be the major economic activities undertaken by the members. Members were availed loan for dairying under Swamajayanti Gram Swarozgar Yojana (SGSY), a Government sponsored poverty alleviation scheme.

Table -5 Income generation activities undertaken by the members

Type of activity	No of members	per cent of total
Dairying	95	47.5
Tailoring	125	62.5
Bag Making	85	42.5
Bamboo making	80	40.0
Total	200	100

Source: Field survey

Under this scheme, a group consisting of 10 members is financed with one to two lakh of rupees for the construction of shed and purchase of cow.

Table -6 Self- confidence level of the members

Particulars	Pre- Self Help Group		Post –Self Help Group	
	Contribution		Increased greatly	No change
	Yes	No		
Feed family	160	40	110	40
Educate children	80	120	80	22
Take Major decisions	115	85	100	40
Resolve conflicts	28	172	22	15
Leadership	35	165	15	8

Source: Field survey

The respondents expressed high level of self-confidence because of their ability to contribute to their household, and their ability to freely interact with other members of the community. They also expressed the feeling that their status within the family also improved because of association with the group. Majority of the members now experience better treatment in their family than that of pre-NHG situation. It was significant to note that most of the members reported that they now feel respected in their family because of the fact that they were able to contribute something of value to their household either in terms of loans, or contribution to household income (Table 6).

8. Conclusion

The foregoing discussion on its beneficiaries revealed positive changes in the level of living of the members in terms of savings, credit and utilization of loan for various purposes and income generating activities and self-confidence of the members. Majority of the members now experience better treatment in their family than that of pre-SHG situation. It was significant to note that most of the members reported that they now feel respected in their family because of the fact that they were able to contribute something of value to their household.

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