

**MICRO-FINANCE, SELF- HELP GROUPS AND WOMEN
EMPOWERMENT: AN EVIDENCE FROM HIMACHAL PRADESH**

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DOI: 10.46609/IJSSER.2021.v06i12.018 URL: <https://doi.org/10.46609/IJSSER.2021.v06i12.018>

Received: 30 Oct. 2021 / Accepted: 20 Dec. 2021 / Published: 31 Dec. 2021

ABSTRACT

Over the years a plethora of poverty alleviation programmes in various forms has been implemented in the country and a huge amount of social and financial investment has been made to achieve the sole aim and objective of poverty eradication. Most of the programmes were based on top-down approach and did not consider needs and requirements of the people. Activities for poverty alleviation in most cases adhered to fund-based development approach where there was little space for importing people's sense on ownership which affected negatively the sustainability of the initiatives. The economic vulnerable groups, therefore, were forced to remain under-confident and the guarantee for security of their livelihood was found missing in the entire endeavour to eradicate poverty from the soil of India. The role of Micro-credit in eradication of poverty was stressed by the United Nations in agreed conclusions 1997/1 adopted by the Economic and Social Council on 25th July 1997, in which the Council called for Strengthening the institutions supportive of micro-credit and recognized the importance of access of micro-credit of people living in poverty to enable them to undertake micro-enterprises to generate self-employment and contribute to achieving empowerment especially women. Microfinance is commonly thought to be the magic wand to improve the social and economic status of a community by empowering women, enhancing financial inclusion and literacy, and encouraging savings. Despite the apparent success and popularity of microfinance there has been mixed evidence on its effects on the social and economic wellbeing of the poor.

Keywords: Micro-Finance, Self Help Group, Poverty alleviation, Women Empowerment.

Introduction

The incidence of extreme poverty varies widely around the developing world. The World Bank estimate that the share of the population living on less than \$1.25 in 2011 per day in 7.9 (forecast 4.1 in 2015) per cent in East Asia and the Pacific, 4.6 per cent in Latin America and the Caribbean, 1.7 per cent in the Middle East and North Africa (forecast 2.0 in 2015), 24.5 (forecast 18.1 in 2015) per cent in South Asia, and 46.8 (forecast 40.9 in 2015) per cent in Sub-Saharan Africa. The share of world population living in extreme poverty has fallen encouragingly an estimated 14.5 per cent in 2011 and is estimated to fall to 11.5 per cent in 2015. As a result, the global incidence of extreme poverty has been increasingly centred in South Asia and Sub-Saharan Africa (Kapila, 2016).

World Bank in its report on ‘Poverty and Shared Prosperity 2016: Taking on Inequality’ stated that in 2013, the proportion of the world’s population living in extreme poverty fell by an impressive 1.7 percentage points, from 12.4 to 10.7 percent. Yet, with global economic growth flagging, the goal of ending extreme poverty worldwide by 2030 is at risk. Poverty reduction in the years ahead may be too slow to get us to the goal. Even the high economic growth rates of the past two decades would have been insufficient to end extreme poverty by the 2030 target date. And global economic growth is now slowing further, while poverty reduction in key regions may also be losing steam (World Bank Group, 2016). While access to financial services can and does make vital contributions to the economic productivity and social well-being of poor women and their households, it does not ‘automatically’ empower women, just as with other interventions, such as education, political quotas etc. Therefore, microfinance works as a magic bullet to alleviate poverty and to promote women empowerment and to reduce the role of money lenders in rural credit system (Rao and Priyadarshini, 2013).

The planners, however, realized that rapid growth did not bring about ‘trickle down’ effect, particularly so in rural areas. This realization led to the restructuring of institutions and schematic lending to facilitate better accessibility of credit for the underprivileged. Thus, initiatives in this regard were taken by building an institutional framework through nationalization of banks and creation of regional rural banks. The government sponsored several programmes and projects to bring the excluded poor into the mainstream “development”. These programmes could not completely target the vulnerable poor. And many now believe that government assistance to the poor often creates dependency and disincentives that make matters worse, not better (Morduch, 1999).

3. Women Self Help Groups

The origin of the Self-Help Groups is the brain child of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus during seventies. He won the noble peace prize in 2006 for his efforts in combating poverty and providing resources to poor via Grameen Bank and the Micro Finance model. SHGs are sustainable institutions of the people that provide the poor rural women with space and support necessary for them to take effective steps towards achieving greater control of their lives. They come together for addressing their common problems. They are formed to attain certain collective goals that could be economic, social or both. They are small, informal and homogeneous groups with a member size varying between from 10-20.

4. Need of the study

In rural India it can be seen that poor sections of the society and destitute can not avail credit from the banks and other formal financial institutions due to their inability to deposit collateral security and mortgage property. The Government sponsored poverty alleviation programs are evolved centrally and planned without participation of the local people, and therefore often fail to address the needs and requirements of the poor. Lack of participation approach in planning and execution of these programs results in complete failure to improve the social and the economic conditions of the poor masses for which these programs are implemented.

5. Objective, Methodology and Data Collection technique

The present study assesses the benefits of microfinance through self-help groups, based on a specially designed survey in selected panchayats of block Bhoranj in Hamirpur district. Bhoranj block in district Hamirpur where majority of the members carried out their activities.

The present study uses a comparison of the conditions of beneficiaries of the micro-finance programme in Before Entrepreneurial activities and After Entrepreneurial activities periods. The difference in condition between before-and-after entrepreneurial is interpreted as the impact of the programme. In assessing impact, a detailed analysis is carried out of whether credit channeled through SHGs raises income, and savings, reduces dependence on local money lenders, whether it enables women to have greater autonomy in household decision-making, reduces domestic violence against women, broadens their public domain, and induces a greater sense of bonding/reciprocity and building of associational capital.

Besides the primary data collected through field investigations, secondary data have been used for the study, wherever found appropriate the major sources of secondary data have been

collected from different books, magazine, NBARD publications, Newspaper, DRDA agencies of district Hamirpur in Himachal Pradesh.

Primary data are collected through structured questionnaire Sample size: 125 samples have been collected from the 8 areas that are selected for the purpose of the study. Simple percentage methods is used to analyse and interpret the data.

In the present context, some key questions are: (i) whether access to microfinance-particularly microcredit — has given women greater autonomy in household decisions relating to allocation of resources, savings and investment; (ii) whether it has helped broaden their role in the public sphere-participation in village Panchayats, campaigns for village hygiene and sanitation, strengthened bonding among members of diverse social and economic backgrounds; (iii) whether density of social networks has been an important factor in the success of SHGs; and, finally, (iv) how sustainable is this form of access to finance.

6. Growth of 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 un scaled with support in the human resources and financial products in the state. In Himachal Pradesh nearly 63,775 SHGs, covering approximately 6.37 lakh rural households having saving bank accounts with banks as on 31st march, 2014 operative in the state promoted by Department of Social Justice and Empowerment and various NGOs. The study also examined that out of 63,775 saving linked SHGs, 55,372 SHGs had availed loans from various banks as on 31st march, 2014 and the loan outstanding to them were to the tune of Rs. 200.15 crore (Economic survey, 2014-15)¹

¹ Economic Survey, Economic & Statistics Department, Himachal Pradesh-2014-15

Table no. 1.1. District Wise Detail of SHGs formed and assisted since inception of the scheme

I.e. 1-4-1999 to 31-3-2013

Sr. No.	Districts	No. of SHGs formed since inception	Rank R1	No. of SHGs that have taken up economic activities since inception	Population	Percentage	Rank R2	D R1-R2	D2
1	Bilaspur	761	10	395	3,81,956	5.56	10	NIL	NIL
2	Chamba	1698	3	1112	5,19,080	7.56	7	-4	16
3	Hamirpur	868	8	514	4,54,768	6.63	8	NIL	NIL
4	Kangra	2664	1	1950	15,10,075	22.00	1	NIL	NIL
5	Kinnaur	188	11	84	84,121	1.23	11	NIL	NIL
6	Kullu	1214	5	411	4,37,903	6.38	9	-4	16
7	L & Spiti	76	12	20	31,564	0.46	12	NIL	NIL
8	Mandi	1715	2	1131	9,99,777	14.56	2	NIL	NIL
9	Shimla	1481	4	752	8,14,010	11.86	3	1	1
10	Sirmaur	968	6	564	5,29,855	7.72	5	1	1
11	Solan	725	9	353	5,80,320	8.45	4	5	25
12	Una	896	7	371	5,21,173	7.59	6	1	1
	Total	13254		7657	68,64,602			NIL	60

Source: Department of Rural Development Himachal Pradesh Shimla- 171009

District wise study analyzed that max. no of SHGs has been registered in district Kangra and population wise also obtained 1st rank , followed by Mandi having 2nd rank both SHG wise and population wise.

The districts having the same rank both SHGs wise and population wise are Hamirpur (got 8th rank), Bilaspur (got 10th rank), Kinnaur (got 11th rank) and L & Spiti (got 12th rank). On the other

hand, SHG wise Chamba got 3rd rank, Kullu 5th rank, Shimla 4th rank, Sirmaur 6th rank, Solan 9th rank and Una 7th rank. Population wise Chamba got 7th rank, Kullu 9th rank, Shimla 3rd rank, Sirmaur 5th rank, Solan 4th rank and Una 6th rank.

Table 1.1 indicates the relationship between population and SHGs in Himachal Pradesh.

$$R = 1 - \frac{6\sum D^2}{N^3 - N}$$

Where **R** denotes rank coefficient of correlation and **D** refer to the difference of rank between paired items in two series.

Coefficient of correlation measures the degree of relationship between two set of figures.

$$R = 1 - \frac{6(60)}{12^3 - 12}$$

$$R = 1 - \frac{360}{1728 - 12}$$

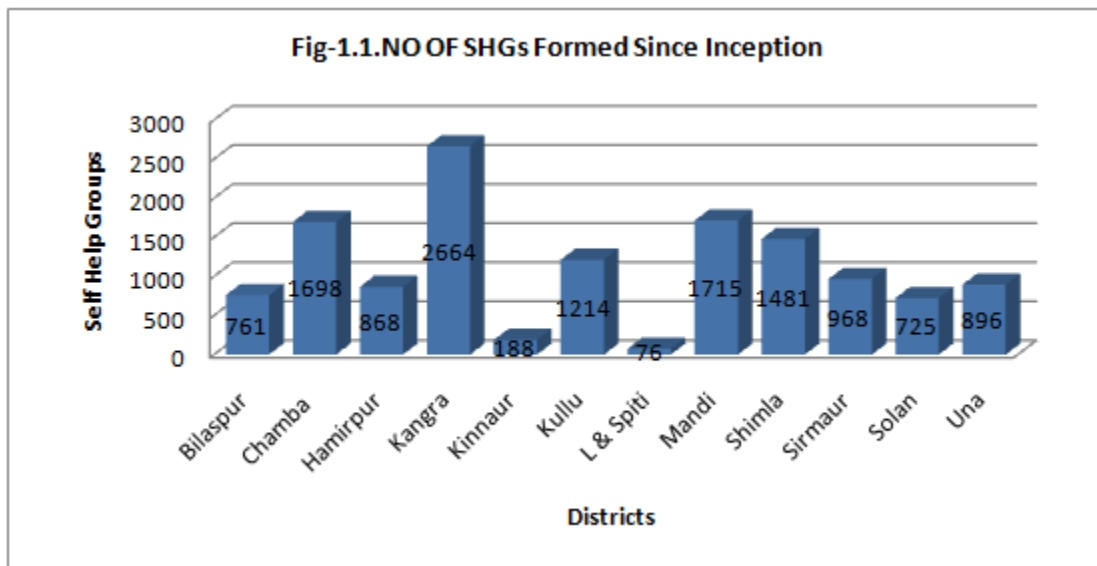
$$R = 1 - \frac{360}{1716}$$

$$R = 1 - 0.21 = 0.79$$

The value of rank correlation is 0.79, which reveals that there is a positive relation between population and the SHGs in Himachal Pradesh.

Whether correlation is positive (direct) or negative (inverse) would depend upon the direction of change of the variables. If both the variables are varying in the same direction i.e. if as one variable is increasing the other, on an average, is also increasing, correlation is said to be

positive. The full interpretation of r depends upon circumstances one of which is the size of the sample. All that can really be said that when estimating the value of one variable from the value of another, the higher the value of r the better the estimates.



Study Area

List of Self Help Groups and no. of members that were surveyed in different panchayats of the study area

Table-1.2

Distt.	Name of Block	Name of Gram Panchayat	Name of Self Help Groups	No. of members
Hamirpur	Bhoranj	Sadryana	Shakti	15
		Agdhar	Jai Hanuman	14
		Ghirad	Naina Devi	12
		Bhoranj	Jyoti	15
		Bhoranj	Unti	15
		Bhoranj	shiv shakti	20

		Bhoranj	shiv baba	17
		Bhoranj	shiv jyoti	17
Total =125				

Data Analysis and Interpretation

Table 1.3. Income pattern of Women Entrepreneurs

Monthly Income Level (Rs)	Number of Women Entrepreneurs			
	Before taking Entrepreneurial Activities	Percentage	After taking Entrepreneurial Activities	Percentage
Up to 1000	70	56.00	2	1.6
1001-2000	48	38.40	41	32.8
2001-3000	7	05.6000	40	32.0
3001-4000	-----	-----	26	20.8
Above 4000	-----	-----	16	12.8
Total	125	100	125	100

Source: field survey

It is very much clear from the above table that women entrepreneur who didn't earn between Rs 3001-4000 or above Rs 4000 before taking Entrepreneurial Activities, their percentage rise to 20.8 per cent and 12.8 per cent respectively after taking Entrepreneurial Activities now they earn between Rs 3001-4000 and above Rs 4000 respectively.

Table 1.4. Expenditure level of women entrepreneurs

Monthly Expenditure Level (Rs)	Number of Women Entrepreneurs			
	Before taking Entrepreneurial Activities	Percentage	After taking Entrepreneurial Activities	Percentage

Up to 1000	90	72.0	47	37.6
1001-2000	34	27.2	50	40.0
2001-3000	1	0.8	20	16.0
3001-4000	-----	-----	06	4.8
Above 4000	-----	-----	02	1.6
Total	125	100	125	100

Source: field survey

The above table indicates that after taking entrepreneurial activities the expenditure of women entrepreneur has gone up in as compared to their expenditure before taking entrepreneurial activities. 40 per cent members expressed higher level of expenditure i.e. between Rs 1001-2000, 16 per cent reported between Rs 2001-3000, 4.8 per cent reported between Rs 3001-4000, and 1.6 per cent reported above Rs 4000. Main objective of formation of SHG is to encourage economic activities so that women members can gain economically.

Table 1.5. Savings Pattern of Women Entrepreneurs.

Monthly Savings Level (Rs)	Number of Women Entrepreneurs			
	Before taking Entrepreneurial Activities	Percentage	After taking Entrepreneurial Activities	Percentage
Up to 100	77	61.60	47	37.60
101-150	45	36.00	56	44.80
151-200	3	2.4	17	13.60
Above 200	-----	-----	5	4.00
Total	125	100	125	100

Source: field survey

Savings have become an important feature in all the groups. Members have realized that they would be able to take small loans from the group only if they do regular savings. Hence all members take ‘savings’ very seriously. Even if a member misses a meeting, she/he does not miss weekly or monthly saving – is sent it through another member. Though, none of the groups have actually declared any sanctions against persons who do not save regularly, still, 'compulsory saving' has become an unwritten rule in all the Groups. From the above table it is clear that before taking entrepreneurial activities more women entrepreneur save up to Rs 100 but after taking entrepreneurial activities more women save more than Rs 100 or more than Rs 200 .

Table -1.6. Income generation activities of women entrepreneur

Type of Economic activity	No. of members	Average investment (Rs)		
		less than 5000	5000-10000	10001-15000
Dairying	65	8	12	45
Tailoring	22	12	9	01
Bag Making	25	10	13	02
Bamboo making	13	5	4	4
Total	125 (100)	35 (28)	39 (31.2)	51 (40.8)

Source: field survey

Table-1.4 indicate that out of 125 self help group members, 65 members were involved in dairying, 22 in tailoring, 25 in bag making and 13 in bamboo making activities. It is also noted from above that the average investment of 45 members of dairying were found in the range of Rs ‘10001-15000’. Bag making and tailoring were found to be the 2nd major economic activities contributing highest income to the members. The members were encouraged to set up their own income generating activities

Table -1.7. Household decision making

Particulars	Before taking Entrepreneurial Activities		After taking Entrepreneurial Activities		
	Contribution		Increased greatly	Increased	No change
	Yes	No			
Purchase of food items	100	25	40	35	40
children’s education	40	85	20	25	22
Marriage of children	110	15	50	15	40
Selection of job	25	100	5	7	8

Recreation	35	90	15	5	8
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Source: Field study

The members’ role in household decision making was examined by their involvement in their common decision making i.e. purchase of food items, Children’s education, Marriage of children, Selection of job and Recreation activities. Almost all members reported that they are involved in decision related to the above particulars. Table-1.5 indicates that involvement in food items and marriages of children have reported highest changes while involvement in selection of jobs and recreation activities reported the least changes.

Table -1.8. Self- confidence levels of the members

Particulars	Before taking Entrepreneurial Activities		After taking Entrepreneurial Activities		
	Involvement		Change effected		
	Yes	No	Increased greatly	Increased	No change
Feed family	110	15	35	20	20
Educate children	35	90	25	15	11
Take Major decisions	60	65	15	25	20
Resolve conflicts	25	100	11	25	7
Leadership	15	110	2	10	2

Source: Field study

The members 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 before-SHG joining 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 (Table1.8). Involvement in community activities effects the members’ role as

well as his/her working in the social life as well as in personal life. Table 1.9 indicates that after joining SHGs members reported that, regular meetings fostered a strong friendship and co-operation among different SHGs and were able to generate a greater sense of solidarity, closeness and will to shoulder responsibilities within the group (Table 1.9).

Table -1.9. Involvement in community activities

	Before taking Entrepreneurial Activities		After taking Entrepreneurial Activities		
	Involvement		Change effected		
Community involvement indicators	Contribution		Increased greatly	Increased	No change
	Yes	No			
Helping neighbours	85	40	45	25	12
Mobilization of people	25	100	12	8	5
cultural activities	22	103	18	34	7
leadership	10	115	8	22	4

Source: Field study

In fact, this is clearly a result of the frequent meetings organized by the SHGs. It is significant to note here that women who never used to come out of their home a few years back are now coming together in their SHGs.

Suggestion and conclusion

It is noteworthy here that the loans were used largely for purchase of food items, dairy, tailoring, health and education of children and for production-related expenses-especially by the disadvantaged. The rates of return on such investments were high. Little, however, can be said about their sustainability. The focus should be on developing a diversified micro finance sector where different types of organizations NGOs, MFIs and formal sector banks all should have gender policies adapted to the needs of their particular target groups/institutional roles and capacities and collaborate and work together to make a significant contribution to gender equality and pro-poor development. Member of the each SHG should be given vocational

training in their work so that their efficiency increases. They should be trained to develop their capabilities of decisions making and individual thinking. Women member of the self-help group should be made aware of their constitutional and legal rights both in their work and in the social sphere.

At the end it is clear from all the aspects that for developing both male and female has to work and when both are working the family condition as well as economic condition of the country would also be better from this paper it is clear that after taking entrepreneurial activities women entrepreneurs are earn for their family and taking part in the society as well as taking decisions also on behalf of their family.