



## Women Empowerment Through Micro Finance – A Study On Perceptions Of Self Help Group Leaders In Krishna District - A Discussion Paper

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### ABSTRACT

*Since women comprise the majority of the population below the poverty line and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination, macro economic policies and poverty eradication programmes need to specifically address the needs and problems of such women. There need be improved implementation of programmes which are already women oriented with special targets for women. Steps are to be taken for mobilization of poor women and convergence of services, by offering them a range of economic and social options, along with necessary support measures to enhance their capabilities In order to enhance women's access to credit for consumption and production, the establishment of new, and strengthening of existing micro-credit mechanisms and micro-finance institution will have to be undertaken so that the outreach of credit is enhanced. Other supportive measures should ensure adequate flow of credit through extant financial institutions and banks, so that all women below poverty line have easy access to credit.*

**KEYWORDS :** Women Empowerment, Micro Finance, Self Help Groups (SHGs), Psychological Wellbeing, Social Empowerment

Poverty and unemployment are the major problems of any under-developed countries, and India is no exception. The structure of rural financial market in India has both formal and informal financial intermediaries. It is widely accepted that formal financial sector is not effectively serving the rural poor in developing countries. The overall unemployment rate is 7.32 percent. The female unemployment rate is 8.5 percent. The rate of growth of women unemployment in the rural area is 9.8 percent. This is because of the low growth rate of new and productive employment.

Micro Finance is a provision of thrift, credit and other financial services and products of very small amounts distributed to the poor in rural and semi urban or urban areas, for enabling them to raise their income levels and improve living standards. At present a large part of micro finance activity is confined to credit only. Women constitute a large number of users of micro credit savings and services.

The origin of Self Help Groups (SHGs) is the brainchild of Grameen Bank of Bangladesh, founded by Prof. Mohammed Yunus in 1975, who tried out a new approach to rural credit in Bangladesh. In India NABARD initiated SHGs in the year 1986-87, but the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A Self Help Group is a small economically homogeneous affinity group of the rural poor voluntarily coming forward to save a small amount of money regularly, which is deposited in a common fund to meet the members' emergency needs and to provide collateral free loans decided by the group. Empowerment of women through microfinance benefits individual women, her family and the community as a whole through collective action for development.

### Purpose and Objective:

The main objective of this paper is to analyse the perceptions of SHG leaders on the impacts of MF on psychological wellbeing, economic development, social aspects, skill development etc.,.

### Methodology

The observations are based on the personal interaction of the author with 32 SHG leaders (small sample of respondents participating in the training programme) when he participated as a resource person in two training programmes at different intervals for SHG members conducted by IKP project in Krishna District, Andhra Pradesh, India. An unstructured schedule is used to conduct personal interactions and to record the perceptions. For this purpose, the schedule included questions related to the general information on psychological, economic and social empowerment as well as managerial skills of the respondents. Simple statistical tool like percentage analysis is used. Multiple responses are recorded in percentage terms. This analysis of observations is a modest attempt to ignite discussions on the impact of Microfinance on rural women.

### Analysis and Discussion

#### 1. Psychological wellbeing off rural women:

The observations are that 97 percent strongly agreed that microfinance brought courage among rural women. 95 percent strongly opined that their self confidence improved by participating in microfinance. 92 percent strongly agreed that micro finance has improved their self worthiness.

50 percent strongly agreed that there is a development of women's skill to generate income by using microfinance. 46 percent agreed that by participating in microfinance programme their literacy level has improved. The analysis reports that 61 percent agreed that microfinance has improved awareness about the education of their children, 45 percent agreed that microfinance improved awareness on health and sanitation, 40 percent strongly agreed that microfinance improved their awareness on food and nutrition, 52 percent agreed that micro finance programme increased some awareness about their environment and 74 percent agreed that happiness in the family has increased after the participation in microfinance programme.

#### 2.Economic Improvement :

The perceptions are that microfinance has some economic impact among rural women. After the participation in microfinance through the SHGs 70 percent strongly agreed that women are economically and socially empowered. 66 percent strongly agreed that microfinance reduced poverty. 68 percent agreed that microfinance programme improved rural savings. 52 percent disagreed that microfinance induced income generating activities. 41 percent disagreed that microfinance increasing rural employment. 48 percent disagreed that microfinance created assets in rural areas 57 percent agreed that their standard of living has increased through microfinance.

#### 3.Social Empowerment :

The respondents report that the micro finance programme has increased their managerial abilities of the leaders of SHGs. 57 percent strongly agreed to this statement. 54 percent strongly agreed that their decision making abilities have increased. 50 percent agreed that participation in microfinance has enhanced their group management skill. 38 percent disagreed with the statement that microfinance created awareness about training programmes organised by NGOs. 50 percent disagreed with the statement that microfinance brought some micro enterprises in the area. 63 percent disagreed with the statement microfinance induced to involve in participation in democratic bodies, 71 percent opined that microfinance programme has helped to increase the freedom of expression and 70 percent agreed that microfinance programme helped their independent movement.

Among the three dimensions of empowerment, psychological wellbeing ranks first followed by social aspects, and economic aspects

ranked last in terms of their perceptual preferences..

#### 4. Development of Managerial Skill:

While analysing the impact of microfinance on the managerial ability of the SHG leaders, coordination skill is ranked first with highest percentage multiple responses (97percent), among the managerial skills, contributions to the organising ability and leadership skill of the SHG leaders ranked second( 94percent). Planning skill of the SHG leaders is ranked third (89 percent), Decision making skill was ranked fourth (85 percent), Financial management skill was ranked fifth (80 percent) and Technical skill was ranked sixth(75 percent), Communication skill was ranked seventh (70 percent), Marketing skill was ranked eight (65percent) and entrepreneurial skill was ranked ninth with 60 percent respondents.

#### Conclusions:

This analysis SHG leaders perceptions on the impact of MF (with small sample of 32 leaders) concludes that microfinance has brought better psychological and social empowerment than economic empowerment. The impact of microfinance is commendable in building courage, self-confidence, self worthiness, skill development, awareness about environment, peace in the family, reduction of poverty improving rural savings, managerial ability, decision making process and group management. In other variables the impact is moderate. As a result of participation in microfinance through the SHG programmes there is a significant improvement of managerial skills, psychological wellbeing and social empowerment. It is recommended that the SHGs may be given a fair trial and should be nourished with the required statutory and managerial support

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