



Empowerment of women through Self Help Groups and Microfinance – Creating linkages with banks

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KEYWORDS :

Introduction

Empowerment is a multidimensional process and refers to the expansion of freedom of choice and action in all spheres –social, political, cultural and economic. It implies control over resources and autonomy in decision making. At the individual level it refers to enhancing individual capabilities and at the collective level, it stands for the ability to organize and mobilize, to take action and, to solve their problems. Empowerment helps people gain control of their lives through raising their awareness and helping them take action and work.

Concept of Empowerment

Empowerment is the process of setting the right environment and structure, as well as creating circumstances in which people can use their faculties and abilities to fully actualize their potential. This implies that institutions should recognize that people carry within them the potential for self-actualization. Individuals need to be encouraged and facilitated to take personal responsibility for improving their achievement. Stromquist(1993) has identified four clear dimensions of empowerment. They are as follows-

a) Cognitive Empowerment

It involves an understanding of the subordinate conditions and their causes, and the ability to critically review one's experiences and identify patterns of behavior which leads to dependence and subordination. Cognitive empowerment, therefore, calls for knowledge and an understanding of the self, as well as the need to make choices which may go against cultural and social expectations.

b) Psychological Empowerment

It is concerned with women's feelings and the belief that they can change their situation themselves. Psychological empowerment need decision making at the personal level and social levels in order to improve one's situation. It therefore, represents the development of self-confidence and self esteem.

c) Economic Empowerment

It involves the ability of women to engage in income generating activities which will give them an independent income. Economic independence requires that women be provided opportunities for acquiring knowledge and skills which will give them access to well paid and high profile jobs.

d) Political Empowerment

It entails the ability to analyze situations politically, and also mobilization for social change. While cognitive, psychological and economic empowerments need critical awareness political empowerment necessarily demands extending action and change to a macro level.

The concept of Self Help Groups

Self help groups are a viable organized set up to disburse micro credit to rural women for the purpose of encouraging them to enter into entrepreneurial activities. The formation of SHGs is not ultimately a micro credit project but an empowering process. It is a gradual process resulting from interaction with group members through awareness and capacity building.

Empowerment of Women through Self Help Groups

Women become able to organize themselves to increase their own reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Through self help groups they get greater op-

portunity to make use of knowledge, information, ideas and financial resources like money and control over decision making in the home, community, society and nation. The core of women's empowerment frame work formulated by UNICEF (1993) lies in the argument that women's development can be viewed in terms of five levels.

a) Welfare

It is the first level which addresses only the basic needs of women without recognizing on attempting to solve the underlying structural causes, which necessitate provision of welfare services. At this point women are merely passive beneficiaries of welfare benefits.

b) Access

It is the second level, which is essential for women to make meaningful progress. This involves equality of access to resources such as educational opportunities, land and credit.

(c) Conscientisation

It is the crucial point in the empowerment frame work for women to take appropriate action to close gender gaps and gender inequalities from inherent structural and institutional discrimination. They must also recognize the role they can often play in reinforcing the system that restricts their growth.

(d) Participation

It is the point where women are taking decisions alongside men equally. To reach this level however, mobilization is necessary. By organizing themselves and working collectively, women will be empowered to gain increased representation which will lead to increased empowerment and ultimately greater control.

(e) Control

It is the ultimate level of equality and empowerment. Here the balance of power between man and women is equal and neither party has dominance over the other. At their stage, in the empowerment frame work, women are able to make decisions over their lives and the lives other children and play active role in the developmental process. Further, the contribution of women is fully recognized and rewarded.

The Concept of Microfinance

Microfinance is one of the new development paradigms for alleviating poverty through social and economic empowerment of poor, with special emphasis on empowering women. Microfinance refers to the entire range of financial and non- financial services, including skill up-gradation and entrepreneurship development, rendered to the poor for enabling them to overcome poverty.

Microfinance programmes are treated as a key strategy in addressing the development issues across nations since the last three decades. Micro finance also gained huge prominence worldwide in the arena of economic development. The vision of micro financial systems worldwide is to serve the impoverished majority, help them to lift them out of poverty, and make them full participants in their country's social and economic development. Micro- finance is the provision of broad range of financial service such as deposits, loans, payments, money transfers and insurance to the low income households and their micro enterprises to break out of their impoverishment.

Benefits of Microfinance

Microfinance as an effective credit delivery system seeks to achieve

the following broad range and multifaceted benefits to meet the credit needs of the poor, including non-bankable and landless.

- Microfinance support financial services to the rural poor, particularly women, who have not been able to secure the needed services from the formal financial system.
- Microfinance provides lendable and capacity building funds in respect of SHGs and various types of other grass-roots level microfinance institutions.
- Microfinance supports all initiatives for upscaling of the SHG-bank linking programmes through thrift related banking activity.
- Microfinance builds up expertise in microfinance activities.
- It helps to build up mutual trust and confidence between the bankers and the rural poor.
- It evolves supplementary strategy for meeting the credit needs of the poor by combining the informal credit system with the formal credit institutions.

SHG- Bank Linkage

With the view to evolving supplementary credit strategies for reaching the unreached rural poor like the land less agricultural labourers, women etc, in a transparent and a cost effective way, NABARD has introduced in 1992-93, a pilot project for linking SHGs with banks. The programme has helped as an alternative credit system administered by the SHGs themselves. The main objectives were to provide following:

- Supplementary credit to SHGs
- Reduction in transaction cost for both banks as well as SHGs by reducing paper work
- To build mutual trust and confidence between banks, NGOs and the rural poor
- To mobilize small savings among poor rural women
- To create healthy relations between SHG members and the linkage agencies
- Constant supervision and monitoring by banks through NGOs.

Advantages of Micro financing through SHGs

Micro financing has turned out to be an effective strategy for formal financing agencies. Group lending minimizes transaction cost and at the same time the members of a group can avail small loans through that group. The chances of misutilization are minimal and there are assured repayment because of peer monitoring by the group. The group concept has enabled the rural poor to develop the saving habit and minimize extravagance.

For the SHG members, the system has been found beneficial because of minimal procedural formalities. There is access to institutional credit without collateral offering, full selection of activity, and the availability of thrift for meeting urgent needs. The skill needed for filling the application forms and the absence of procedural formalities have made the programme customer friendly. Besides, the flexible repayment schedule enables them to repay as and when it is convenient. The group will see to it that prompt repayment is made, as they are likely to get repeat loans. The micro sized, supplementary income generating activities pursued by the members defy the conventional standards of unit cost and unit cost prescribed by banks and government departments. The smaller unit allows women to pursue the activities in their spare time and contribute to the family's income.

Impact of Micro Finance on Women

Micro finance programmes are being promoted as strategy for simultaneously addressing both poverty alleviation and women's empowerment. Finance service provision leads to the setting up or expansion of micro enterprises. There are a range of potential impacts including:

- Increasing women's income levels and control over income leading to greater levels of economic independence.
- Access to networks and markets giving wider experience of the world outside the home, access to information and possibilities for development of other social and political role.
- Enhancing perceptions of women's contribution to household income and family welfare and increasing women's participation in household decision about income and expenditure.
- More general improvements in attitude to women's role in the household and community.

Thus micro financing programmes targeting women has led to their empowerment in economic, social and political spheres and also empowerment within the family. The members are aware of issues such as government programmes and schemes, bank transactions, health, hygiene, family welfare, social awareness and in legal aspects. It is also observed that providing credit alone may not produce the desired impact. The support services and structures through which credit is delivered, ranging from group formation and training to awareness raising. A wide range of other supporting measures are critical to make the impact of microfinance programmes strong and sustainable.

Topic of the Study

The study was on the Socio, Economic and Political empowerment of women in Naliya area in Abadasi Taluka of Kutch district in Gujarat through Self Help Groups and Microfinance – Creating linkages with banks.

Self help groups were formed by Kutch Jyothi Trust. There the center offers various facilities such as farmer's clubs, better methods of agriculture, livelihood programmes such as weaving, embroidery, petty shops, charcoal making and pottery making with micro finance assistance.

Objectives of the study

- To know their socio, economic and political empowerment after enrolling in SHGs.
- To know their status in social security and sustainable livelihood programmes.
- To investigate their participation in literacy and skill development programmes.

Methodology

Self help groups were formed by Kutch Jyothi Trust. The center offers various facilities such as farmer's clubs, better methods of agriculture, livelihood programmes such as weaving, embroidery, petty shops, charcoal making and pottery making with micro finance assistance.

There were 120 SHG members in Naliya area. The respondents were selected through simple random method. Thus the total respondents under study were 60. The researcher used structured interview schedule to elicit information. Both primary and secondary data was used for the study.

Findings of the Study

- The study revealed that 75 percent of them belong to the age group of 20-40 years.
- Research study revealed that the majority (61 percent) of them were motivated to become the member of SHG by the SHG members.
- The study revealed that 70 percent of them had improved in their decision making power.
- The data analysis showed that 73 percent of the respondents expressed keen interest to empower themselves and to improve their living conditions
- The formation of SHGs has improved the socio economic status. Among them 80 percent perceived that SHGs have helped them enjoy equal status in their families in taking household decisions.
- Among the respondents, 85 percent have admitted that they significantly improved their social awareness because of their membership in the SHGs.
- The women had no access to money but after joining to SHGs their income level has increased through income generating activities.
- Research study revealed that 69 percent of them had started bank account after joining in SHG.
- The study proved that after joining SHG, the respondents became economically independent.
- All of them were getting financial assistance and taking loans for income generating programmes.
- It was learnt that all of them started to take loans to initiate income generating activities.
- Data analysis revealed that their banking habit have improved from 31 percent to 100 percent after joining in the SHGs.
- All the members initiated saving habit after joining to SHGs. Av-

average monthly savings was Rs. 5000.

- Analysis of the data revealed that the participation of Gramasabha increased from 39% to 64 % after becoming members of the SHGs.
- Overall opinion was that the empowerment of women through SHGs has great impact on their status in the field of social, economic, and political arena. Enhance in their social security, participation in literacy programmes, sustainable livelihood and skill development were the great achievement the women gained through SHGs, Micro finance creating linkages with banks.

Suggestions

In order to improve the empowerment of women, there should be awareness programmes like education, health and skill development.

Encourage the women to educate their girl children. The NGO's and government organizations should be of more help towards the livelihood and income generating programmes.

The SHGs should create awareness about the importance of saving habits, group loans, bank loans and various schemes available for women.

Government can provide adequate funds to NGOs which are actively involved in linking SHGs with banks.

NGOs and government should be promoted women leadership and active participation of Panchayat or GramaSabha and the political development of women.

NGOs can provide various workshops with women representatives of panchayats on various issues. So representatives can become more aware about the development of women in their panchayats.

Promotion of micro enterprise can increase their contribution to the household income, their role in the family and in turn community decision making.

Conclusion

Self help groups are the main media for empowering marginalized community by micro financing and village development in a very purposeful manner. SHGs play a major role in empowerment of women. The raising of the standard of living of the masses is one of the objectives of planning in India. Micro finance helps the rural poor to improve their standard of living and full fill their credit needs. Micro finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment.

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