

MICROFINANCE MANAGEMENT IN SELF HELP GROUPS

DR.M.R.VANITHAMANI * MS. K.KAVITHA**

Director* MBA, PhD(Asst Prof)**, Department of MBA SSK College of Engineering & Technology,

ABSTRACT

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Although microcredit is one of the aspects of microfinance, conflation of the two terms is endemic in public discourse. Critics often attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and very few studies have tried to assess its full impact. Microfinance programmes like the Self-Help Bank Linkage Programme (SHG) in India has been increasingly hailed for their positive economic impact and the empowerment women. Microfinance programmes in India have been gradually more hailed for their optimistic economic blow and the empowerment of women through self help bank linkage program me. Today in most of the developing countries, more and more prominence is laid on the need for progress of women and their energetic contribution in the main stream of process of development. The foremost form of microfinance in India is that based on women's Self Help Groups (SHGs), which are diminutive groups of 10-20 members. This is mainly based on the outlook that women are more expected to be credit inhibited It is as well broadly documented that apart from running household, rural women bring income with dynamic activities ranging from traditional work in the fields to working' in factories or running small and petty businesses. They have also verified that they can be improved entrepreneurs and progress managers in any kind of human development activities.

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.

More broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers." Those who promote microfinance generally believe that such access will help poor people out of poverty.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Although microcredit is one of the aspects of microfinance, conflation of the two terms is endemic in public discourse. Critics often attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'.]



Micro financing can be traced back as long to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty. Independently to Spooner, Friedrich Wilhelm Raiffeisen founded the first cooperative lending banks to support farmers in rural Germany.

The modern use of the expression "Micro Financing" has

roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Muhammad Yunus, were starting and shaping the modern industry of Micro Financing. Another pioneer in this sector is Akhtar Hameed Khan.

Micro Finance has gained recognition in development conversation the world over as a tool of poverty mitigation and women empowerment. There is a sensitive requirement amongst the poor for credit, both for utilization and production, which often forms the declining line between survival and succumbing to poverty. It has been found that above and beyond food, credit is also wanted for health, housing, education etc. These needs are also decisive for continued existence. The accomplishment of SHGs as a progress tool depends on the accessibility of Micro Finance. For women to turn out to be a flourishing entrepreneur, she needs way in to capital, managerial knowledge and market. The spirit to authorize rural women lies in catalyzing suitable economic activities at the grass root level and thus by creating new opportunities for them to earn higher income. This improves their standard of living. This purpose could be proficient by establishing enterprises that are based on the locally available resources. Consequently, it is imperative and extremely necessary to make rural women empowered in taking decisions to enable them to take them in the central part of any human development process.

SHGs and Women Empowerment

The complexity of the concept of 'women empowerment' is clear from the different interpretations and methodologies that have been used to measure it. It is therefore not surprising that every investigation of the impact of microfinance programmes on women empowerment has its own incomplete interpretation of the concept.

For instance, activities like improvement in nutrition of children, lead to greater efficiency in the woman's role in the household but it also falls within the existing role of the women within the norms of the society. When a woman is better able to perform such activities, it leads to an increase in her self-confidence and feeling of well being. This might create conditions leading to woman empowerment, but are not empowering on their own. Similarly, Community Driven Development activities, undertaken under the initiative of the SHGs - for instance, solving drinking water problems in the village, reduces the demand on a woman's

time while leading to better health of all household members, particularly children. However, most of these activities are for the welfare at the household (including women) or community but are not directly empowering. According to our definition, the truly empowering activities are those that reflect the changes that women have effectively made to better their lives by resisting the existing norms of the society. Based on the conceptual framework above the responses of the FGDs have been classified as follows:

A. Efficiency improving activities that are culturally considered within the woman's domain:

1. Sending children (both girls and boys) to school more regularly,
2. Improved nutrition in the household,
3. Taking better care of health and hygiene of their children,
4. Taking care of other group members in time of health and psychological crisis.
For instance, taking a pregnant member within their group to a hospital for delivery of a child. Helping a group member with household and income-generating activities at the time of loss of her husband.
5. Helping in social functions like marriage.

B. Community Driven Development Activities commonly taken up by the SHGs members:

1. Cleaning the village road, village pond and village school,
2. To solve the drinking water problem, arrange a tube-well in the village,
3. Helping to start a school for their own children and children of the village,
4. Building a bridge over a small rivulet, thereby connecting the village road to the outside world. They did this by taking a contract from the local authorities and using their own and other villager's free labour,
5. Build a small patch of the village road,
6. Starting a store with groceries, vegetables and other basic requirement within the village at reasonable prices, so that people do not have to travel to the nearest village market for shopping,
7. Starting an adult literacy programme in the village,
8. Participating in the sanitation programme of their village,
9. Help government in immunization programmes,

10. Monitoring the school and primary health care centre in their village,
11. Street light for the village and its maintenance,
12. Anti-alcohol campaign to stop consumption of alcohol by men in the community.

C. Women empowering activities:

1. Overcoming the resistance from husband and other members of the family to join the SHG,
2. Increased participation in decision-making within the household to issues that were usually considered outside the domain of woman,
3. Improved status and increase in respect within the household,
4. Feeling fearless, open and confident,
5. All group members learn to sign their names and some have joined adult literacy programmes,
6. Adopting family planning measures,
7. More mobile, can move out of the house and the village more frequently,
8. Talking to the male persons in their village, which they were not confident to do before because of cultural reasons,
9. They have more information about the government programmes due to their exposure and can apply for them for their own betterment and the benefit of the community,
10. Actively participating in the decision to send their children to school,
11. Eradication of prostitution,
12. Some women can actively engage in the decision of their marriage with the elders in her household,
13. Awareness about politics and engaged in political participation by way of voting or directly, by standing as a candidate in the local elections.

Some of these changes have been confirmed by the quantitative data to be significant vis-à-vis the control group. However, others like the adopting family planning measures, decision on marriages of children etc. did not show evidence for improvement in the household data. The level of self-confidence and mobility are also important constituents of empowerment. The comparison between the SHG respondents and the control group shows drastic differences. An overwhelming majority (88%) of SHG respondents reported an increase in self confidence after joining the group.

Microfinance and Empowerment

By micro-finance we signify to say that stipulation of financial services to poor or low-income clients, together with consumers and the self-employed. Micro Finance is comparatively a superior term which addresses a wide range of services particularly financial and banking needs for deprived people. Microfinance exists as a compilation of banking practices centered on providing right of entry to basic financial services to poor people, particularly in developing countries. The outline in which it has urbanized and evolved proves it as a consistent and dependable organizational mechanism for providing

Way in to financial services to the poor. A mainstream of microfinance programs target women with the unambiguous objective of empowering them. On the other hand, their fundamental premises are poles apart. Some quarrel that women are in the midst of the poorest and the most defenseless of the disadvantaged. Others consider that investing in women's capabilities empowers them to build choices, which is expensive in itself. And also it adds to superior economic enlargement and growth. Another incentive is the proof that shows that an augment in woman's resources upshot in superior well-being of the family. At last, an ever-increasing number of microfinance institutions prefer women members as they trust that they are superior and more consistent borrowers. Despite the truth that many concur that woman empowerment is an essential development objective for microfinance programs, it is unmovable uncertain what women empowerment means.

Microfinance Positions Women in Control of Money

Microfinance is one of the chief dominant self-help support services yet shaped. It endows with credit and saving services that are reasonably priced and also which is flexible and consistent. It allows the very poor to diminish the everyday uncertainties of cash management. And it also helps to save money over time, and to have a loan of for imperative needs and opportunities, such as starting a tiny business to earn more money. Microfinance offers benefits for persistently hungry families for their own savings and reinforces other's loan repayment. Be acquainted with this potential of microfinance since 1988, in very poor rural areas of Africa, Asia and Latin America freedom from hunger is one of the pioneers of microfinance for groups of women. Microfinance programs have now assisted tens of millions of extremely poor families worldwide, to meet their instant

financial service requirements. Individual microfinance organizations have full-grown to serve up tens of thousands, yet millions of poor clients-and they carry on growing. Members make diminutive usual savings contributions over a few months until there are sufficient funds in the group to start lending. Money may then be lent back to the members or to others in the village for any reason. In India, numerous SHGs are associated to banks for the delivery of microcredit.

Increase the Women's Participation in Micro-Finance Activities

In order to smooth the progress of the involvement of women in micro and small enterprise, donors should give confidence to micro enterprise programmes to build up explicit strategies for enlisting women as clients from within their existing groups of target. They should also encourage micro enterprise programmes to enlarge their target groups to comprise the sizes and types of enterprise activities in which women fit into place and/or try out with support strategies, business assistance needs. The donors should also think about expanding support to a broader range of organizations, especially poverty-focused organizations which are lively in rural areas. Support for these organizations should consist of technical support and training in programme planning, management and in developing teams of female staff for assisting clients in business planning and management.

Growth of Microfinance

The development of microfinance is noticeable in numerous features. There are more than 2000 NGOs occupied in the NABARD SHG-Bank linkage agenda. The deficiency of the formal financial system to provide to the requirements of the poor and the understanding of the fact that the key to victory lies in the development of community based organizations at the grassroots level led to the appearance of new Generation of MFIs.

In current days, the organizations of governmental and nongovernmental in up warding countries have introduced microfinance programs contributing financial services to low income households. This specifically targets women. This was based on the assurance that women in deprived households are more expected to be credit inhibited, and therefore less able to take on income-earning activities. Admission to credit has established even greater attention in the background of poverty reduction. With the aspire to

meet up the Millennium Development Goals and role of microfinance programs' behind it, there has been an escalating expectation on their collision on women empowerment.

2010-11 will go down as the worst year in the young history of the microfinance industry...it was a year, when the country's biggest market for micro loans shut down for business, and new rules came into place to govern the industry. The MFIs' travails were captured by its only listed company SKS microfinance, which has lost 90 per cent of its market value this year. Amidst all the soul searching within the industry is the realization that the microfinance model must be reinvented. ET Insight has this report on the MFIs' battle for survival. Indian Microfinance sector may decline 20-40 % in 2011-12 - News Digest.

Microfinance Positions Women in Control of Money

Microfinance is one of the chief dominant self-help support services yet shaped. It endows with credit and saving services that are reasonably priced and also which is flexible and consistent. It allows the very poor to diminish the everyday uncertainties of cash management. And it also helps to save money over time, and to have a loan of for imperative needs and opportunities, such as starting a tiny business to earn more money. Microfinance offers benefits for persistently hungry families for their own savings and reinforces other's loan repayment. Be acquainted with this potential of microfinance since 1988, in very poor rural areas of Africa, Asia and Latin America freedom from hunger is one of the pioneers of microfinance for groups of women.

Microfinance programs have now assisted tens of millions of extremely poor families worldwide, to meet their instant financial service requirements. Individual microfinance organizations have full-grown to serve up tens of thousands, yet millions of poor clients-and they carry on growing. Members make diminutive usual savings contributions over a few months until there are sufficient funds in the group to start lending. Money may then be lent back to the members or to others in the village for any reason. In India, numerous SHGs are associated to banks for the delivery of microcredit.

Conclusion

Given this detailed investigation of women with respect to the control of resources, changes in behavior and the decision-making reveals that many strides have been made in the right direction and women are in the process of

empowering themselves. Microfinance could be an elucidation to help them to expand their prospect and suggest them communal recognition and empowerment. Microfinance actions and society has facilitated them to construct a superior collision as they will boost the quality of life of the women micro entrepreneur and also her family. The key question for flourishing micro finance program focused on women should judge them in a broader background, as a family nucleus, that is very important for communal improvement and progress. Subsequent to this idea, micro finance programmes should offer women with specific modified products through suitable methodologies, which can offer competitiveness to their business but also well being to them and their families.

References

- Armendariz de Aghion .B, and J.Morduch, "Microfinance beyond Group Lending."Economics of Transition vol.8 (2):401-420. 2000.
- Adams, Dale W., Douglas H. Graham & J. D. Von Pischke (eds.). Undermining Rural Development with Cheap Credit. Westview Press, Boulder & London, 1984.
- Branch, Brian & Janette Klaehn. Striking the Balance in Microfinance: A Practical Guide to Mobilizing Savings. PACT Publications, Washington, 2002.
- Pitt, M., and S.R. Khandker., 1998: The Impact of Group-Based Credit Programmes on Poor Households in Bangladesh: Does the Gender of the Participant Matter?, Journal of Political Economy 106: 958-96.
- Economic Development and Poverty Reduction Strategy, 2008-2012
- 'NABARD initiatives turn rural women into entrepreneurs', The Hindu, Feb 20, 2004.
- Nair, A. Sustainability of Microfinance Self Help Groups in India: Would Federate Help? World Bank Policy Research Working Paper 3516, February, 2005.
- UNCTAD (2006) Investment Policy Review Rwanda, New York and Geneva.