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## SELF HELP GROUPS AND EMPOWERMENT OF RURAL WOMEN

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**Abstract:-** Rural development comes through people's participation and empowerment. The SHG's is considered as a viable organization of the rural poor particularly women for delivering micro credit in order to undertake entrepreneurial activities. Some of the SHG's managed by the rural poor women successfully dominated how to mobilize and manage thrift and saving activities appraise credit needs enforce financial disciplines, maintain credit linkages with banker and effectively undertake income generating activities. The present paper has been prepared with the objectives, is to identify the significance of women empowerment, to study the role of financial institutions, to know the challenges faced by the groups member after formation of the group and also gives some suggest measures in the light of challenges to improve the SHG's.

**Keywords:**Self Help Groups, Women Empowerment, Micro Finance.

### INTRODUCTION

Self Help Group is the process by which a group of people with a common objective are facilitated to come together in order to participate in the Development activities such as savings, credit and income generation. The SHG's are Voluntary association of people formed to attain a collective goal. The objective of SHG's is to inculcate the habit of thrift, savings and banking culture (availing loan and repaying the same over a given period of time) thereby ensuring economic independence. The principles underlying the SHGs are financing the poorest of the poor, ensuring excellent recovery level, and achieving holistic empowerment of rural women.

Rural development comes through people participation and empowerment. The SHGs is considered as a viable organization of the rural poor particularly women for delivering microcredit in order to undertake entrepreneurial activities. Some of the SHGs managed by the rural poor women successfully demonstrated how to mobilize and manage thrift and savings activities, appraise credit needs enforce financial disciplines, maintain credit linkages with banker and effectively undertake income generating activities. SHGs were informal homogeneous groups comprising of mostly lower income class of people. Such group members were trained by Non-Government organizations (NGO's) to build financial resources through savings for lending to needy members. According to J.P. Lewis adds the low outreach of banks coupled with collateral vacuum in their new expectations and left the underprivileged and the poor dependent on the non-institutional channels, mainly the money lenders for meeting their growing production oriented credit needs.

### CONCEPT OF EMPOWERMENT

Empowerment is a multifaceted, multi dimensional and multi-layered concept. Women's

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empowerment is a process in which women gain greater share of control over resources, human and intellectual like knowledge information ideas and financial resources like money and access to money and control over decision making in the home, community, society and nation, and to gain 'power' according to the country report of Govt. of India "Empowerment means moving from a position of enforced powerlessness to one of power". Suguna (2002) describes empowerment as 'a process whereby women become able to organize themselves to increase their own self reliance to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Empowerment is described in the economic, social and political contexts while others also include physical, mental, religious or legal areas.

Self Help Groups are small homogenous groups consisting of 12-20 women from BPL (Below Poverty Line) families voluntarily organized to promote savings. They are self managed groups of poor women which primarily came into existence to mobilise financial resources through their own savings and lend the same amongst themselves to meet the credit needs of their members.

### OBJECTIVES OF THE STUDY

The following objectives have been set to carry out the present study

- 1) To know the significance of women empowerment through SHGs.
- 2) To study the role of financial institutions for developing the SHGs.
- 3) To know the challenges faced by the group's members after formation of the groups.
- 4) To suggest certain measures to make the groups member after formation of the groups.

### SIGNIFICANCE OF WOMEN EMPOWERMENT

Empowerment of women means the strengthening of their capabilities in the social, political and economic sphere. Women's empowerment and material advancement helps them to improve their economic position. so, if women are to be empowered, it is essential to supply them an increasing network of support services so that they are liberated from some of their gender linked restraints. If women are to be economically empowered, it is fundamental to provide them with additional channels of credit, training, employment, greater exposure, leadership skills and social security. All these necessitate the creation of an environment through suitable policies and programmes, institutional arrangements at different levels, and adequate financial resources. Policy makers in India are largely aware of this issue and have launched several innovative schemes for women empowerment not only through Govt. agencies but also through dedicated non-governmental organization. Self Help Groups as micro financing institutions are emerging as cost effective mechanism for providing financial services to the needy poor people especially women. The self help groups ensure active participation of people, wide distribution of power, dispersed decision making and evolution of new leadership for long term sustenance's of activities. The group exhibits the highest concerns to the poorest among themselves and benefits distributed accordingly, hence the sense of equity and mutual help is highly among the group members.

Credit plays very important role in the lives of the rural poor in developing economy. The majority of the rural population is left with an adequate resources base for; production. In the rural areas activities like weaving, handlooms, fiber cutting etc., are undertaken. Through these activities standard of living increases and it generates the employment opportunities. Financing of economical activities is a prerequisite for the rural economy to develop. The eradication of rural poverty depends largely upon the availability of credit. Agriculturist, rural artisans self employed persons and retail traders are heavily dependent on additional monetary resources to get their income levels raised. Hence the credit plays a pivotal role in the development of the rural sector.

### ROLE OF FINANCIAL INSTITUTIONS

A Micro finance institution is an organization that offers financial services to the very poor. Most MFIs are non-governmental organizations committed to assisting some sector of the low-income population. Almost all of these offers micro credit and only take back small amounts of savings from their own borrowers not from the general public. Within the micro finance industry the term micro finance institution has come to refer to a wide range of organizations dedicated to

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providing these services, viz., NGOs Cooperatives, Private commercial banks and non-bank financial institutions. (some that have transformed from NGOs into regulated institutions), etc.

There are other institutions, however, that consider themselves to be in the play a role in a reshaped and deepened financial sector, these are community-based organizations such as credit unions and cooperative housing societies. Others are owned and managed by local entrepreneurs a broader client-base than the financial NGOs and already consider themselves to be part of the formal financial sector.

Non-Government Organisations have played a major role in experimenting with different approaches and strategies of work in women's development. Because of their flexible operational style and greater empathy, they are more capable than Government Organizations to represent local needs and issues and to tailor their strategies to meet the changing needs. NGO's are also supporting government programmes. However, by affiliating and sponsoring govt. programmes, many NGO's lost the role they played to change the condition of women.

The Govt. duty is to organize village survey to identify members motivate them to form groups and render training guidance for management of funds and maintenance of accounts. The NGO's and Voluntary Organizations playing a significant role and their contributions is unique in identifying the problems of the people in general and weaker section in particular. The groups evolve system of operations often with the help of non-governmental organizations and manage the common pooled resources in legal way. While combining the group and Non-Governmental Organizations the micro-financing Institutions ensures that the tribal dependence on the money cinders will decrease easily.

Bankers basically have problems in dealing efficiently and economically with a large numbers of small borrowers. The group approach can ensure wider coverage of poor families through bank credit, also the members of groups learn to independently approach the bank for bigger loan due to direct interaction and guidance fro the bank.

### CHALLENGES

Self Help Groups facing certain challenges which are major obstacle. For group's development they are;

- 1)The documentation process and procedures of bank and Non-Governmental Organisations (NGO's) and other time consuming, lack of transparency and bureaucracy are the major obstacle.
- 2)Lack of adequate timely credit and delay in operation of development programmes are hindering growth of groups.
- 3)The members of the group look at the SHGs for the livelihood. But in due possible as the income generation in micro credit is small.
- 4)When the members of the group look for funds from financial institutions winning the confidence of the funding agencies takes time.
- 5)The SHGs is still to receive acknowledgement form the market or the public; As a result, the product or the services rendered by them is given little attention.
- 6)The illiteracy and ignorance among the group members has affected lot in the effective working of groups.
- 7)The lack of faith and respect among the group members is yet another challenge.
- 8)The participatory process of SHGs formation is people based and promoters Self Help among the poor. The formation and maturity of SHGs depends on evolving group dynamics and can take up to 1 to 3 years. Therefore, hastening the process of SHG formation by setting unrealistic targets could do more harm than govd.
- 9)Normally groups are promoted under certain programme or project. Once the programme or project is over, the agency withdraws and the groups are left on their own. Such groups need support for sustaining their efforts. This support is crucial and can prove to be vital for the long-term success towards bank linkage.

### SUGGESTION

Micro finance is an enabling tool for improved services. Various forms of partnership is the key to the sustainability. To improve the extent to which sustainable micro finance programmes reach poor households and contribute to poverty reduction, it needs to improve the micro finance products and services and delivery mechanisms, for this some conditions are to be followed, viz., match their products to clients needs, match re payment amounts and cycles to clients needs, match the loan size to the client's needs increase services to vulnerable non-poor households, increase product diversity, increase individual savings opportunity etc.

Systematic capacity building is required as these micro finance programmes are in the formative stage. So training arrangement should be a priority for the micro finance institution. This would enhance institutional capacity and would contribute towards development of suitable micro finance programme.

Self Help Groups contribute to the rural economy in the big way. To make them more active the following suggestions are made.

- 1) Government in coordination with NGO's should take special interest in educating the illiterate members of SHGs, to make them able to know the financial transactions and regulations of micro-financing systems.
- 2) The regular supervision at timely interval is necessary to protect the interest of small savers. Ensure proper terms of credit and financial discipline, proper reporting system and orderly development.
- 3) The local administration should be vigilant enough to check the existence of some of the non banking financial corporation which work as unauthorized institution into the rural credit market and make many false premises to the illiterate masses to grab deposits.
- 4) It is necessary to amend the by laws of the NGO's suitability to facilitate smooth flow of funds.
- 5) The banks must provide proper training for skill and entrepreneurship development. The group members would be able to diversify into income generating activities, thus improving their credit absorption capacity.
- 6) It is a good opportunity for both men and women for empowering in rural areas. The active role of Govt. banks and other financial institutions extending loans to groups with attractive low rate of interest rates and simplified procedure will help lot.
- 7) The proper management Information system is to be ensured for regular low of informal on the functioning of the unit financial through micro-finance so as to have close supervision/monitoring.
- 8) More and more rural skilled women need to be involved in developmental programmes from its formulation to implementation and also more women intensions workers may be employed in agriculture and allied developmental departments to facilitate easy interaction and required skills transfer to women clients.
- 9) Necessary programmes and activities for training and knowledge transfer must be tailor-made for rural women particularly in the content of their farming practices and homestead engagements.
- 10) Micro finance is the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise income levels and improve living standards.

### CONCLUSION

SHGs encourage savings and promote income generating activities and help to create employment for unemployed youths. It also create unique alternatives, need based credit delivery mechanism. The formation of group also brings uniformity and feeling of success among the group members. Involvement of women is essential in all stages of economic and social activities as they are major source of manpower in our country. Even though this programmes was not given much importance during its initial stages on seeing the impact of micro finance in different countries the Government of India took a services look and extended strong hand.

Micro finance programme is the most promising strategic weapon for attacking poverty by way of providing development funds to so far neglected target groups of poor people are given

opportunities to undertake entrepreneurial activities supported the proper access to credit, it will certainly enable them to come out of poverty trap.

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