

# “SELF HELP GROUP”: A MODERN DEVICE TO FIGHT POVERTY FOR RURAL DEVELOPMENT THROUGH MICROFINANCE

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## Abstract

In India, with the emergence of liberalization and globalization in the early 1990's, the trouble of women employees in unorganized sectors from awful to worse as the maximum of the women who have been engaged in diverse self-employment activities have lost their livelihood. Despite the enormous contribution of women to each family and countrywide economy, their portraits are taken into consideration simply as an extension of household area and stay non-monetized. In India, the Microfinance scene is ruled via way of means of Self-Help Groups (SHGs) as a powerful mechanism for presenting monetary offerings to the “Unreached Poor”, and also in strengthening their collective self-assist capacities main to their empowerment. Rapid development in SHG formation has now been an empowerment motion amongst women throughout the country. Microfinance is important to conquer exploitation and create self-belief for the financial self-reliance of the agricultural poor, specifically, amongst rural women. Although no ‘magic bullet’, they are doubtlessly a tremendous contribution to gender equality and women’s empowerment. Through their contribution to girls’ cap potential to earn an income, those programs can provoke a chain of ‘virtuous spirals’ of financial empowerment, and wider social and political empowerment. The effects of those self-assist groups (SHGs) are promising and the feature become a focus of excessive exams as it's far proving to be a powerful approach to poverty discount and financial empowerment. Mainly on the premise of secondary records analysis, this paper tries to focus on the function of Microfinance and SHGs within the empowerment of girls in India.

**Keywords:** Microfinance, Non-monetize, Virtuous spirals, Political empowerment, Financial self-reliance, Liberalization,

## Introduction

Microfinance via Self Help Group (SHG) has been identified the world over because of the modern device to fight poverty and for rural improvement. Microfinance and SHGs are powerful in decreasing poverty, empowering girls, and growing focus which ultimately affects in sustainable improvement of the nation. Women had been the maximum underprivileged and discriminated strata of society now no longer simplest in India but the sector over. Despite all Government and Non- Governments efforts, they had been pretty ignorant customers of the monetary zone. In the latest times, microfinance has been rising as an effective device for empowering women particularly. the natural women. Apart from the casual sector of finance, the formal and semi-formal sectors like business banks, NGOs, etc. are taking plenty hobby in offering microfinance to women thinking about it being a worthwhile business activity. Women also are participating within the microfinance motion with the aid of using availing the microfinance offerings being furnished with the aid of using diverse monetary channels. The foremost goal of microfinance is to empower girls. Microfinance is the supply of monetary offerings to low-profit customers, including consumers and the self-employed, who historically lack get admission to banking and associated offerings. Microcredit, or microfinance, is banking the unbankable, bringing credit, financial savings, and different critical monetary offerings within the attain of hundreds of thousands of individuals who are too bad to be served with the aid of using regular banks, in maximum cases due to the fact they may be not able to provide enough collateral. Women make up a massive share of

microfinance beneficiaries. Traditionally, girls (especially the ones in underdeveloped countries) had been not able to readily participate in monetary activity. Microfinance gives girls the monetary backing they want to start commercial enterprise ventures and actively take part in the economy. It offers them confidence improves their reputation and makes them extra active in decision-making, consequently encouraging gender equality. According to CGAP, long-standing MFIs even file a decline in violence closer to girls because of the inception of microfinance. The maximum of the microcredit establishments and organizations all around the international makes a specialty of girls in growing countries. Observations and reveal in indicating that girls are a small credit risk, repaying their loans, and have a tendency extra often to advantage the complete family. In another factor, it's additionally regarded as a technique giving the girls extra reputation in a socio-economic manner and converting the modern conservative courting among gender and class. A recent World Bank file confirms that societies that discriminate on the idea of gender better the value of more poverty, slower monetary growth, weaker governance, and a decrease in dwelling popularity for all people. At a macro level, it's miles due to the fact 70 percent of the sectors bad are girls. Women have a better unemployment charge than guys indefinitely in each united states and make up the bulk of the casual zone of maximum economies. They represent the majority of folks who want microfinance offerings. Giving girls get admission to microcredit loans, therefore, generates a multiplier impact that will increase the effect of a microfinance institution's activities, benefiting more than one generation. the better concept of empowerment.

What will we suggest with the aid of using empowerment? Nobel Laureate Amartya Sen (1993) explains that the liberty to guide extraordinary styles of lifestyles is meditated withinside the person's functionality sci. The functionality of someone relies upon numerous factors, such as non-public traits and social arrangements. However, the whole accounting of man or woman's freedom is going past the abilities of private living. For example, if we do now no longer have the braveness to select to stay in a specific manner, even though we ought to stay that manner if we so chose, can or not it's stated that we do have the liberty to stay that manner, i.e., the corresponding functionality? Another essential factor made with the aid of using Sen (1990) is that for size functions one ought to awareness of sure universally-valued functioning, which relates to the primary basics of survival and wellness no matter the context. Taking the instance of universally valued functioning like right nourishment, appropriate fitness, and shelter, Sen asserts that if there are systematic gender variations in those very primary functioning achievements, they may be taken as proof of inequalities in underlying abilities rather than variations in preferences. Empowerment can vary from non-public empowerment that may exist withinside the current social order. Thus, this form of empowerment could correspond to the proper to make one's very own alternatives. to multiply autonomy and to manipulate monetary resources. Empowerment indicates multiplied participation in decision-making and it's far this manner via which humans experience themselves to be able to ma choices and the proper to do so (Kabeer, 200t). Malhotra. at (2002) built a li of the maximum normally used dimensions of girls' empowerment, drawing from the frameworks evolved with the aid of using numerous authors in extraordinary fields of social sciences. Allowing for overlap, those frameworks advise that girls' empowerment wishes to arise alongside a couple of dimensions such as: monetary, socio-cultural, familial/interpersonal. legal. political. and psychological. Since those dimensions cowl a large variety of factors. girls can be empowered within this kind of sub-domains. They deliver the instance of "socio-cultural" measurement which covers various empowerment sub-domains. from marriage structures to norms concerning girls' bodily mobility, io nonfamilial social! help structures and networks to be had for girls. The World Bank defines empowerment as "the manner of growing potential of people or corporations to make alternatives and to convert the one's alternatives into preferred movements and outcomes.

### **Microfinance and Women empowerment**

Micro-finance programs are now no longer the most effective supply men and women get admission to financial savings and credit, however, attain hundreds of thousands of human beings internationally bringing them collectively often in organized corporations. Although no 'magic bullet', they're doubtlessly a completely enormous contribution to gender equality and ladies' empowerment, in addition to pro-bad improvement and civil society strengthening. Through their contribution to ladies' cap potential to earn earnings, these programs have cap potential to provoke a chain of 'virtuous spirals' of financial empowerment, multiplied well-being for ladies and their households, and wider social and political empowerment chain of 'virtuous spirals' of financial empowerment, multiplied well-being for ladies and their households, and wider social and political empowerment. Microfinance offerings and corporations related to guys additionally have cap potential to impeach and substantially extrude guys' attitudes and behaviors as a vital thing of reaching gender equality. The majority of microfinance programs attention ladies so one can empower them. There are various underlying motivations for pursuing ladies' empowerment. Some argue that ladies are among the poorest and the maximum prone of the underprivileged and for this reason assisting them must be a priority. A greater feminist factor of view stresses that a multiplied get admission to economic offerings constitutes an opening/opportunity for greater empowerment. Such agencies explicitly understand microfinance as a device withinside the combat for the

ladies' rights and independence. Finally, keeping up with the objective of economic viability, a growing quantity of microfinance establishments opt for ladies' individuals as they trust that they're higher and greater dependable borrowers. Self-assist corporations intermediated via way of means of microcredit had been proven to have fantastic elects on ladies, with a few of these acts being nipple ejects. They have practiced valuable roles in decreasing the vulnerability of the bad, via asset creation, earnings and consumption cocreation provision of emergency assistance, and empowering and emboldening ladies via way of means of giving them control over belongings and multiplied shallowness and knowledge (Zomon 2001). Several recent assessment research I have additionally typically suggested fantastic impacts (Simanowitz and Walker 2002).

## Literature review

Malhotra (2002) built a listing of the maximum usually used dimensions of ladies' empowerment, drawing from the frameworks evolved with the aid of using diverse authors in special fields of social sciences. Allowing for overlap, those frameworks propose that ladies' empowerment wishes to arise alongside more than one dimension including financial, socio-cultural, familial/interpersonal, legal, and political, and psychological. It has been well-documented that growth in ladies' sources consequences within the well-being of their circle of relatives, particularly children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). An extra feminist factor of view stresses that an accelerated get right of entry to economic offerings represents an opening/possibility for more empowerment. Such organizations explicitly understand microfinance as a device within the combat for the ladies' rights and independence. Manjula Bali Swain (2007) "Can Microfinance Empower Women? Self-Help Groups in India" concluded many strides were made within the proper route and ladies are within the method of empowering themselves and NGOs that offer assistance in economic offerings and specialized training, have a more cap potential to make an effective effect for ladies' empowerment. Susy Cheston, and Lisa Kuhn in their article titled 'Empowering Women thru Microfinance' concluded Microfinance can have an effective effect on ladies' empowerment. Manjula Bali Swain and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower ladies? Evidence from self-assist organizations in India' concluded that their examination strongly suggests better that SHG participants are empowered with the aid of using collaborating in microfinance software within the feel that they have got a more propensity to face up to existing gender norms and subculture that limits their cap potential to expand and make choices. Batliwala (1994) diagnosed 3 procedures for ladies' empowerment: the included improvement method which centered on ladies' survival and livelihood wishes; the financial improvement method which aimed to reinforce ladies' financial function and the awareness method which prepared ladies into collectives that cope with the supply of oppression. Mayoux (1997) argues that the effect of microfinance programs on ladies isn't constantly effective. Women that have installation corporations benefit now no longer best from small increases in earnings on the price of heavier workloads and compensation pressures. Sometimes their loans are utilized by guys within their circle of relatives to install corporations, or now and then ladies turn out to be hired as unpaid own circle of relative people with little benefit. She similarly factors that in a few cases, ladies' accelerated autonomy has been transient and has caused the withdrawal of male assistance.

## Research objectives

The most important goals of the take a look at are:

1. To take a look at the function of microfinance in girls' empowerment.
2. To take a look at the overall performance of SHGs in Ghaziabad district.
3. To examine the empowerment which girls' contributors get in SHGs.
4. To provide a concept for the betterment of girls' empowerment via microfinance.

## Research Methodology

Sources of Data: The look is exploratory and is primarily based totally on each number one and secondary statistics. Secondary statistics changed into gathered from numerous journals, articles, running papers, NGO reviews etc. Primary statistics changed into enumerated from a subject survey within the look at the region. (Ghaziabad).

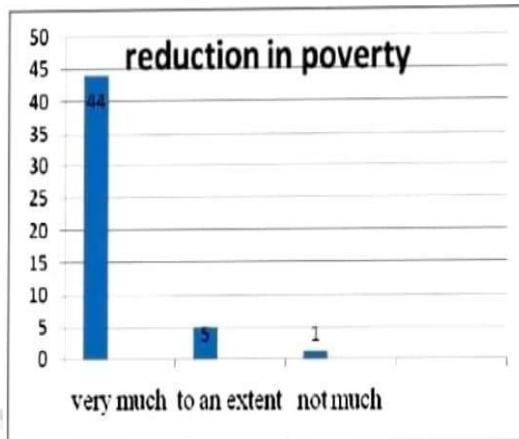
Area of Sampling: The look at changes performed within the district of Ghaziabad via a subject survey to get a perception of the blessings and demanding situations confronted by ladies in SHGs.

Sample Size: 50 samples from three SHGs from the place of look-at have been considered to conduct the existing look-at.

Method for data collection: A dependent interview agenda changed into organized and used for amassing statistics from the ladies SHG remembers. Both open-ended and near-ended questions had been blanketed withinside the agenda.

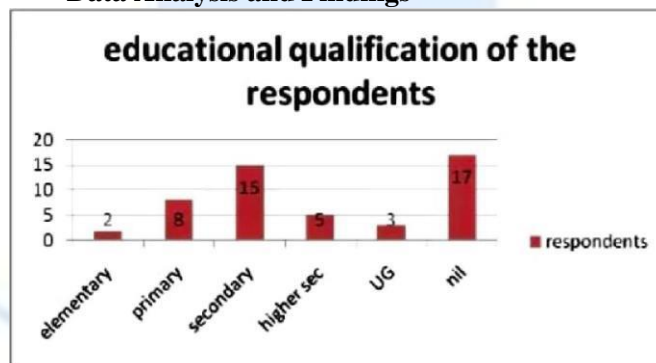
Statistical

tools: correlation coefficient. paired t-test, move tabulation, and percentage evaluation are used for the evaluation of the statistics.

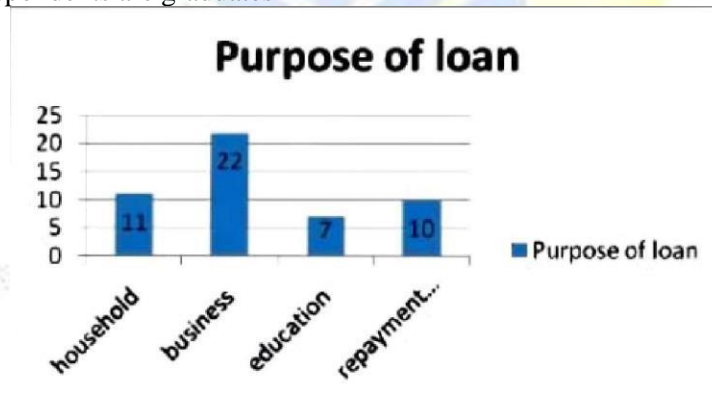


88% of the respondents believe that microfinance has reduced their poverty levels to a greater extent.

Data Analysis and Findings



34% of the girls are illiterate and 30 % of the girls have finished up to secondary stage education. Significantly, the most effective 6% of the respondents are graduates



44% of the beneficiaries use the mortgage for slanting a brand-new commercial enterprise or for increasing the present commercial enterprise. it is thrilling to note that 20 % of the respondents take a mortgage for the compensation of a present loan. However, 14 % of the respondents take a mortgage for the schooling of I their children. which indicates their awareness.

**Paired t-test**

**Paired Samples Statistics**

		Mean	N	St. Deviation	St. Error Mean
Pair 1	Income before joining SHG	1.2640E3	50	222.01305	31.39739
	Income after joining SHG	1.7720E3	50	222.27029	31.43377

**paired samples test**

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Income before joining SHG- Income after joining SHG	5.08000E2	160.15299	22.64905	-553.51498	-446.48502	-22.429	49	0.000

Since the chance price is 0.000 ( $p < 0.01$ ), we reject the null hypothesis and finish that implies profits after becoming a member of SHG are considerably bigger than the implied profits earlier than becoming a member of SHG. Thus, microfinance is considerably growing the profits of the respondents.

On the premise of t check, it can be effortlessly concluded that microfinance is gambling in a critical position in growing the earnings of girls.

**Thus, the findings of the have look at may be summarized as follows:**

1. It is discovered that microfinance advanced the literacy tiers of the respondents and additionally advanced their focus on toddler education.
2. Maximum quantity of respondents popular that microfinance has delivered monetary improvement immediately and not directly and as a result happiness and peace withinside the family.
3. Women have become economically and socially empowered after getting microfinance as 88 percent of the respondents said that the poverty stage has decreased through collaborating in microfinance software.
4. More than 96 % of respondents stated that they play a critical position in selection-making and that they have been consulted for making critical selections of the family. This is a critical element of monetary empowerment.
5. There is a widespread development withinside the earnings of the respondents after becoming a member of SHG.

**Conclusion**

Thus, it can be concluded from the above have a look that microfinance is gambling a crucial position withinside the social, mental in addition to monetary empowerment of girls in India. Microfinance mortgage ailment and its efficient usage were discovered to be having a profound position and effect on girls' empowerment. The empirical findings of the have look show that microfinance has a profound impact on the monetary status, selection-making power, know-how, and self-worthiness of girls' contributors of self-assist organization linkage software in Ghaziabad. Microfinance is popular as a key mantra for reaching and retaining sustained and long-period monetary increases all around the world. Reaching bad human beings on a huge scale with famous merchandise on a non-stop foundation includes rethinking the primary assumptions and making changes. Today microfinance is striving to healthy the ease and versatility of casual quarters whilst including flexibility and continuity. Though unique research carried out at diversetiers displays unique conclusions, it can be mentioned from the existing have a look at that despite bottlenecks, microfinance is successful in supporting the bad to upscale themselves to a better universally valued living and gambling a considerably positive position in upgrading women empowerment.

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