

## Role of SHGs and Microfinance in Influencing Women Empowerment

**\*Dr. Savitri Chandoliya**

### **Abstract**

India's industrialization and development in the mid-1990s had a negative impact on female workers in chaotic areas, leading to job losses for many women engaged in independent work. Despite the significant contributions women make to their families and the economy, their role is often limited to an extension of the domestic sphere and lacks adaptation. Self-Help Groups (SHGs) have emerged as influential entities in India's lending landscape, providing financial support to the "Unreached Poor" and empowering them through self-improvement measures. The rapid growth of SHG initiatives has gained momentum among women throughout the country. Microfinance programs are essential in combating exploitation and providing economic stability, especially for rural women. While they are not a panacea, these programs can contribute significantly to gender equality and women's empowerment by enabling women to generate income. The outcomes of these development initiatives have been positive and subject to rigorous evaluation as effective tools for poverty reduction and economic empowerment. This report highlights the significance of finance and microcredit in promoting women's rights in India, drawing primarily on secondary research.

**Keywords:** Microfinance, SHG, banking, ladies, agriculture

### **Introduction**

Women face various economic and social challenges, including discrimination and marginalization in all aspects of life. They have less power and control over resources compared to men in almost every societal structure.

The empowerment of women is crucial for a country's economic and social progress, considering that women constitute half of the population and contribute to 33% of its human capital. In fact, women can play a more significant role than men in enhancing human capital, making their advancement and active participation in development activities a priority in developing nations.

Self-help groups serve as examples of women who not only achieve financial stability through access to financial services but also actively participate in various endeavors. Rural women, apart from fulfilling their family responsibilities, are involved in productive activities such as traditional fieldwork, employment in processing facilities, or running their own businesses. These opportunities enable them to become better managers of resources and improve their overall well-being.

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**What is Self-help Groups?**

The establishment of community gatherings, the notion of a 'community,' and the cultivation of supportive relationships are crucial for promoting self-improvement. Self-Help Groups (SHGs) are voluntary associations formed by individuals with the objective of promoting economic and social empowerment. They encourage members to practice regular savings and thriftiness, pool their savings, invest in productive ventures, and provide loans to group members to foster a savings culture for the future.

SHGs represent a grassroots movement aimed at bringing about economic change for women in India. Through conscious frugality, members contribute to a common pool of resources, which is then utilized to offer small interest-bearing loans to the group's members. These interactions help individuals, including children, learn the fundamentals of financial intermediation, such as prioritizing needs, establishing terms and conditions, and maintaining financial records, instilling financial discipline within the group. They also learn to manage larger resources collectively, recognizing their value and limited availability.

When SHGs demonstrate improved financial behavior, banks are encouraged to provide loans based on the group's accumulated savings. These bank loans are offered without collateral and at market interest rates. The National Bank for Agriculture and Rural Development (NABARD), India's apex banking body, defines SHGs as small, financially homogeneous, and voluntary groups of rural poor individuals who come together to save and collectively agree to lend funds for their economic development.

As the name suggests, an SHG is an informal gathering of approximately 15-20 individuals from a similar socioeconomic background who unite to discuss and address their common challenges. The group serves as a platform for addressing needs and resolving economic issues amicably among its members. The primary objective of SHGs is to foster self-sufficiency and confidence by utilizing the group's dynamics and enhancing them.

**SHGs in India**

Since their inception in 1992, SHGs in India have made great progress. The foundational effort was made by NABARD in 1986-87, when it sustained and financed a Mysore Resettlement and Development Agency movement research study on "Venture assets and Credit Management of Self Help Groups" (MYRADA). Then, in 1991-92, NABARD deployed a test mission to outfit smaller than usual recognize by linking SHGs with banks (Devendra Prasad Pandey). In India, the spread of SHGs has been thrilling. It has made incredible progress from 500 social gatherings in 1992 to 16,09,586 gatherings that have taken out bank loans.

A total of 24.25 million vulnerable families have found a suitable financial arrangement. 25 through the SHG-bank connection scheme, and 90% of these social events are just women get-togethers, according to the Southern Economist, October 1, 2010, p.26. Each SHG is made up of people who are impoverished, have a limited amount of capital, and rely on moneylenders or private focal points to

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satisfy their needs and emergencies. A typical SHG consists of like-minded persons who volunteer to save small sums of money in a common pool, from which need-based loans are distributed to people to satisfy their producing credit needs, according to the social event's conditions. People at social gatherings make final judgments on all issues, including credit terms, such as reason, size, credit cost, and repayment duration. They keep a close eye on credit usage and put a lot of pressure on customers to maintain venture reserves and return bills on time.

As a result, SHG can be imposed on the entire population of vulnerable people who own, manage, and control their own personal scaled-down bank. The success of SHGs is largely dependent on the efforts of the collaborators.

### **Growth of Microfinance in India**

The development of microfinance in India accelerated after the National Bank for Agriculture and Rural Development (NABARD) intervened in the field of microcredit in 1992. The SHG-bank Linkage Program is a key programmer that includes monetary intermediation by SHGs. The National Bank for Agriculture and Rural Development (NABARD), India's apex bank for national development, launched this program in 1992. Following that, the RBI encouraged business banks to participate actively in the initiative. Three distinct models of linking SHGs to monetary underpinnings have emerged in India. They are the banks, who structure and fund the SHGs. SHGs are shaped by NGOs and different offices however financed by bank. As monetary intermediaries, banks account SHGs with NGOs and other organizations. The following model is the most well-known. This model is used by almost three-quarters of all SHGs. Only 20% of SHGs are covered by the first model, while only 8% are covered by the third model SHG – Bank Linkage Program. The Self-Help Group Bank Linkage Program (SHBL), which began as a pilot program in 1992, has grown rapidly over time. While the SHG-bank linkage program has made significant progress over the last decade, there are still significant provincial inconsistencies in SHG growth, with limited progress in certain places.

### **Objectives of the Study**

The study aims to achieve the following objectives:

1. To examine and analyze the financial profile of women involved in Self-Help Groups (SHGs).
2. To investigate the changes in individuals' income, expenditure, and savings patterns following their participation in SHGs.
3. To assess the implementation and success rate of SHGs in the Jaipur District.
4. To evaluate the impact of the SHG-Bank Linkage Program on the financial status of individuals in the Jaipur District.
5. To identify and analyze the challenges and issues faced by SHGs

### **Research Methodology**

The examination's exploratory procedure is divided into two distinct sections. The first stage of the

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examination was exploratory, while the second step was more focused. As a result, there are two stages to the study. A point-by-point survey of people from SHGs in the Jaipur area was attempted in the first step. The explanation for the examination's following arrangements is shaped by the exploratory examination. The expressive exploration phase of the investigation was finished with the use of an overview technique. The investigation's data was acquired from sample respondents in Jaipur. For the most part, the examination is based on both essential and optional information obtained from several SHG gatherings in the Jaipur District.

### Conclusion

As a result of the aforementioned analysis, it can be concluded that microfinance is playing an important role in the social, mental, and financial empowerment of women in India. The microfinance advance ailment and its practical application have been discovered to have an effect on women's strengthening. The investigation's experimental findings suggest that microfinance has an impact on the financial condition, dynamic force, information, and self-value of women participating in a self-improvement gathering connection program. Microfinance is widely recognized as a critical paradigm for establishing and maintaining sustained and long-term monetary development in all parts of the globe. Contacting poor people for large-scale projects using well-known commodities frequently necessitates rethinking fundamental assumptions and implementing changes.

In summary, the Self-Help Group (SHG) movement in Jaipur has shown promising results in promoting financial inclusion and empowerment among women. SHGs in Jaipur have played a vital role in improving the financial profiles of their members by fostering savings, providing access to credit, and promoting entrepreneurship. These groups have created a supportive environment for women to enhance their skills, share knowledge, and collectively address socio-economic challenges. The success of SHGs in Jaipur highlights the potential of grassroots initiatives in driving positive change at the community level and empowering women to lead more independent and prosperous lives.

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