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"Microfinance Institutions" A Tool for Creating Significant Opportunities for Socio Economic Empowerment of Women

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Abstract:
Micro-finance for women has been a popular poverty alleviation strategy for development agencies since the mid 1980s. It has also been seen as an effective vehicle for women's empowerment. However microfinance the great white hope for inclusive growth shows in some senses the India problems in action. It started as a non-profit mini loans designed to help the very poor to buy means of alleviating the poverty. Microfinance has gained a lot of significance and momentum in the last decade. The role of micro finance as the most suitable and feasible alternative in accomplishing the goal of growth and poverty alleviation is now well recognized. Micro finance institutions other than banks are engaged in the provision of financial services to the poor. Micro finance is one of the effective tools to help neglected groups of society. This study is aimed at analyzing the impact of micro credit on socio economic empowerment of women. The present study is based on both primary and secondary data. The primary data collected from field survey, conducted in West Godavari District of Andhra Pradesh.
Key words:*-microfinance, inclusive growth, Self Help Group (SHG), MFI. Empowering Women.*

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I. Introduction :

Microfinance is the supply of loans, savings and basic financial services to the poor. Microfinance is a programme to support the poor rural people to pay its debt and maintain social and economic status in the villages. Microfinance is an important tool for improving the standard of living of poor. Microfinance is the provision of financial services to low-income, poor and very poor self-employed people (Otero, 2000). Robinson (2001) as cited in Ogunleye (2009) defined microfinance as small scale financial services that involve mainly savings and credit services to the poor. (Samson Alalade Y., Olubunmi Amusa B., Adekunle Olusegun A. 2013). Microfinance is the provision of relevant and affordable financial services to poor households. The "micro" prefix refers to the size of the financial transactions; it does not imply that the microfinance providers (MFPs) themselves are small. Microfinance is primarily concerned with credit and savings although, in recent times, allied services such as insurance, leasing, payment transfers and remittances are being introduced to the mix. In the early days, the forerunner known as "microcredit" was focused on providing working capital to people who generate income for themselves in very small business activities. While this important emphasis remains, the sector has broadened its definition to the delivery of financial services to poor households so that they can manage their financial resources more effectively. Hence the more recent but broader descriptor "microfinance".

The Indian state put stress on providing financial services to the poor and underprivileged since independence. The commercial banks were nationalized in 1969 and were directed to lend 40% of their loan able funds, at a concessional rate, to the priority sector. The priority sector included agriculture and other rural activities and the weaker strata of society in general. The aim was to provide resources to help the poor to attain self sufficiency. They had neither resources nor employment opportunities to be financially independent, let alone meet the minimal consumption needs. To supplement these efforts, the credit scheme Integrated Rural Development Programme (IRDP) was launched in 1980. But these supply side programs (ignoring the demand side of the economy) aided by corruption and leakages, achieved little. Further, 'The share of the formal financial sector in total rural credit was 56.6%, compared to informal finance at 39.6% and unspecified sources at 3.8% [RBI 1992]. Not only had formal credit flow been less but also uneven. The collateral and paperwork based system shied away from the poor. The vacuum continued to be filled by the village moneylender who charged interest rates of 2 to 30% per month (Rural Credit and Self Help Groups- Microfinance needs and

Concepts in India- K. G. Karmakar 1999). 70% of landless/marginal farmers did not have a bank account and 87% had no access to credit from a formal source (World Bank NCAER, Rural Financial Access Survey 2003).

It was in this cheerless background that the Microfinance Revolution occurred worldwide. In India it began in the 1980s with the formation of pockets of informal Self Help Groups (SHG) engaging in micro activities financed by Microfinance. But India's first Microfinance Institution 'Shri Mahila SEWA Sahkari Bank was set up as an urban co-operative bank, by the Self Employed Women's Association (SEWA) soon after the group (founder Ms. Ela Bhatt) was formed in 1974. The first official effort materialized under the direction of NABARD (National Bank for Agriculture and Rural Development). The Mysore Resettlement and Development Agency (MYRADA) sponsored project on "Savings and Credit Management of SHGs was partially financed by NABARD during 1986-87. ['Mainstreaming of Indian Microfinance'- P. Satish, 2005].

'Inclusive growth' is a process, in which, economic growth, measured by a sustained expansion in GDP, contributes to an enlargement of the scale and scope of all four dimensions. To return briefly to the relationship between inequality and exclusiveness/ inclusiveness, income enters the picture primarily through the 'opportunity' dimension. However, it is critical to understand that 'income' is the result of an opportunity being exploited. Inclusive growth by its very definition implies an equitable allocation of resources with benefits accruing to every section of society, which is a utopian concept. But the allocation of resources must be focused on the indented short and long terms benefits and economic linkages at large and not just equitable mathematically on some regional and population criteria Poverty has degraded human lives for centuries. The Human Development Report(1997)asserts that eradicating severe poverty in the first decade of the 21st century is feasible. This may be an extraordinary ambition, but it is well within our grasp. A study of Seibel & Parhusip (1990) based on the premise mention that rural micro-entrepreneurs are unable to organize themselves; they need subsidized credit for increasing their income and are too poor to save.

While Yaron, Benjamin & Piprek (1997) have traced this traditional approach in rural finance learning heavily towards direct interventions to Keynesian influence. Under this approach, in addition to the assumptions listed above, the key problem areas visualized in rural financial markets included a lack of credit in rural areas, absence of modern technology in agriculture, low savings capacity in rural areas and prevalence of moneylenders. Microfinance has proved a very successful way of providing immensely valuable services to poor people on a sustainable basis. Access to financial services has allowed many families throughout the developing world. It is incontestable that an efficient and effective microfinance system is essential for building a sustained economic growth.

In this direction, grassroots finance assumes great significance as an innovative policy instruments. So microfinance has made tremendous strides in India over the years and it has become a household name in view of the multi-pronged benefits from microfinance services by the poor in our country. Self Help Groups (SHGs) are considered as the largest microfinance programme in terms of outreach in the world aptly replicated in various countries. This is also recognized as a part of priority sector lending and normal banking business by Reserve Bank of India. Thus, it is synonymous with microfinance programme of the country. Micro finance is a tool for poverty alleviation and improving socio economic conditions of the poor. Micro financing is a new method to meet the credit requirement in rural areas. Micro finance programme through self help groups (SHGs) has been effective in making positive social change to the group members.

II. Review of Literature :

Poverty alleviation is the cornerstone of many microfinance initiatives (Khandker, 1998, 2005). The majority of microfinance is aimed at the estimated 2.8 billion people who live on less than $2 a day in the developing world. Increasingly, microfinance is also being offered in developed countries to those who want to become micro-entrepreneurs but cannot access credit.

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Rhyne (2001) observes that these interventions demonstrated techniques for lending to the poor with better outreach and cost recovery. Despite the contextual differences, the unifying thread of these early innovations lay in their certain common principles like reliance on character or peer pressure rather than collateral as loan security, leveraging social capital, positive incentives for repayment and interest rates that approached or covered cost. The design features of the programme emphasise that these do not envisage any subsidy support from the government in the matter of credit and charges market related interest rates based on the premise that sub-market interest rates could spell doom; distort the use and direction of credit (Kropp & Suran, 2002**).**

Harper (2002) has also given illustrations of commercial banks being active in promotion of microfinance. If the commercial banks and the RRBs do adopt some of the methods of microfinance institutions, there may be a possibility of the Indonesian experience being repeated in India.

While, Dichter (2006) feels that the use of proxies like repayment rate to justify impact is not tenable as it does not examine the source of repayment. Money being fungible, repayment needs to be traced to income from business activity to justify it as criteria.

Deubel (2006) citing (Buckley, 1997) states that loan repayment rate as an indicator may show participant's ability to repay but does not take into account the impact of loan on enterprise. Weiss & Montgomery (2004) observe that high recovery rates may be due to intense group pressure and do not reflect capacity to repay.

Key findings of the field research (Mishra, 2007) having a bearing on the central aspect of the study are - All clients were saving regular amounts of money at monthly/bimonthly interval building up the group savings - Internal loaning of group funds was very high resulting in significant waiting time for members interested in borrowing Bank credit to group often a result of banker's zeal to achieve targets rather than based on group demand - Bank credit as well as loans used overwhelmingly for consumption purpose.

Kumar (2005) explains that Indian micro-finance sector, dominated by self help group (SHGs), addresses issues like actualizing equitable gains from the development and fighting poverty. NABARD, the apex governmental financial institution, provides micro-finance services to the very poor through the existing banking network and NGOs. It claims that around 90percent of the beneficiaries were women SHGs.

Recognizing the substantial impact of micro-finance on poverty alleviation, both governmental and non-governmental organizations (NGOs) have been prioritizing micro-finance schemes. In June 1998, the Micro-credit Summit tallied 14,808,871 borrowers and the World Bank chairs a coalition of lenders whose objective is to extend Micro Credit to 100 million borrowers by the year 2005 (Panjaitan et.al.1999). In India 11.6 million poor families have accessed bank credit and 90 million poor people have been assisted through 1,079,091 self-help groups upto March 2003 (NABARD, 2004). Besides, Small Industries Development Bank of India (SIDBI) through its 'Foundation for Micro Credit' since January, 1999 has sanctioned aggregate assistance of more than Rs.1100 million to about 180 micro-finance institutions (MFIs), benefiting over 7,00,000 poor, mostly women (SIDBI,2003). It is evident from several studies that Grameen Bank in Bangladesh, Badan Kredit Kecamatan (BKK) in Indonesia, Action Comunitaria in Peru, Amnah Ikhtiar Malaysia in Malaysia, Self- Employment Womens' Associaiton (SEWA) and MYRADA in India are among those who have successfully served hundreds of thousands of the World's poor particularly targeting women (Berg, et.al. 1998; EDA, 2002; Fuglesang and Chandler, 1996; Gibbons and Kasim, 1995; Panjaitan, et.al, 1999; Shehabuddin, 1992; Wilson, 2002).

Rao (2010) says that micro finance has gained a lot of significance and momentum in the last decade. The role of microfinance as the most suitable and feasible alternative in accomplishing the goal of growth and poverty alleviation is now well recognized.

Malhotra (2002) constructed a list of the most commonly used dimensions of women’s empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women’s empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological.

It has been well-documented that an increase in women’s resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women’s rights and independence.

Ranjula Bali Swain (2007) Can Microfinance Empower Women? Self-Help Groups in India” concluded many strides have been made in the right direction and women are in the process of empowering themselves and NGOs that provide support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment.

Susy Cheston, Lisa Kuhn in their article titled ‘Empowering Women through Microfinance’ concluded Microfinance has the potential to have a powerful impact on women’s empowerment. Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article ‘Does microfinance empower women? Evidence from self-help groups in India’ concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

Batliwala (1994) identified three approaches to women’s empowerment: the integrated development approach which focused on women’s survival and livelihood needs; the economic development approach which aimed to strengthen women's economic position and the consciousness approach which organized women into collectives that address the source of oppression.

2.1 MFIs, Self Help Groups and Women Empowerment

A Self Help Group (SHG) is a registered or unregistered voluntary association of poor people of 15 to 20, from the same socio-economic background, involving primarily in saving and credit activities. A SHG is formed democratically without any political affiliations. It can be all-women group, all men-group or even a mixed group. However, over 90 per cent of these groups have only women members. The SHGs are also popularly called DWACRA Groups. This name became popular after the DWACRA (Development of Women and Children in Rural Areas) programme through which women's groups were assisted initially. The SHGs are taking small loans out of the corpus available with the group. The group corpus consists of savings, government assistance and also bank loan. Micro Finance covers all types of micro products and micro services targeted at the poor population.

Gurumurty T.R. (2000) in his study 'Economic Empower through Self Reliance' reveals that SHGs are an available alternative to achieve the objective of rural development and to get community participation in all rural development programmes. Sudarsana Reddy G. and Panduranga V. Patti (2008), explained that micro finance innovations are yielding results and giving hope to the rural poor through providing credit. There is a need to evolve an informal credit system with assistance from formal financial institutions.

Under the microfinance programme, loans are extended to the 'Self Help Groups (SHG)' who pool a part of their income into a common fund from which they can borrow. The MFIs stress on asset creation by the SHGs and extend loans for production and provides training for the same. If any member needs credit beyond the stipulated limits they are allowed to draw from group funds and the amount is settled in the periodic (monthly) group meetings. SHGs consisting of poor members with identical socioeconomic backgrounds are usually more sensitive to the credit needs of the poor. Though loan repayment is a joint liability of the group but, in reality, individual liability is stressed upon. Maintaining group reputation leads to the application of tremendous peer pressure. In India and other Asian countries the majority of SHGs consist of women because, in these countries, Self Employment through Microfinance was perceived as a powerful tool for emancipation of women. It has been observed that gender equality is a necessary condition for economic development. The World Bank reports that societies that discriminate on the basis of gender are in greater poverty, have slower economic growth, weaker governance, and lower living standards. (World Bank. Engendering Development: Through Gender Equality in Rights, Resources, and Voice –Summary. Independent incomes and modest savings have made women self confident and helped them to fight poverty and exploitation. [Sampark (2003) 'Mid-Term Impact Assessment Study of CASHE Project in Orissa].

Women, the world over, tend to spend increasing proportion of their income on the welfare of the family. The same phenomenon is observed among women made self sufficient by micro finance. These findings get corroborated in the field survey of the author. "We can now put our children in school" (Field Survey) .Though instances of husbands of women being the real beneficiaries and women taking a back seat after the loan is sanctioned is also there. [K. G. Karmakar]. However, the author, during the survey, witnessed a novel way the issue had been tackled by Sreema Mahila Samity, a very active NGO engaged in providing Microfinance in West Bengal. They simply created Self Help Groups for men and enabled them to borrow and engage in micro activities on their own. This way, the family's income improved without disturbing the inner harmony.

2.2 Financial System (Intermediation) in Unorganized Sector :

Unlike organized sector the financial intermediation in organized sector is less hassle some, more efficient but with greater prevalence of borrowers exploitation. As shown in the below figure1, the financial intermediation process in unorganized sector starts with felt need mainly by poor people who often have meager income generating activities within their vicinity to earn sufficiently to finance their requirements. Therefore out of sheer need the poor people have to knock on the doors of money lender/ local trader/ friends and relatives for financing their needs. The accessibility is easy, with or without any written deeds they can get easy finance but what is the other side of coin is the interest which is exorbitantly high and or often required to give physical collateral, like ornaments, utensils, land house and other fixed assets. The unorganized sector mostly concentrated in rural India, which still accounts for 72% of the total population. Very few rural people have accessibility to the organized financial system that should be a great concern of the nation.

2.3 Financial System of Semi-Organized Sector :

The system is about one and half decades old in India. As discussed above in one hand the organized sector that is highly structured, regulated and controlled by government and its agencies, on the other hand unorganized financial system which is unstructured and not regulated by government and its agencies. Both are catering to different segments of the society. It is a known fact that the unorganized sector is exploitative and anti poor in nature but indispensable especially in rural and urban slum areas.

This system as shown in fig. 1. is partly organized in nature under this system a group of 10 to 20 poor people come together to save money and finance their needs themselves. If the SHGs survive for 6 to 12 months successfully after saving required sum as per the norms, these SHGs can be linked to formal Commercial banks to get loans. This is known as *(Pethiya and Teki 04)* linkages between SHGs and the Bank. The model was designed by NABARD through a pilot project in the year 1990-91 and proved to be a very successful model. There are other models of micro credit delivery including a) Grameen model, it is more of individual loaning, five members forms the group, and then seven to eight groups form the center and number of center form the branch. The decision making in case of Grameen bank is not de-centralized and always facilitated by the Bank employees. The Grameen bank models is basically a model of "Individual banking- Joint liability" model, b) the Cluster/ Federation model, in which the Banks have linkages with the Federation or Cluster of SHGs, can reduce the transaction cost substantially. Since, they will be dealing with number of SHGs through Federation/ Cluster the size of loan will be much higher which will reduce the transaction cost. However, this model is yet to get popularized and at present is at evolving stage only. Some other models mainly sponsored by governments like DWACRA (Development of Women and Children in Rural Areas) and SGSY (Swaranajayanthi Gram Swarojigari Yojana) groups mainly animated by government agencies. Under these models the amount in form of loan or grant will be given to members of that group and in turn members of that group distributes the amount amongst themselves.

Research studies show the formal financial system is accessible to only about 12% of the total population in states like Jharkhand and North eastern region. This is a great concern of the financial system that too of banking sector. The emergent semi-organized sector, microfinance sector can do a lot in reaching the unreached so far. The financial sector scenario (RBI bulletin 03) of the North Eastern Region(NER) indicates that much more remains to be done. Outstanding deposits of Scheduled Commercial Banks (SCBs) in the NER as at end-March 2003 formed only 1.5 per cent of the all-India level. The share of bank credit to industry showed a modest rise in some states but there were noticeable declines in Mizoram and Meghalaya states. This problem of formal financial system (as stated above) covering only 12% can be solved to great extent by way of evolving strategic alliance between commercial banks and post offices which have wide network throughout nook and corner of the country. As post offices are only formal wide network that offers some sort of financial services to the poor people can also be considered/assigned with more functions of commercial banks. A viable modus operandi can be developed between commercial banks and post offices at least by nationalized banks initially.

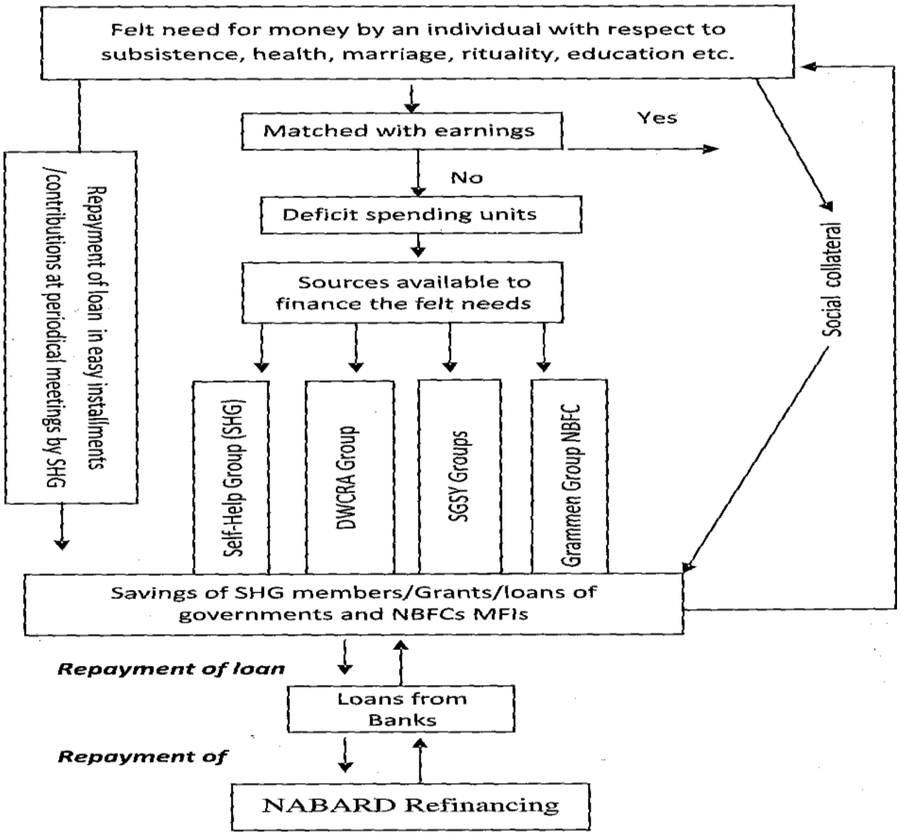

Fig.1- Financial system in Semi-organize sector (S. Teki 2009)

2.4 Breadth of the Outreach Microfinance

By the end of (Satish P -2005) March 2004, 1232768 SHGs have been linked to mainstream banks for savings services, of which 1079091 groups have accessed credit from more than 35000 branches of commercial, cooperative and rural banks. The cumulative credit disbursed to these groups was US $ 887.32 millions. With an average group membership of 16, at least 19 million people have access to formal saving facilities through SHGs, of which about 17 millions have accessed credit services. NABARD also refinances SHG lendings of the banks through at present as Indian banks have sufficient liquidity with them the demand of refinance is low. The cumulative refinance disbursed is US $ 482.77 millions (NABARD). But linkages of a larger number of groups in the southern region, especially Andhra Pradesh, points out the need for sustained efforts in other regions where there is a latent demand for microfinance services.

Though there is limited data on the accessibility of the poor in India to Microfinance programmes, available evidence suggests that 80% of the poor do not have any savings and 91% are without any formal credit. [EDA (2004): The Maturing Indian Microfinance: A Longitudinal Study; EDA Rural System]. In fact the 'poorest of the poor' are excluded and this was felt by the author also during the field survey. The logic of the author is simple; the effective rates of interest charged by the MF institutions are in the range of 14 to 36% p.a. (Frances Sinha (2003), Author's Field Survey). In fact, the author observed a monthly interest rate of 1.5%, the annual compounding rate can be calculated by the reader. In a country of one billion, where 25% of the population (As on 1st January, 2004 as per the CIA World Fact book) are below the national poverty line, and even among those above the poverty line , very few can afford to pay these kinds of interest rates. They may be able to only at a great cost and up to a limited time. One reason why high interest rates prevail is because timely availability of credit is more important than cost of credit per se.[A popular notion is that the poor constitute a huge market for FMCG products. While surveying the author observed that it is the upper crust of the poor, the beneficiaries of Microfinance and the bearers of these interest rates, who are the real consumers of FMCG goods.

III. Objectives

The study aims to achieve the following objectives:

- To examine the extent of involvement of women in SHGs
- To study the performance of micro financing in rural areas

- To analyze the impact of micro credit on socio economic empowerment of women
- To find out the role of SHGs in micro finance

IV. Methodology

The present study is based on both primary and secondary data. The primary data were collected through questionnaire. The field survey has been carried out in the rural areas of West Godavari District of Andhra Pradesh. The study covers the Akiveedu, Attili, Bhimavaram, Bhimadole, Buttayagudem, Eluru, Jangareddigudem, Kalla and Polavaram Mandals of West Godavari District. At the end of March 2009, a total of 47,842 self help groups have been benefiting to 5,01,623 group members. Through random sampling technique 36 SHGs and 126 respondents were selected for the field survey, who were members of self help groups in the aforesaid mandals.

V. Socio Economic Background of the Beneficiaries

Age, social class, marital status, education, type of family, annual income and rate of interest etc. are some of the important variables that affect women in their empowerment and development. Table 1 shows the socio economic profile of the beneficiaries.

- 63 beneficiaries out of 126 respondents representing 50 percent were in the age group of 26-35 years. It is evident that 23.8 percent of members belong to the age group of 36-45 years.
- The highest number of group members hails from backward class representing 43.7 percent. Scheduled Caste and Scheduled Tribes occupied with 44.5 percent and very few respondents i.e 15 members belong to other community.

Table 1 : Profile of respondents

	Variable	No. of Respondents	Percentage
1.	Age of the Respondent		
	<25	25	19.8
	26-35	63	50.0
	36-45	30	23.8
	45 and Above	08	6.4
	Total	126	100.0
2.	Social class of Members		
	S.C.	32	25.4
	S.T.	24	19.1
	B.C.	55	43.7
	Others	15	11.9
	Total	123	100.0
3.	Marital Status of the Beneficiaries		
	Married	96	76.2
	Unmarried	23	18.3
	Widow	07	5.6
	Total	126	100.00
4.	Education Level of the Respondents		
	Illiterates	18	14.3
	Primary	60	47.6
	High School	45	35.7
	Graduates	03	2.4
	Total	126	100.0
5.	Type of the Family		
	Joint	38	30.1
	Nuclear	88	69.8
	Total	126	100.0
6.	Status of Respondents	65	
	House Wife	39	51.6
	Self Employment	22	31.0
	Labour	126	17.5
	Total		100.0
7.	Annual Income of the Family		
	Below 10,000	5	4.0.
	10,000-15,000	18	14.3
	15,000-20,000	12	9.5
	20,000-30,000	70	55.6
	30000 above	21	16.7
	Total	126	100.0
8.	Rate of Interest		
	12	11	8.7
	11	65	51.6
	10	29	23.0
	09	21	16.7

	Variable	No. of Respondents	Percentage
	Total	126	100.0
9.	Opinion on the Interest rate		
	Very High	11	8.7
	High	41	32.5
	Moderate	58	46.0
	Low	16	12.7
	Total	126	100.0

- Most of the women were reported as married representing 76.2 percent (96 out of 126). Proportion of unmarried girls was reported (18.3 percent) and widow beneficiaries have been reported only 5.6 percent.
- Very few beneficiaries were found poor in terms of education and literacy development. Only 14.3% of respondents (18 out of 126) were reported to be illiterate. But educated women respondents were reported as 85.7 percent.
- 69.9 percent of the members were found living in nuclear families, while more than one third respondents found living in joint family
- Nearly one third members (65 out of 126) representing 51.6 percent was house wives. It was found that self employed women were 31 percent and 17.5 percent respondents were reported as labourers.
- Most of the families representing 55.6 percent (70 out of 126) belong to income level of Rs. 20,000-30,000 per annum (i.e.) low. The remaining families are living below the poverty line or just above it.
- 76 beneficiaries representing, nearly 60 percent are paying more than 11% rate of interest on their borrowed amount. 50 respondents paying less than 10% rate of interest.
- 46 percentage of respondents were satisfied with existing rate of interest while 52 respondents representing 41 percent felt as high rate of interest.

5.1 Participation of Women in Group Functioning

SHGs would essentially form for the purpose of empowering the poor to take charge of critical decisions concerning their lives and improve its quality. Women's participation in SHGs in its various activities is important for meeting out the broad objectives of micro financing and effective functioning of SHGs. The participation of the selected women in their groups involving in various activities is shown in Table 2.

- It is inferred that 44.4 percentage of beneficiaries were joined in SHGs during the year 2005. 43 members representing 34.1 percent formed in the year 2006 and 27 women respondents joined the group after 2007.
- 91 respondents (72.2 percent) out of 126 reveals that NGOs and friends are the main motivators to join the group. Only 13.5 percent were the self motivated group members.
- 81 out of 126 respondents were ordinary group members while 23.8 percent are acting as representatives and 15 members were the leaders of the groups.
- 03 beneficiaries representing 81.8 percent conveyed SHGs have been conducting weekly meetings.
- 109 respondents representing 86.5 percent attending meetings regularly and only 13.49 percent participated occasionally in the group meetings.

Table 2 : Participation of Women

	Variable	No. of Respondents	Percentage
1.	Joining in the SHGs		
	2005	56	44.4
	2006	43	34.1
	2007	18	14.3
	2008	09	7.1
	Total	126	100.0
2.	Motivation to Join Group		
	Self	17	13.5
	Family members	18	14.3
	Friends	31	24.6
	NGOs/Govt. Officers	60	47.6
	Total	126	100.0
3.	Position in Group		
	Ordinary Members	81	64.3
	Representatives	30	23.8
	Leader	15	11.9
	Total	126	100.0
4.	Frequency of Group Meeting		
	Weekly	103	81.8
	Fortnightly	23	18.3
	Monthly	-	-
	Total	126	100.0
5.	Participation in the Group Meeting		
	Regular	109	86.5

	Occasionally	17	13.5
	Total	126	100.0

5.2 Thrift and Credit Performance of the SHGs

Thrift and Credit Performance of the SHGs is shown in Table 3.

- There has been an increase of 29.4 percentage points and 1.6 percentage points in the savings amount of Rs 50-Rs. 100 and Rs 100-Rs 200 during initial and present stage.
- Regarding balance amount to be paid by the beneficiaries, most of the respondents reported that they have to pay dues up to Rs 1000 (77 percent), while only a small proportion has to repay heavy dues (i.e.) more than Rs. 1000
- 54 out of 126 beneficiaries (representing 42.9 percent) availed benefits while majority of the women members representing 57.1 percent could not get any benefit from development programmes.

Table 3: Thrift and credit performance

	Factor	No. of Respondents	Percentage
1.	Initial Savings rate of Respondents		
	Below 50	69	54.8
	50-100	47	37.3
	100-200	10	7.9
	Total	126	100.0
2.	Present Savings Rate of Members		
	Savings Rate (in Rs)No. of Respondents		
	Below 50	30	23.8
	50-100	84	66.7
	100-200	12	9.5
	Total	126	100.0
3.	Balance Amount to be Paid		
	Less than 500	39	31.0
	500-1000	58	46.0
	1000-1500	21	16.7
	1500-2000	8	6.4
	Total	126	100.0
4.	Did you receive Benefit Under Governments Schemes		
	Yes	54	42.9
	No	72	57.1
	Total	126	100.0

VI. Analysis and Interpretation

- Age is not the criteria for SHG membership and any person who is unemployed can become member of the SHG.
- SHG membership is not based on the education qualification. About 83 percent of the beneficiaries are falling in the education level that is High school and less than High School and they could not have jobs due to low education qualification.
- SHG membership is for unemployed and it is not for a specific age group education level and caste.
- Micro financing is directly oriented to the rural poor, as 79 percent of respondents are below poverty line.
- Most of the members have taken loans from SHGs are housewives followed by Self-employment.
- 52 percent respondents opined that high rate of interest charged by the banks.
- SHGs are formed with the idea of mobilizing small savings from members. Loan facility is available for all the members and there are no restrictions on taking loan.
- The groups change the woman from housekeeper to organizer, manager and decision maker. Women learn skill and ability from the group activities.
- SHGs provide the poor women the access to economic resources like money and hereby they enable the women to spend them on productive and consumption needs.
- SHGs are not just a financing system but for social and economic change, especially for women.

VII. Suggestions

- Emphasis should be given to SHGs formation and group lending rather than individual lending.
- There is a need to have proper regulating authority at each level saving, depositing, lending of money, which will help in long term sustainability of the sector and in avoiding any misuse of money.
- There is need to evolve new products by the banks commensurate with the requirements of women.
- Strong marketing network is essential for effective and proper marketing of product and services of micro enterprises linked SHGs. They need marketing support and institutional capacity to handle marketing activities independently.

- As women are an important part of the community, building their capability to manage communities and community project should be enhanced. Education is a good channel for women empowerment and poverty
- It is suggested to increase the ceiling limit Of the loan to Rs.25,000. The interest rate on the loan amount should be brought down to some extent.
- The members of all the self help groups need to undergo training programmes related to accounting, motivation etc. It helps them in better understanding of need of relation between micro financing and relation maintenance with members for smooth functioning.

VIII. Conclusion

The participation in the microfinance programmes contribute to the development of women entrepreneurship and are related to the development of women entrepreneurship supported by microfinance intervention. Micro finance through self help groups is an alternative system of credit delivery for the poorest of the poor groups. It would help in improving the quality of life in Rural India. The government of India and state governments can play vital role in encouraging SHGs. In order to solve the problems relating to marketing of SHGs, the state level organizations and NGOs should come forward and extend facilities especially in empowering rural women by providing education, motivation, training, financial help and so on. SHGs bring unity and integrity among the members. It improves general welfare of family and community. SHGs assist the women to perform traditional roles better and to take up micro entrepreneurship. All said and done, Microfinance remains a powerful tool for development. It may be a drop in the ocean, but it has made people self sufficient. Our task is to spread Microfinance and bring down the cost of capital and the operating costs and strengthen the bonding between Microfinance and the Formal Financial System. However, for sustainable development of the poor and rural economy, we have to focus on development of rural infrastructure and the rural economy. s. As a loan from MFI increase the well-being of women's households and enhances the ability of women borrowers to make financial decisions in their individual households. Therefore, the provision of microfinance to women participants helps to eliminate the social and cultural barriers for women in developing countries.SS

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