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The Role of Micro Finance Towards Empowerment of Women Self Help Groups

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ABSTRACT

In olden days Indian women were mainly rendering services to the family members particularly to the husband and children. So women were not allowed to go outside for earning income. In most areas they were not allowed even to go for higher education. India being a country, with 70% of its population belonging to rural sector, depends on agriculture and allied activities. It faces many problems to generate income to the rural mass. Due to climate, rainfall failure and some other reasons the farmers do not generate adequate income to meet their family needs and suffer a lot most of the time except during harvest. The villages strive hard to run their family and to satisfy their children's requirements. Due to this reason the women started to generate income. At present women contribute much for the development of all sectors of the country. Employment gives economic status to women. Economic status increases social status and thereby empowerment. Microfinance is an mechanism for economic prosperity, that provides savings and investment facility to the underprivileged. Microfinance includes services ranging from credit facilities, savings, insurance, remittance and also covers non-financial services like training and counselling. Varied schemes and microfinance programmes are initiated by the government with a focuses on mitigating poverty and to improve the lives of rural poor with the help of Income generating economic activities. Studies have shown that utilizing micro finance services, women become more assertive and confident, have increased mobility, are more visible in their communities and play stronger roles in decision making. By keeping this view all the governments try to improve the status of women in all possible ways. SHGs are considered as the main channel for generating income to the women in all areas particularly in rural and semi-urban areas. The growth of Self-Help Groups (SHGs) is evidence of the fact that women are coming out of their shells, shunning their secondary citizen status and are using their potentialities and talents for individual and societal benefits. Earlier SHGs were formed by the less educated womenfolk, but today even educated women are coming forward to form SHGs

because of its various obvious benefits. In this context though the SHGs are improving the socio-economic status of women, a specific study is needed for every region because of its unique economic and cultural environment.

Keywords: Self Help Groups, Empowerment, Micro-finance, Income Generating Activities.

1. INTRODUCTION

Women constitute half of the total population in every society. They have been playing significant roles both on the social and economic fronts. Women play multiple roles as wives, sisters, daughters and mothers. Therefore women's welfare accessibility to development and participation in decision making process are imperative in the context of their multiple roles in society. Women empowerment is a global issue which has gained momentum in recent decades. In India besides ratification of International conventions, there are provisions in the constitution and several legislative acts have been passed to ensure women empowerment.

Women as an Independent-target group account for 495.74 million and represent 48.3% of the population of India, as per the 2001 census. No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long term development it is necessary to facilitate their empowerment. In many developing countries, including India, women have much less access to education, jobs, income and power than men. The empowerment can be understood as a process of enabling women to acquire and possess "power resource" in order to make decisions or resist the decisions that are made by others which affect women. Hence the process of gaining greater control over the source of power is considered as empowerment. Thus, the key elements in the process of empowerment are 'enabling' and 'providing power' and they and complement reinforce each other. The process of empowering also refers to the act of challenging the existing inequality, power relation and more control over resources by women. Many strategies and programs have been designed and implemented for the empowerment of women, which include the efforts by the Government and the NGO Agencies particularly improving the accessibility of credit.

The societal status of women is reliable indicator of the economic development of society. On this basis empowering women becomes inevitable and it is evident through entrepreneurial development in the economy. But they are unaware of their prudential role in the society as well as the quantum of potential they possess. Women especially poor and belonging to weaker sections of the society, have limited access to resources and employment opportunities that would make them financially independent. Even the money earned by them from hard physical labour is not controlled and managed by them.

Credit is one of the most crucial inputs in the process of development. Development has economic, social and political dimensions and is incomplete without developing the women who constitute about 50 per cent of population. There are many problems in the field of rural credit for the poor. The problem becomes much more aggravate if it is related not only to the rural poor but also to the rural women because women bear the brunt of multiple forms of exploitations that originate from class, caste, culture and patriarchic systems. Studies have revealed that the subordinate position of the women is perfection and reinforced by their limited access to control over resources. Women have comparatively less control over such resources than men. Women thus get doubly marginalized by the virtue of being poor and being women.

In rural India it can be seen that poor sections of the society and destitute can not avail credit from the banks and other formal financial institutions due to their inability to deposit collateral security and mortgage property. The Government sponsored poverty alleviation programs are evolved centrally and planned without participation of the local people, and therefore often fail to address the needs and requirements of the poor. Lack of participation approach in planning and execution of these programs results in complete failure to improve the social and the economic conditions of the poor masses for whom these programs are implemented.

2. STATEMENT OF THE PROBLEM

In past decades women were constrained to join in any social activities and not given opportunities in decision making in her family. The conditions of women in rural and remote areas are still worse. Presently the situation has been changed. She is offered autonomy to do what she wishes. In today's situation more women are involved in Income generating activities. This is because of the initiatives taken by NGOs, MFI's and Government institutions in providing microfinance to weaker section of people who are financially excluded. Micro finance programmes for women are increasingly seen by development agencies as effective poverty alleviation intervention, High repayment rates are interrelated to mean that women are using loans productively and controlling credit. This influenced the researcher to concentrate more on the empowerment of women who takes part in the microfinance programmes.

3. SCOPE OF THE STUDY

The study is limited only to India. In this study, analysis of this article based on secondary data is given in the national perspective. The study is limited due to limited use of statistical tools. Moreover, the newly formed SHG's, which are still in infancy stage as well as SHG's formed under NRLM ,NULM and other government supported schemes, have their own limit in terms of their stabilization and bank linkages and hence their impact has been limited.

4. OBJECTIVES OF STUDY

The main objectives of the study are as follows:

1. To analyse the role of microfinance in empowering women.
2. To analyse the progress of SHG Bank linkage programme in the present scenario.

5. METHODOLOGY

Present study is empirical in nature based on secondary data and relevant literature has also been compiled from published and documented sources. Such sources include already published material, magazines, journals, websites, reports and periodicals etc. The policy measures suggested are based on critical appraisal of pertinent literature and analysis of research findings.

6. REVIEW OF LITERATURE

Puhazhendi and Satyasai (2002), in the study titled, "Microfinance for Rural People: An Impact Evaluation", observed significant improvements in the savings of SHG members during post SHG

situations. The programme also improves the borrowing pattern of SHG member households in terms of strengthening credit widening and credit deepening with SHG bank linkage model.

Dasgupta (2005), in the study, “Microfinance in India: Empirical Evidence, Alternative Models and Policy Imperatives” commented that a paradigm shift is required from “financial sector reform” to “microfinance reform”. While the priority sector needs to be made lean, mandatory micro credit must be monitored rigorously. The study concluded space and scope have to be properly designed for providing competitive environment to micro-finance services.

Sahu and Tripathy (2005), in the book titled, “Self-Help Groups and Women Empowerment” views that 70 per cent of world’s poor are women. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and lower position of the social hierarchical ladder. The conclusion drawn is that women can lift themselves from the morass of poverty and stagnation through micro finance and with the formation of Self-Help Groups.

Basu (2006), in the study titled “Microfinance and Women Empowerment: An Empirical Study with Special Reference to West Bengal” examines two basic research points i.e. woman tries to be in safer investment projects linked to her desire to raise her bargaining position in the household and the other point that women empowerment is examined with respect to control of saving, control over loans, control over purchasing capacity and family planning.

Banumathy (2006) has explained in her article “Self Help Groups and Bank Linkages” that the initial role played by the SHGs, prompted the NABARD to venture linkage of the SHGs with the banks in February, 1992. She has also stated that the RBI has advised banks to initiate action for the adoption of the SHG village program as a part of the corporate strategy,

Swain and Wallentin (2007), in the study, “Can Microfinance Empower women self-help groups in India”, investigated the status of women with respect to the control of resources, changes in behaviour and the decision-making. The study concluded that SHGs, where a majority of groups are linked with the help of NGOs that provide support as financial service and specialised training, have a great ability to make a positive impact on women empowerment and empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and long lasting empowerment.

Sharma (2007), in the study, “Micro-finance and Women Empowerment” examined that empowerment is an indicator to built broadly in eight criteria’s, i.e. mobility, economic security, ability to make small and large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns. The study concluded that the micro-finance industry promotes the dual objectives of sustainability of services and outreach to the women and poor when deciding to fund specific MFI donors and other social investors in the sector consider both objectives, but their relative importance varies among funders.

Umar et al. (2008), in the study titled, “The Experience of Microfinance banks operation in their operational Location” observed improvement in the condition of women through the provision of skills acquisition and adult literacy spread by microfinance banks.

Ganesan (2008) has focused in his article “Rural Transformation through Self Help Groups (SHGs)” that the SHGs have limited capital, they consist of self employed individuals, they lack of advanced skills or technology and poor ability to corner the market and most often operate outside the limits of regulation and the formal market mechanism. He also indicated that all the works they have started are eco friendly and would not affect the soil, water and air.

Kamaraju (2009) has mentioned in his article “Self Help Groups Emerging Rural Enterprises” that in rural areas the SHGs utilized the loan for purchasing milch animals, goat and for meeting personal urgent needs. Some SHGs have purchased power tillers for agriculture purpose on hire basis. Investment in power tiller will increase their income both individually and collectively. Hiring out power tiller to peasant is an important entrepreneurial activity of self help groups. He also indicated that the self help groups should function as a non political and non controversial one. Political and religious neutrality paves the way for their healthy growth. He has also expressed that the SHGs gain momentum now-a-days, because of its many fold effort in the economic empowerment of poor women.

Jerinabi and Kanniammal (2009), in the study titled, “Microfinance and Empowerment of Muslim Women : A Case Study of SHGs in Coimbatore city of Tamil Nadu” examined large number of parameters in the study like mobility, recognition in the family, credit sources, asset building and involvement at different levels of decision making. The study recommends that planning for women self employment needs a multi-pronged strategy, procedures for credit access to women should be more easy and simple and further there is a need to evolve new products by the banks which help in long-term sustainability.

Genesis of Microfinance in India

Micro financing by non-formal financial organisations already had tentative beginnings by the time NABARD initiated the pilot project for Self Help Group-Bank Linkage in 1992. The earliest instance of microfinance in India can be traced to the initiatives undertaken for providing banking services to the poor women employed in the unorganised sector of Ahmedabad city in Gujarat through the SEWA Bank, set up as an urban cooperative bank in early seventies. Since then the bank has been providing banking services to the poor and self-employed working as hawkers, vendors, domestic servants etc. This model has not been replicated elsewhere in the country, though the Working Women’s Forum (WWF) started promoting working women’s cooperative societies in Tamil Nadu since 1980. Annapurna of Pune and Shreyas in Kerala were other similar initiatives. The Savings and Credit Groups experiment of MYRADA was later supported by NABARD and emerged as the crucible of its pilot project for linking banks with self-help groups (SHGs) This pilot evolved into a regular lending programme as an outcome of the recommendations of the RBI’s Working Group on NGOs and SHGs (RBI,1996). The number of SHGs expanded exponentially with governments’ poverty alleviation programmes using them as the base as in Mahalir thittam in TamilNadu, Kudumbashree of Kerala or Velugu in Andhra Pradesh. Thus the SHG-Bank Linkage Programme has expanded at a fast pace in India to evolve into the largest microfinance programme in the world, and undoubtedly, it is the main microfinance programme in India.

Women Empowerment

Certain definitions of Empowerment from report on “Empowering women through Micro finance” “enabling each persons to reach his or her God-given potential”.

According to UNIFEM, “gaining the ability to generate choices and exercise bargaining power”, “developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life” are important elements of women’s empowerment.

In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources or insider knowledge of some businesses.

In a nut shell, women empowerment through microfinance has aim to make them economically able to contribute in their life and in their family income so that they would have self- esteem and opportunity to develop as well as important role in decisions with respect to life related to them.

Micro-Finance and Women Empowerment

Micro Finance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to high transaction costs associated with services these client categories. The two main mechanisms for the delivery of financial services to such clients are (1) relationship-based banking for individual entrepreneurs and small businesses and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

There are some 500 million low income entrepreneurs in the world and about 5% have access to financial services. It is a tool for empowerment of the poor low income persons that do not have access to formal financial institutions. Micro finance targets poor women because they have good track records. When they have the financial means, they invest that money back into their families, resulting in better health and education, and stronger local economies.

Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole society. Thus, a special support for women in both financial and non-financial services is necessary.

Impact of Microfinance

Micro finance programmes for women are increasingly seen by development agencies as effective poverty alleviation intervention, High repayment rates are interrelated to mean that women are using loans productively and controlling credit. It is widely assumed that is a clear and direct relationship between access to credit and an increase in the status of women within their households and communities.

NABARD’s Self Help Group- Bank linkage programme, which is the largest microfinance programme in the world, today touches 101 million households through 7.9 million SHGs with thrift & deposits of about INR 1,36,914 million, annual loan off take of INR 3,72,869 million and loan outstanding of nearly INR 5,71,192 million. Despite these milestones, a large section of the poor population still remain unreached and even majority who are in the SHG fold face the issue of inadequate credit. Bridging the last mile gap and forging partnerships to meet the myriad needs of the poor and to ensure sustainable livelihoods to them are the biggest challenges being faced today.. Recently, NABARD and NRLM collaborated in a meaningful way to bring greater synergy in efforts and in taking SHG Bank linkage programme to a higher plane.

SHG-Bank Linkage Programme

SHG-Bank Linkage Programme through its innovative model of linking informal SHGs with the formal banking system had brought in a paradigm shift in expanding the credit penetration and financial inclusion of the marginalized and excluded sections in society. The community based microfinance approach under SHG-BLP, which centered on bringing the poor onto the frontline in terms of thrift, credit linkage, livelihood activities, income generation, financial management and overall socio economic empowerment was well accepted by the financial institutions, NGOs, civil society organizations, governments as well as other stakeholders.

Despite the positive trend being exhibited there is a lurking fear regarding overheating of the sector, multiple financing to the poor clients, poor financial literacy and some grey areas in regulation. SHG-BLP is rather uncharitably being compared by many with MFI led Micro finance programmes ignoring its contribution in terms of thrift & savings, handholding to inculcate financial literacy, provision of credit besides bringing community participation and building social capital etc.

Efforts of NABARD during the year had paid off and can be seen in the turnaround made. It is observed that green shoots are visible in all aspects of the movement as compared to last year. There was a net addition of 2.06 lakh SHGs during the year increasing the number of SHGs having savings linkage to 79.03 lakh as on 31 March 2016. During the year, banks disbursed loan of ₹37,287 crore, recording 35% increase over the last year. The savings outstanding of SHGs with banks as on 31 March 2016 has reached an all-time high of ₹13,691 crore. Assuming that about one-third of thrift of SHG is kept as savings with banks and rest used for internal lending, total thrift mobilized by SHGs may be to the tune of ₹41,000 crore. The total bank loan outstanding to SHGs increased by 10.8% and stood at ₹57,119 crore against ₹51,545 crore as on 31 March 2015. By including internal lending at two times of the savings lying with banks, total microcredit through SHG-BLP channel was of the order of ₹78,000 crore.

Overall Progress Under SHG-Bank Linkage Programme During Last Three Years

(Numbers in lakhs/Amount Rs. Crore)

Particulars	2013-2014		2014-15		2015-16	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG savings with banks as on 31st March						
Total SHG Nos.	74.30 (1.53%)	9897.42 (20.45%)	76.97 (3.59%)	11059.84 (11.74%)	79.03 (2.68%)	13691.39 (23.79%)
All Women SHGS	62.52 (5.27%)	8012.89 (22.99%)	66.51 (6.38%)	9264.33 (15.61%)	67.63 (1.68%)	12035.78 (29.92%)
Percentage of Women Groups	84.15	80.96	86.41	83.77	85.58	87.91
Of which NRLM/SGSY	22.62 (10.46%)	2277.58 (36.01%)	30.52 (34.92%)	4424.03 (78.56%)	34.57 (13.27%)	6244.97 (41.16%)
% of NRLM/SGSY Groups to Total	30.45	25.03	39.65	40.00	43.74	45.61
Of which NULM/SJSRY	NA	NA	4.33	1071.81	4.46 (3.00%)	1006.22 (6.12%)
% of which NULM/SJSRY	NA	NA	5.63	9.96	5.64	7.35

Particulars	2013-2014		2014-15		2015-16	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
No. of SHGs extended loans	13.66 (12.02%)	24017.36 (16.67%)	16.26 (19.03%)	27582.31 (14.84%)	18.32 (12.67%)	37286.90 (35.18%)
All Women SHGs	11.52 (11.02%)	21037.97 (17.83%)	14.48 (25.69%)	24419.75 (16.07%)	16.29 (12.50%)	34411.42 (40.92%)
Percentage of Women Groups	84.3	87.6	89.05	83.53	88.92	92.29
Of which NRLM/SGSY	2.26 (24.56%)	3480.60 (57.67%)	6.43	9487.69	8.16 (26.91%)	16785.78 (76.92%)
% of NRLM/SGSY Groups to Total	16.52	14.49	39.54	34.40	44.54	45.02
% of NRLM/SGSY Groups to total	NA	NA	1.05	1871.55	1.11 (5.71%)	2620.22 (40.00%)
% of NULM/SGSY	NA	NA	6.46	6.79	6.06	7.03

Particulars	2013-2014		2014-15		2015-16	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
Loan outstanding against SHG as on 31st March	41.97 (-5.71%)	42927.52 (9.02%)	44.68 (6.46%)	51545.46 (20.06%)	46.73 (4.59%)	57119.23 (10.81%)
No. of all women SHGs linked	34.06 (-9.34%)	36151.58 (10.08%)	38.58 (13.27%)	45901.95 (26.97%)	40.36 (4.61%)	51428.91 (12.04%)
Percentage of Women SHGs	81.2	84.2	86.35	89.05	86.37	90.04
Of which NRLM/SGSY	13.07 (9.55%)	10177.42 (18.38%)	18.46 (41.24%)	19752.74 (94.08%)	21.91	26610.16
% of NRLM/SGSY Groups to Total	31.1	23.7	41.32	38.32	46.89	46.59
Of which NULM/SJSRY	NA	NA	3.18	3462.62	3.13 (-1.57%)	3979.75 (14.93%)
% of NULM/SJSRY Groups to Total	NA	NA	7.12	6.72	7.00	6.97

Source: NABARD

(Figures in the parentheses indicates increase/decrease over the previous year)

With higher growth in SHG-BLP in priority states, there has been correction in the southern bias of SHG-BLP (Figure 4.2). The share of Southern Region in number of SHGs has declined from almost half (49.75%) in 2013-14 to 44.87% in 2015-16. The most heartening development during the year is improved repayment and reduced NPA in SHG-BLP. The gross NPA of bank loans to SHGs declined by about 100 basis points from 7.4% as on 31 March 2015 to 6.4% as on 31 March 2016. This was achieved in a year when there was overall deterioration in quality of assets and mounting NPAs in the banking sector.

Nabard as Microfinance Facilitator

NABARD continued with its role as the main facilitator and mentor of microfinance initiatives in the country, particularly the SHG Bank Linkage initiative. It continued to provide support in the form of grant assistance for formation, nurturing and credit linking of SHGs with the banks, capacity building of various stakeholders through training, exposure visits, seminars, workshops etc. With the SHG programme now

more than two decades old, NABARD intensified its efforts to promote sustainable livelihoods among SHG members by launching Livelihood and Enterprise Development Programme (LEDP), pilots in micro insurance and pension, digitization of SHGs, commissioning studies on topics related to micro credit/SHG–BLP.

Support for Training and Capacity Building of Microfinance Clients

NABARD gave due recognition to training and capacity building of various stakeholders such as bankers, NGOs, Government officials, SHGs, SHG Federations and trainers. During 2015-16 more than 5100 training programmes were conducted and about 1.81 lakh participants were trained. Cumulatively, around 35.94 lakh participants have been imparted training as on 31st March 2016 leading to a strong team for implementation of the microfinance programmes.

Grant Support to Partner Agencies for Promotion and Nurturing of SHGs NABARD extended grant support to NGOs, Federations of SHGs, RRBs, NGO-MFIs, CCBs, PACS, Farmers' Clubs and Individual Rural Volunteers (IRVs) for promotion, nurturing and credit linkage of SHGs with the banks. Untiring efforts of all these agencies has led to spectacular growth of the movement and SHG concept is known to a vast majority throughout the country.

Banks reported credit linkage of more than 70000 SHGs and account opening of about 25000 new SHGs during these programmes. These programmes resulted in better interface between bankers and SHGs leading to increased credit flow and appreciation of each other's needs.

7. ON-GOING INITIATIVES

Livelihood and Enterprise Development Programme

Generating income and alleviating poverty through the creation of livelihoods, is one of the goals of the SHG–Bank Linkage Programme (SHG–BLP). NABARD has been enabling livelihood promotion and graduation of SHG members through a variety of programmes that focus on up gradation of skills and developing entrepreneurship abilities. However, skill upgradation trainings alone could generate limited impact on livelihood creation among SHG members. With a view to create sustainable livelihoods among SHG members and to create maximum impact of skill upgradation with hand holding and credit linkages, the Livelihood and Enterprise Development Programme (LEDP) has been launched in December 2015. These programmes are implemented in small batches for a maximum of 150 SHG members in a cluster of contiguous villages on a project basis covering 15 to 30 SHGs in a cluster of contiguous villages. The programme covers agricultural & allied activities as well as rural nonfarm sector activities. There is provision for intensive training for skill building, refresher training, backward-forward linkages offering end to end solutions to the SHG members.

Special Initiatives

Scheme for Promotion of Women SHGs in backward districts of India NABARD, in association with the Department of Financial Services, Ministry of Finance, Govt. of India continued to implement a scheme for promotion and financing of Women Self Help Groups in 150 identified backward districts of the country. The USP of this scheme is that it provides for selection of an anchor NGO in each of the district not only

for promoting and enabling credit linkage of these groups with banks (like any other SHPIs under SHG-BLP of NABARD) but also serving as a business facilitator for extending outreach of the banks, regular monitoring of the SHGs promoted and also being responsible for repayment of loans by SHGs to banks. For these services the Anchor NGO is entitled for service charges @5% of the outstanding loan amount. This approach is expected to facilitate sustained financial inclusion by extending banking services to women members of SHGs, promote sustainable livelihood opportunities to the members and facilitate effective implementation of other social development programmes for women through SHGs.

Swarnajayanti Gram Swarozgar Yojana (SGSY) and National Rural-Livelihoods Mission (NRLM)

SGSY was effective from 1st April, 1999 as a self employment programme introduced by union government to provide assistance to poor families living below the poverty line in rural areas to take up self employment by forming SHGs. Persons taking up self-employment are called Swarozgaris. They may take up the activity either individually or in group. Swarozgaris earn ₹2,000 per month, exclusive of bank loan repayment. SGSY was restructured as NRLM. Aajeevika or National Rural Livelihoods Mission (NRLM) was introduced by Ministry of Rural Development with the assistance from World Bank for addressing poverty alleviation with greater focus and momentum and to achieve Millennium Development Goals.

Micro Insurance

To increase awareness regarding micro insurance among SHG members and to enhance their enrolment under the scheme Religare Health Insurance has been sanctioned two pilot projects, one in Alwar district of Rajasthan and another in Ramgarh district of Jharkhand. The projects envisages: provision of Health Insurance and Personal Accident Cover; issuance of a Master Policy in the name of the SHPI and individual cover in the name of SHG member and his/her spouse (the couple being treated as one unit); that the insured must be at least 18 years and not more than 70 years of age; that insurance cover will be provided for a period of one year to each beneficiary from the date the policy comes into effect; and will enable SHG members/families to avail cashless treatment in a hospital for any illness/injury/disease (that is not specifically excluded) and also for maternity treatment needs upto a maximum limit of ₹50,000/-.

Micro Pension

International Network of Alternative Financial Institutions (INAFI) has been sanctioned a micro pension pilot project to be implemented in the tribal district of Dungarpur in Rajasthan. The project envisages educating SHG leaders, federation leaders and NGOs on the micro pension products, through pension literacy/mobilization meetings and workshops for NGO staff members and technical workshops for finalizing the pension products. The project targets coverage of minimum 1000 SHG members under micro pension.

Progress of Project Eshakti for Digitisation of SHGS

Keeping in view the Government of India's mission for creating a digital India, NABARD has launched a project for digitisation of all Self Help Group (SHG) in the country. The upliftment in economic level of the SHG members, mostly poor rural women, by these measures will ultimately facilitate in increasing the outreach of PMJDY and financial inclusion in poor household.

Digitisation of Self Help Groups is a step towards achieving the avowed goals by facilitating the banks to take informed credit decisions on real time basis. Grading reports are being used by banks for appraising SHGs before credit linkage. Large number of first as well as subsequent linkages for many SHGs. Digitisation helps increase in credit flow to SHGs. Increased levels of awareness amongst bank branches about the functioning of SHG dealing with them through MIS generated from the system. The real time SMS alerts brought transparency in the operations /transactions and confidence among the SHG members.

SHG2: Revisiting the SHG Bank Linkage Programme

The SHG-Bank Linkage Programme was given a renewed thrust with the launch of SHG-2. The focus of SHG-2 would be on voluntary savings, cash credit as a preferred mode of lending, scope for multiple borrowings by SHG members in keeping with repaying capacity, avenues to meet higher credit requirements for livelihood creation, SHG Federations as non-financial intermediary, rating and audit of SHGs as part of risk mitigation system and strengthening monitoring mechanisms.

8. CONCLUSION

Microfinance is a developmental approach towards alleviating poverty and vulnerability. It is also acknowledged as a cost effective tool to provide financial services to the underprivileged. Microfinance through Self help group Model results in greater impact in transforming the lives of poor. SHG model has emerged as largest and fastest growing successful community based organisation in the developing world.

The SHG bank linkage model provides the cheapest and most direct source of funds. However, this has to be set against the low volume of funds that can be made available through this channel in view of the linkage of credit with savings. As in other financial services models the microfinance model also has evolved over the last two decades. India is a country in which stone-age tribal communities and twenty-first century condominiums cohabit. Bullock carts and bullet trains are contemporaries. Likewise even in the financial services sector, despite expansion taking place with increased outreach of mainstream institutions through a range of technology platforms and novel institutions like small finance banks and payments banks coming into being, the niche area for microfinance will continue to exist, not only till the complete eradication of poverty, but even beyond that. In the nook and corner of the country NGO-MFIs, Self Help Groups will keep up their activities, providing services to the needy as long as they are demanded. In this gigantic effort, the spectrum of stakeholders is contributing its mite to nurture and strengthen this institutional infrastructure so that financial services reach the last person in the remotest corner of the country.

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