

# A detailed study on Self Help Group Bank Linkage (SHGBL) in India

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## Abstract

The great faith that the world has placed in microfinance in recent years has made it seem the panacea for world poverty. Its impact on the alleviation of poverty on a grand scale has yet to be assessed, but important changes have occurred at the individual level for microfinance clients as they improve their financial stability and standard of living through small enterprise.

Women and girls do not enjoy equal access to resources, opportunities or political power in most regions of the world. If poverty is to become history, then discrimination and gender inequality has to be tackled. There is gender imbalance in areas of education; training and professional work. Education is among the most important drivers of human development helping a person to become more dependable worker and a better citizen, means to empower women.

There is a need for impact assessments of women empowerment through microfinance that go further than only increased access to finance and increased sense of self-worth. For the SHG Bank linkage model, the concept of federations is seen as a promising initiative that could potentially contribute to sustainability of SHGs and to women empowerment in a broader sense than in the other dominant model for microfinance, the Grameen model.

**Keyword:** Resources, Opportunities, Education, Training, Grameen model.

## Introduction

Women and girls do not enjoy equal access to resources, opportunities or political power in most regions of the world. If poverty is to become history, then discrimination and gender inequality has to be tackled. There is gender imbalance in areas of education; training and professional work. Education is among the most important drivers of human development helping a person to become more dependable worker and a better citizen. means to empower women.

Micro finance is the provision of small-scale financial services to clients who are economically active in various urban and rural areas. According to the accepted definition, micro finance is the provision of thrift, credit and other financial services and products of very small amounts mainly to the poor in rural, semi-urban and urban areas for enabling them to raise their income level and improve living standards. Of late, micro finance has become a key word with Governments, NGOs and international institutions like the World Bank.

Micro finance has several other developmental objectives like mobilization of savings. It has also been used as an inducer in different community development activities, as an entry point in the community-organizing programme and as an ingredient in a larger education or training exercise. All these programmes aim at the empowerment of poor people especially women and eradication of poverty.

## Review of literature

Marguerite S. Robinson - 'Microfinance refers to small scale financial services for both credits and deposits- that are provided to people who farm or fish or herd; operate small or micro enterprise where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from

renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries in both rural and urban areas’.

The Asian Development Bank defined Microfinance as “the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. Microfinance services are provided by three types of sources: (1) formal institutions, such as rural banks and cooperatives; (2) semiformal institutions, such as nongovernment organizations; and (3) informal sources such as money lenders and shopkeepers. Institutional microfinance is defined to include microfinance services provided by both formal and semiformal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance services.”

### Research Methodology

“Research is a careful inquiry or examination to discover new information or relationships and to expand and to verify existing knowledge.”

- Francis Rummel

### Objectives of Study

1. To evaluate the impact of microfinance programme on Political empowerment before and after taking Microfinance Loan.
2. To study the progress of the Self Help Group Bank Linkage (SHGBL) in India.

### Hypothesis

A hypothesis can be formulated in several ways yet it always performs the basic function of predicting the final outcome of the investigation.

- $H_0$  There is no significant improvement in Political empowerment of SHG Members after joining the microfinance programme.
- $H_1$  There is significant improvement in Political empowerment of SHG Members after joining the microfinance programme.

### Statistical Techniques

The statistical tools implemented in this study are

1. Tabulation: The table for the demographic distribution for collecting the samples as per the criteria under the objectives of this study.
2. Reliability Test Analysis: Cronbach’s alpha reliability test is used to check the internal consistency of items under consideration of a subject.

3. Validity Test Analysis: Data pre-processing is performed to check any outliers falling beyond 1-5 rating against each factor response and to fill the missing values of the responses by using KNN technique.
4. Co-linearity test: As to identify the relation-ship between the various parameters and their total effect by using bi-variant correlation.
5. Descriptive Analysis: Graphical tools of bar charts are used to identify the trend on each item under consideration.
6. Inferential Analysis: Hypothesis testing is conducted using One Way ANOVA Test for given three dimensions viz., Sales and Promotion Strategies, Success of Women SHG, and Professionalism in Promotional Marketing Practices.

### Finding

1. The researcher found that the women of SHG-BL not only take intra-loan from SHG for consumption, but also for education of their children, and for business. The researcher finds that 81.6 % of the women use the loan from SHG for business which increases their income. The increase in income leads to increase in savings in majority of cases.
2. Prior to joining SHG none of the respondents fall under the range of Rs. 6000 to 8000 & above Rs 8000 which increased to 53 & 18 respondents respectively due to expansion of existing and start of new business like for tailoring, for producing washing powder, for phenyl making, for catering services, for candle making , agriculture & allied activities, Pavbhaji center, chicken center, vegetable shop, bangle shop, General shop, Atta chaki and Grahaudyog (papad, savei, pickels, mirchi cutting) .
3. Frequency of purchase of clothes for children and other family members has also changed. As in the pre-SHGBL situation with the limited income they were not able to purchase new dresses on the birthdays, school reopening days and festivals for the children but now they may be facilitated to do so.
4. The researcher found through SHG 70 % (175 respondents) of the members agreed that they have mingled with local people; go to the banks; and meet various government officials and other members of the community after joining Self Help group. Whereas 15.2 % of the respondents still disagree that they have not mingled with others.

### Suggestion

1. At present, all the members are desirous of providing higher education to their children. But they do not have the necessary funds. In such cases, they expect assistance in the form of special scholarships for the SHG members' children from the government. Such a type of special scholarship could be given to the children of the members of the SHGs by the government.
2. Marketing is the main hindrance for the women's self-help groups. It is very difficult for the self-help groups to enter the market. So, NGOs and the Government Agencies should make necessary arrangements for marketing the products produced by the self-help groups.
3. Education plays a prominent role in the empowerment of women. As majority of the respondents are having an educational qualification of S.S.C. or below, sufficient opportunities must be provided to them in the form of seminars, conferences etc., to impart knowledge on current as well political issues.

### Conclusion

The micro financing activities of SHG inculcate in them the sound habit of savings and give them access to credit for varied purposes such as consumption, production, education, etc. Micro financing also enables the members to run micro enterprises like for tailoring, for producing washing powder, for phenyl making, for catering services, for candle making , agriculture & allied activities, Pavbhaji center, chicken center, vegetable shop, bangle shop, General shop, Atta chaki and Grahaudyog (papad, savei, pickels, mirch cutting

). This leads to their economic empowerment and liberates them from the clutches of money lenders to a great extent. The economic empowerment of women also leads to their familial empowerment in the form of improved standard of living, provision of nutritious food, improved health care, more help to the dependents, etc. The regular meetings of SHGs enable the poor women to participate in social/cultural activities which improve their social empowerment. They also got the opportunities to participate in political activities and to hold positions resulting in their political empowerment.

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