



**SELF HELP GROUPS A POWERFUL TOOL FOR SOCIAL CHANGE :SUCCESS STORY OF SABEEYAKHANAM**

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**Abstract:** Microfinance refers to small savings, credit and insurance services extended to socially and economically disadvantaged segments of society. It is emerging as powerful tool for poverty alleviation in India. India falls under low income class according to World Bank. It is second populated country in the world and around 70% of its population lives in rural area. 60% of people depend on agriculture as a result there is chronic underemployment and per capita income is only \$ 3262. This is not enough to provide food to more than one individual. The obvious result is poverty, low rate of education, low sex ratio, and exploitation. The poverty reduction has become the object of unprecedented attention at national and international level. The scheme of Microfinance has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self employment opportunities and making them credit worthy. Thus the concept of microfinance gained growing recognition as an effective tool in improving the quality of life and living standards of poor people.

**Keywords:** Microfinance, Self Help Groups, Empowerment.

**Introduction:** Microfinance has its genesis in the Grameen Bank founded by professor Muhammed Yunus in 1976 in Bangladesh in the aftermath of the severe famine in 1974. The model used group guarantees and peer monitoring, developed compulsory savings

mobilization among groups of poor people and had decentralized and cost effective, market oriented operations for lending to the poor. In India self Help Groups have been promoted as a channel of microfinance. SHGs were first started in the eighties by NGO who disbursed small loans to groups of poor women as tool to empower them socially, politically as well as financially. In India more than 70% of the population lives in villages and most of these villages are underdeveloped. Research and development sector in our country brings number strategies in favour of these people

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every year. Implementation of these technologies in the rural sector can alleviate poverty create employment opportunities and generate good growth. However for implementing these technologies micro financing through public and private sector agencies is the need of the hour. Microfinance can be a critical element of an effective poverty reduction strategy. Improved access and efficient provision of savings, credit and insurance facilities enable the poor to smoothen their consumption manage their risks better, build their assets gradually and develop their micro enterprises.

#### **Objectives of the Research Study**

- ❖ To Study the scenario of SHGs ,women Empowerment and impact on poverty reduction in India.
- ❖ To Study the Marketing of Microfinance products in India.

#### **Role of Micro Finance Institution**

**1. Poverty reduction tool:** Micro finance can be a critical element of an effective poverty reduction strategy. Improved access and efficient provision of savings, credit and insurance facilities in particular can enable the poor to smooth their consumption manage their risks better, build their assets gradually and develop their microenterprises. Microfinance is only a means and not an end. The ultimate goal is to reduce poverty. Government, N.G.Os and other financial institutions have introduced various welfare schemes and activities to reduce poverty. Microfinance, by providing small loans and savings facilities to those who are excluded from commercial financial services has been developed as a key strategy for reducing poverty throughout the world.

**2. Women Empowerment:** In rural areas women living below the poverty line are unable to realize their potential. Microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women empowerment. The self help groups of women as sources of microfinance have helped them to take part in

development activities. The participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. Micro finance can provide an effective way to assist and empower poor women, who make up a significant proportion of the poor and suffer disproportionately from poverty.

**3. Self Employment:** Poverty reduction through self employment has long been a high priority for the government of India. Microfinance is an experimental tool in its overall strategies. Most of poor people manage to optimize resources over a time to develop their enterprises. Financial services could enable the poor to leverage their initiatives, accelerating the process of generating income, assets and economics security. However conventional finance institutions seldom lend down market to serve the needs of low income families and women headed household. Therefore fundamental approach is to create the self employment by financing the rural poor through financial institutions.

**4. SHGs- bank linkage programme:** Indian micro finance is dominated by the operational approach self Help groups (SHGs). The approach is popularly known as SHG-Bank linkage model. This model is the dominant model initiated by the NABARD in the early 1990s. Today the SHG model also links the informal groups of women to the mainstream system and it has the largest outreach to micro financial clients in the world. SHGs comprise a group of 15-20 members. The groups begin by savings that are placed in a common fund. The Linkage programme combines the flexibility, sensitivity and responsiveness of the informal credit system with the technical and administrative capabilities and financial resources of the formal financial sector, which rely heavily on collective strength of the poor, closeness of effective social mobilization functions contributing to an overall empowerment process.

**Case Study of Sabeeyakhanam:** SabeeyaKhanam is a 23-year-old unmarried

woman who lives in JC Pura, which falls under the operational area of the NGO, Janaspandana. She is an active member of Janaspandana's local Self-Help Group (SHG), Stree Shakti. She saved Rs. 100 per month with Stree Shakti. Sabeeya has studied up to 10<sup>th</sup> class. Her family consists of her father, mother and three siblings. Her father Rashid Khan is a tailor and earns Rs. 1500 a month, which is not sufficient to feed and clothe a family of six. The family does not own any agricultural land.

The local bank agreed to give small loans to deserving Stree Shakti members provided they had taken entrepreneurship training. Janaspandana approached ICVK and requested them to conduct an Aspiring Entrepreneurs Workshop (AEW) for its SHG members. At the workshop, Sabeeya was highly motivated. She actively participated in the training programme. Her business plan presentation in the group was very good and she won the second prize. She was also awarded a certificate of course completion. By the end of the workshop, Sabeeya had decided to start a business of making beedis out of her home. Sabeeya submitted her business plan for home based Beedi making unit to the local bank and received a loan of Rs. 15000 from the bank. Stree Shakti Sangha stood as the guarantor. Sabeeya started home based Beedi making unit in JC Pura. Her family helps her in making beedis. Day by day her business grew. As of now, Sabeeya makes a profit of Rs. 6500-7000 per month. She has repaid the bank loan in monthly installments. Thanks to Sabeeya's business, the financial situation of the family is very much improved and they are able to meet their day-to-day requirements quite comfortably.

**Scenario of SHGS , Women Empowerment And Impact of Poverty Reduction:** The Case study have shown that on the whole, the SHG programme has resulted in positive developmental outcomes and also lead to women's empowerment. Linking SHGs with bank finance has been identifies as a key tool

towards achievement of holistic inclusive growth.

A Study on Commercial aspects of SHGs bank linkage programme in India commissioned by NABARD indicated that some of the intangible social benefit due to the vibrancy of the SHGs movement was the self confidence among women, empowerment in community development, improved women's literacy drastic increase in school enrolment decline in population growth vaccination of children improved sanitation and drinking water, changes in the attitude of men, reduction in smoking and drinking, voicing of objection against child marriage and the practice of dowry.

### **Marketing of Microfinance Products In India**

#### **1. Contract Farming and Credit Bundling:**

Banks and Financial institutions have been partners in contract farming schemes, set up to enhance credit. Basically this is a doable model. Under such an arrangement, crop loans can be extended under tie-up arrangements with corporate for production of high quality produce with stable marketing arrangements provided and only provided- the price setting mechanism for the farmer is appropriate and fair.

#### **2. Agri Service Centre – Rabo India:**

Rabo India Finance Pvt Ltd has established agri service centres in rural areas in corporation with a number of agri input and farm services companies. The services provided are similar to those in contract farming but with additional flexibility and a wider range of products including inventory finance. Besides providing storage facilities each centre rents out farm machinery, provides agricultural input and information to farmers arranges credit, sells other services and provides and forum for farmers to market their products.

#### **3. Non Traditional Market:**

Similarly, Mother Dairy Foods Processing a wholly owned subsidiary of National Dairy Development Board (NDDB) has established auction market for horticulture producers in Bangalore. The Operations and Maintenance of the market is done by NDDB. The project with an outlay of

Rs 15 lakh, cover 200 horticultural farmers associations with 50,000 grower members for wholesale marketing. Their produce is planned with production and supply assurance and provides both growers and buyers a common platform to negotiate better rate.

**4. Apni Mandi:** Another innovation is that of The Punjab Mandi Board, which has experimented with a farmers market to provide small farmers located in proximity to urban areas, direct access to consumers by elimination of intermediaries. This experiment known as ApniMandi belongs to both farmers and consumers who mutually help each other. Under this arrangement a sum farmer get 5 crates at a subsidized rate. At the mandi site the Board Provides basic infrastructure facilities. At the farm level extension service of different agencies are pooled in. These include input subsidies better quality seeds and loans from banks. ApniMandi scheme provides self employment to producers and has eliminated social inhibitions among them regarding the retail sale of their produce.

**Conclusion:** The evolution of women leadership in community and village activities is another observed phenomenon. This has in turn also fuelled women's participation in local self-government. Rural development and poverty reduction are commonly related to the issue of rural employment. Rural household livelihood strategies comprise several options, including farming and non-farm activities, local self-employment and wage employment and migration. Microfinance has proven to be an effective and powerful tool for rural development tools. It has sufficiently penetrated the poorer strata of society. The poorest form the vast majority of those without access to primary

health care and basic education; similarly, they are the majority of those without access to microfinance. Microfinance is one of the ways of building the capacities of the poor and developing them to self-employment activities by providing financial services like credit, saving and insurance. To provide microfinance and other support services, MFIs should be able to sustain themselves for a long period. There are so many schemes for the development opportunities through micro finance is one way of attacking poverty and solving the problems of unemployment. The MFIs channel of credit delivery coupled with the national level programme of SHG-Bank Linkage, today, reaches out to millions of poor across the country.

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