PREFACE

Microfinance is one of the important finding in the world of finance. India is one of the main market of the world for microfinance. As reported by the Microfinance Outlook Report India being one of the major microfinance market, its GDP growth rate would be high in comparison to the advanced economies of the world. The compound annual growth rate of microfinance market is projected to be more than 15% by 2020 by a leading market research company.

Establishment of Self-Employed Women’s Association (SEWA) in the year 1972, in Gujarat, as a trade union was the first initiative to introduce microfinance. Its main objective of was to strengthen its members' bargaining power to improve income, employment and access to social security. SEWA was not merely as a workers' organization, but a movement.

In 1986-87 NABARD took the major step to cater to the financial requirement of rural poor by supporting and funding Mysore Resettlement and Development Authority (MYRADA) project on ‘Saving and Credit Management of Self-Help Groups’, which brought encouraging results. NABARD carried out a survey in 1988-89 of 43 Non-governmental organizations spread across eleven states of India to understand the possibilities of functioning of SHGs in collaboration with the banks for improving the credit delivery system to the poor and for improving and mobilizing their savings. The survey results encouraged NABARD to launch the ‘pilot project’ which linked 500 SHGs with banks with the help of NGOs for helping the homogeneous members of SHGs.

As per the Millennium Development Goals (MDG) Report, 2013 target to eradicate extreme poverty and hunger has been met ahead of its 2015 deadline. Despite this impressive achievement at the global level, 1.2 billion people are still living in extreme poverty. Around the world, abject poverty is found in areas where poor health and lack of education deprive people of productive employment; environmental resources have been depleted or spoiled; and corruption, conflict and bad governance waste public resources and discourage private investment. The international community now needs to take the next steps to continue the fight against poverty at all these various levels. MDG has also set target to achieve full and productive employment and decent work for all, including women and young people. According to the International Labour Organization (ILO), unemployment has increased by 28 million since 2007, and an estimated 39
million people have dropped out of the labour market, leaving a 67 million jobs gap as a result of the global economic and financial crisis.

Afterwards in the year 2015, on 25th September more than 150 world leaders came in the consensus of adopting the new plan of Sustainable Development Goals (SDGs) to be attained by 2030 in which the United Nations Development Programme (UNDP) will assist the other nations in achieving these goals. Poverty eradication is also an important target of SDGs and livelihood back up is a tool which can help in eradicating poverty. This study has focused on how microfinance can play an important role in taking up different livelihood generating activities which will ultimately play an important role in eradicating poverty.

The broader theme of this research is to study the role of microfinance towards generating livelihood. Therefore, when the concept of livelihood comes then we must look into it in a much broader way so that it can fulfill the development need of present generation without compromising the future needs of upcoming generation; i.e. it should also take care of sustainability approach. The study delineates various aspects related to sustainable livelihood framework along with this the different aspects related to Micro Finance Institutions.

The study in forthcoming pages comprises of analysis of various aspects related to Self-Help Group awareness, computation of Social Status Index (SSI) and Economic Status Index (ESI) for determining the socio-economic changes.

In the current scenario of the world the importance of the government’s participation for development of an economy can hardly be questioned. For the development of a sector in an economy like India we cannot think of development without government’s intervention. For that reason some of the government schemes and institutions have been briefly highlighted in the forthcoming chapters of this study.

The findings of the research would help the policy makers in understanding various grass-root level related decisions like digitisation of Self-Help Group data, creating awareness among the rural folk regarding various aspects of microfinance, creating financial awareness by providing financial literacy to the rural folks etc.

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