CHAPTER 4:

IMPORTANCE OF THE STUDY

Microfinance programme has witnessed phenomenal growth in India in the past years. Studies show that this programme is helping the poor in many ways. However, the focus of most of the microfinance service providers has remained on expanding the outreach of microfinance programme with little attention on the depth, quality and viability of the financial services. Besides removing these problems there is a lot which can be done in this field to make this programme more effective. Some future prospects in this field are discussed below:

4.1 Importance of the Study

The present research was to study the critical study of self help groups with reference to the seven selected district of the Rohilkhand region, so far this type of study on self help group has not been attempted in this region. Hence it is necessary to work in this area. This would be of great help to the implementing agencies to bring necessary improvements in the self help groups for attaining the all over socio-economic development of the region. The knowledge on these aspects could be used to develop strategies to motivate self help group members for their enhanced participation in the group. The outcome of the study would suggest the factors that are responsible for the good performance of self help groups formed by Government and Non Government organization. Further the study would highlight the role and importance of micro-credit, microfinance institution; role of government and self help groups in offering micro-credit. The results of this study would be offer important input to planners, policy maker, Non-
governments organizations for framing policies to empower the women through self help groups. The success of the programmes depends upon its critical study of self help group. Hence attempts have also been made to find out the benefits attained after implementation of self help groups and effectiveness made under this study. The study also surveys the problem faced by the members of the groups. The findings of which can be used for planning programmes and better strategies can be evolved based on the results for the effective functioning of self help groups.

Poverty is social phenomenon in which a section of society is unable to fulfill even its basic needs of life. Though rapid industrial development has taken place since independence mass poverty persists all over the country. In the midst of mass poverty, real progress is not much importance. Therefore, there is an urgent need to eliminate mass poverty. India's anti-poverty strategy comprises of a wide range of poverty alleviation and employment generation programmes, many of which have been inoperations for several years and have been strength to generate more employment create productive assets, impact technical and entrepreneurial skills and raise the income level of the poor. The SHG programs has to be successful in not only meeting the peculiar needs of the rural poor but also in strengthening collecting self help capacities of the poor at the local level, lending to their empowerment. A critical study of self help groups well enable us to know the role of SHGs in the region it also helps us in locating the strength, weaknesses, opportunities and threats of SHGs and to give suggestions for improvement and remedial measures wherever necessary.
4.1.2 Growth Prospects through the Study

Microfinance programme has a wider prospect to expand both the outreach and depth of services provided. According to Ghate (2008), microfinance programme has covered just 16.5 million of the total 75 million poor households. So, there is an example scope to cover these unreached poor people. Also, the average loans provided to the SHG members under both the SHG-BLM and MFI models range between Rs. 3,500 to 5,000 which can meet the liquidity requirements only and are not sufficient to help a member to start productive activities. So far the government has been succeeded in providing only Rs. 2,000 crore annually against a demand of over Rs. 50,000 crore by the 75 million poor households (Ghate, 2007). There is a vast unmet demand in the rural and urban sectors, the study could bring the attention of policy makers, different kinds of MFIs and microfinance service providers to fulfill the demand as per requirements.

4.1.3 Reducing Regional Disparity through The Study

The spread of microfinance programme is unequal among various regions of India and there is limited spread in the poorer states. So, there is plenty scope to spread microfinance programme in the unreached areas including the poorer states. However, taking a step in this direction NABARD has recently identified 13 states to scale up the microfinance programme in these states in order to reduce the regional disparity. These priority states are Assam, Bihar, Jharkhand, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal. These states accounted for 70 per cent of India's poor and were not effectively reached by the microfinance programme. Special efforts by NABARD resulted in an increase in the number of SHGs credit linked in these states from 3,97,464 as on March 2004 to 17,64,856 as on March
2008. The growth rate in these states is higher as compared to the growth at national level but it is not increasing as compared to the previous years. Therefore some other measures can be taken to eradicate the regional disparities in the coming future which is possible by these type of studies.

4.1.4 Regulation of MFIs
Currently, various entities such as co-operative societies, mutual benefit societies or mutually aided societies etc. are engaged in the activity of microfinance. They are guided by different laws under which they are registered. Lack of a single regulatory authority restricts the orderly growth of microfinance sector. Keeping in view all the regulatory problems, the Government of India has proposed legislation and formulated a bill for the development and regulation of microfinance sector. This bill is under consideration of the Parliament. These types of studies could provide all the regulatory powers to NABARD; and all the MFIs will come under a single formal statutory framework. In case of any offence by microfinance organisations, the redressal mechanism and settlement of disputes have also been discussed.

4.1.5 Penetration of Insurance Services among Rural Poor People through the Study
In India, the penetration of insurance services among rural poor people is very limited and there is a great potential for the same. Moreover, poor are very much vulnerable to the natural uncertainties and insurance is necessary for them. The present study used for microfinance programme can be used to tap the potential of insurance in rural markets. Non-Government Organizations, Microfinance Institutions and Self-Help Groups can be used as micro-insurance agents. They can offer target specific insurance products at a relatively lower cost, for a lower coverage of amount. It may be
envisaged that micro-insurance would facilitate penetration of insurance to rural and remote areas.

4.1.6 Introduction of Technical Innovations

In order to improve the quality of microfinance services some technical innovations may be introduced. A number of electronic devices are being used in different countries to expand the outreach and to improve the microfinance functioning. Some of these devices are mobile phones, ATMs, processor cards, computers etc. Mobile phone provides the rural poor borrowers with the communication facility. ATMs are helpful to facilitate saving, payment and loan transactions in the remote rural areas where it is difficult to open bank branches. Processor cards are used to keep the record of group activities such as savings, loans and other financial transactions. It helps to reduce paper work and saves time for the bank officials. A computer with an operator helps the illiterate group members to maintain the records of group financial activities. These computers can also be used to provide important information related to weather conditions, crop inputs, product prices, land records etc. in the villages. Though some of such implementations could have been started by this type of work (to draw the attention) and in India enough scope to use such innovative techniques in microfinance sector.