CHAPTER – ONE

INTRODUCTION

In rural India, the high rate of poverty and low economic status of rural poor underline the need for increasing their earning power by providing them income generating assets gender bias. Are some of contributing factors? Since early eighties, the non-governmental organization (NGOs) has developed an approach of promoting in formal groups of the poor, especially in the rural areas for their socio-economic development. Socio-economic development in rural areas is a complex and challenging process in which such institutions can play a significant and crucial role.

The process deserving purposes need up gradation enterprises housing financing is about provision is of service area to their. It estimated that outreach of formal financial Institutions i.e. commercial bank, co-operative banks and regional loan accounts. Obviously, in term of individuals this proportion is much less, but in term of savings accounts, this proportion is higher. It is important to remember that these proportions relate to all households and are much less for poor households, generally ranging between 10to20 per cent. The 5 to 20 homogenous that too on women the benefit of the SHGs practicing saving, credit activities have been more successful and sustainable.

This is the concept of SHGs comes into picture. Self Help emanates when it is advantageous for individuals to come together. The genesis of SHGs traced in traditional rural societies, self help takes various from. Activities like hounding/farm operations, which have to be completed within stipulated time, depend upon such arrangements. Likewise, people share implements required in agricultural production. Sharing of irrigation water/bullocks necessitates a management based on self help. Self Help in essence is a form of cooperation. Cooperatives as they are understood are formal bodies, where as SHGs are informal.

With the advent of SHGs, women are not confined to the four walls and now she dares to accept the challenges in the outside word. Leadership qualities are developing gradually in women, because they now participate in the social activities. They understood the processes in political involved the local problems through political participation. Their participation in political process started increasing. In 1991, constitutional provision for 33 percent reserved seats in Gram Panchayant in our country came into being. In the beginning, the process of participation of women was slow, but now the situation is fast changing. With the implementation of 33 percent reservation in parliament the scenario of women empowerment is definitely going to come
Need and Importance of the study

The need for the presents study is an outcome of thinking that rural poor do not have the capacity for saving any enterprise. Their participation in thrift activities is also low and always confronted with the problem of credit and fiscal management, restricting their welfare and development. The data with respect to impact of SHGs engaged in various enterprises in the Ratnagiri district of Maharashtra state on their members are very scanty. So the present study entitled, Impact of micro financing on members of women Self Help Groups on Ratnagiri district of Maharashtra State is proposed to be undertaken coming together voluntarily for attaining a common goal. A could be anything like saving habit or meeting emergent credit need, etc. Self help groups are the organization whose members have united on the basis of interest to improve their economic and social condition in order to be better to pursue their paramount long term aim.

-When individual their own self-reliance we call them a self help group‖ (Ojha, 2001).

SHG is a group of rural poor who have volunteered to organize themselves in to a group for eradication of poverty of the members (Anonymous, 1999). Self help group broadly passes through three stages such as....

- Group formation.
- Capital Formation through savaging.
- Taking up economic activity for income generation.

Swami Vivekananda had said, –A bird cannot fly with its one wing only, a nation will not march forward if the women are left behind.‖

The Rural Women in India's Shy Illiterate, locality, pessimistic and traditional. Her traditional socialized feels that mind feels that being woman, she is subordinates in society and that some areas are booked for her alone.
A Typical SHGs Model

Household Resources

- Physical Capital (limited)
- Human Capital

Promoters
(NGOs, Banks, etc.)

Access to credit
Training to Members
Technical Guidance

Self-Help Group
(10 to 20 Members)

Loan to Members
Common Investments
Community Action

Investment obligations
- On-farm
- Off-farm
- Education

Consumption
Nutrition
Health

Clearing of
Old Debts

Increased employment,
Income, Saving, and
Empowerment

A typical SHG Model
The women is general and contribute population and contribute to two-third of all the productive activities of the nation as mothers, wives and workload of the family is shared by these women who directly participate in the process family.

India with a population of 121 cores ranks second in the world. Half of which are women. The large proportion of these women resides in the rural areas which are major areas of activity in the country. Low literacy rates, poor access to health and other necessary activities in life, patriarchal society as also the severe dependence on men folk, however made most deprived section society. The excess of social and economic deprivation of rural women has resulted in severe problems for the womenfolk and society at large.

Recognizing the importance of women as a major workforce and an important source of the society the Govt. of India along with a number of NGO's has implemented a plethora of programmers aimed at the upliftment's of womenfolk. Setting of Commission of Women in 1993 was an impotent step taken by the Government in this regards. The government envisages a dominant role to be played by the women in the development in this regard. A large number of non-government organizations also doing commendable work in this regard and aim at the upliftment of the women and releasing that of their economic woes.

The process of external of external/outside support for identification and development of self help groups is known as self help promotion. It consists of assisting individuals to join organization and promotion aims at generating self-sustainable growth processes within the course of which the target group makes its own decisions, exercises its own right and meets its own commitments.

At the outset it needs to be clarified that self help groups are not to be formed externally with the stakeholders/target group playing a passive role. Rather, it is a participatory process of facilitating the target people/households to get organized into self help groups. Interveners merely facilitate the entire process. The SGH should evolve, and it is also desirable that groups are not formed as a project. They should be developed and promoted as mission.

The entire cycle of evolution/ formation, functioning, and stabilization of SHG can be divided into three stages. The interveners will have distinct roles to play in each of the three stages. The sustainability will depend among others on the process of group formation.
Stage-I -Identification of natural affinities and formation of self help group (4to 6): This is a very critical stage and the sustainability of groups will depend on how well the activities of this stage were performed.

a) As a first activity towards group formation process, the intervener has to launch awareness campaign in the area (a cluster of 2-4 villages) to sensitize the people/households rationale modus operandi. Interveners should have a menu of benefits (tangible and intangible), which could be demonstrated to the people. Interveners or their representative should have adequate competence to explain and convince the farmers/household. At this stage, interveners should not differentiate between resource-rich and resource-poor people/households, as the concept should be made as widely acceptable as possible. Moreover, interveners should abstain themselves from making any kind of allurement to the people. Here they should function in purely -Mission Model-, Such campaigns may require repetition, once or twice, depending on the requirement, which should be decided on the basis of neutral assessment of the level of sensitization of people towards the concept.

Once the interveners are confident that adequate sensitization of people towards the concept of self help groups has been attained, the next step should comprise sharpening the focus on disadvantaged sections such as household of scheduled and backward casters and women. If required, additional campaign should be launched especially for the disadvantaged sections in the area under intervention.

It is expected that after such an intense motivation drive, villagers/people will automatically come forward to form groups. Ideally, the facilitator should record the identification details record the identification details of the interested households/ persons along with intra-village alignment become the respective groups. The facilitator should help such congregations to get organized into formal groups.

Stage-II—Stabilization of group (6 to 15 months): By this stage in the group, saving becomes regular, lending activities are strengthened, repayment is timely. In this stage, group and intervener/facilitator will have to perform the following:

a) Group should be liked with bank as per the guidelines issued bank will fix case credit limit for the group.

b) In the meantime, the intervener/facilitator should assess entrepreneurial skill of group members and their interest areas for starting income generating self-employment programmed.
c) Group members should be proved suitable training may be provided suitable training may be through dovetailing with other programmers in which there is some provision of training.

d) Group members should be helped to obtain loan advance from bank. However, they should be properly guided about the maintenance of accounts and investment.

e) During the entire period of stage-II, the intervener/facilitator should emphasize upon skill group.

Stage-III---Withdrawal intervention 24 terres build withdrawal in right design, quality and during this period, the intervener and groups the groups decide their functions. Supportive role of intervener/facilitator should substantially decrease. However, there will be continuous need and group functioning.

Micro-credit programmers extend small loans to poor people for self-employment projects that generate income allowing them to care for themselves and their families. In most cases, micro-credit programmers offer a combination of services and resources to their clients, in addition to credit for self-employment. These often include savings facilities, training, networking and peer support. Our nation is agro-centered and hence majority of masses tend to depend upon agriculture. It is roughly estimated that about 65 per cent of the masses depend on agriculture. World Health Organization assessed that there are 900 million illiterate people globally (30 corers in India). Illiteracy is debility and unless methods to eradicate this malady are taken, the process of rural transformation is attained, social and material advanced for majority of the people will not be possible. Moreover the economy will tumble down.

People’s participation in the development process is a major factor in determining the density of the people of rural area. Our society is unequal. Rich and powerful echelons of the society take a major share of benefits and the majority of the society that is poor section has always been deprived and marginalized. One such common ill in our society is that women are exploited while their labors are utilized for livelihood. Many of the working women in rural employment are considerably significant. Entrepreneurial skills in their day to day working are put to use but their economic status has not improved. The overall work participation rate for females increased.

This necessitated their looking for financial credit from the banks and other financial institutions. But due to procedural tangle, extraction of high rate of interest by money-lenders and due to off shoot of illiteracy, they are unable to be dependent upon these banks and financial institutions for their credit. Alternatively, Self Help Groups sprouted and they formed a viable alternative in matter of getting financial assistance.
Self Help Group (SHG) is a voluntary group valuing personal interaction and mutual aid as means of altering and ameliorating problems perceived as alterable, pressing and personal by most of its participants who are its members.

It is observed from above discussion that revolution is taking place in rural areas because of formation of many Self Help Groups in rural areas. It is further observed that the rural women are really empowered, socially and economically, after having become members of the Self Help Groups. Hence, it is the duty of the government to assist the women in starting many more SHGs covering all the rural areas in the country. Women have the potential and will to establish and manage enterprises of their own.

What they need is encouragement and support from the family members, government and society. With the right assistance from varied groups mentioned above, they can join the mainstream of national economy and there by contribute to economic programmers. The micro entrepreneurs are the new stream of entrepreneurs who help to solve the problem of rural poverty. Creation of self employment and earning a livelihood make them to venture into micro enterprises. The success of these micro entrepreneurs depends on the future support system, the society and the Government is willing to provide for them. In business field, the entry of a woman is relatively new phenomenon. The entrepreneurs set by them are mostly in small scale sector. On their own part, to perform well, women have to overcome their limitations.

Micro finance however, stats with the assumption that there is need for and designing appropriate products and delivery methods would ensure that the system functions efficiently. It emphasizes efficient financial intermediation and focuses on the entire system as a whole and not on individual units.

Microfinance is often defined as financial services for poor and low income clients. In practice the term is often used more narrowly to refer to loans and other services from providers that identify themselves as microfinance. These institutions commonly tend to use new methods developed over last 30 years to deliver very small loans to unsalaried borrowers, taking little or no collateral.

A number of small entrepreneurs wade owners, advises, fishermen, small farmers who need microfinance for maintaining stability in their business. As this facility is granted to all the needy groups who are below the poverty line and are in need for finance to start their business.

As it is helpful to the weaker sections of the society; it can be used as a tool for the eradication of poverty. From last few years, NABARD, SHG-Bank Linkage programmed aimed at connecting self-help group of poor people with bank has in fact
created largest microfinance network in rural area. The self-help group approach attracts
the Central Government due to its advantage of group leading and has adapted the
approach in its battle against poverty.

Micro credits and microfinance are changing the lives of rural people, particularly
neglected community of rural society mainly schedule castes and scheduled tribes. The
access to credit as well as extending other financial products and services to these people
of low income group below poverty line includes women, small and marginal farmers,
artisans, tenants and agricultural labors.

According to Dec 1997 of Microfinance programmed is defined as a project
NABARD and RBI (2000) define microfinance and living off in there are several
financing intuitions (MFIs) non-government organization (NGOs), self-help groups
(SHG)s bank and other institutions which are actively engaged in micro financing
activities with innovative methods. The success of the SHG-bank linkage model depends
critically on the task of promoting, nurturing, strengthening and monitoring SHGs.
Generally these tasks are perfumed by the self-help promoting institutions (SHPI’s).
Traditionally, at the grass root level, NGOs have performed the task of promoting and
monitoring SHGs.

But more recently, rural branches of commercial banks, co-operative, RRBs, non
bank finance companies (NBFCs), etc. have all begun to play the role of SHPIs. But
recent studies reveal the comparatively better performance of SHGs promoted by NGOs
than by other SHPIs.

Self-help groups (SHGs) play today a major role in poverty alleviation in rural
India. A growing number of poor people (mostly women) in various parts of India are
members of SHGs and actively engage in savings and credit as well as in other activities
(income generation, natural resource management, literacy, child and nutrition, etc.)

It is a voluntarily formed group. The member size is 10-20. The group is basically
homogenous in nature. They came problem save in regular basis. The amount for saving
is within the members with a very small rate of interest. Each group has a leader who is
called as the president and secretary. They usually maintain records of transaction in daily
basis in written format and this has been kept with the president or secretary. Not only
form internal resource, but the members also get members also get loan in back amount
from mainstream banks, different governmental and non-governmental organizations and
donor agencies through MFIs.

Main objective of SHG is to develop capability among the poorest society which
reduces dependence on financial institutions and develop self-reliance. Government of
India has failed in capacity building of rural masses. Therefore, they become more and more dependent on financial support. Government must realize that it would provide basic minimum facilities to the people particularly marginalized sections, with primary education health, rural road, safe drinking water, sanitation sand strong public distribution system. SHG is the solution for all-round economic-development.

They typical SHG is voluntary organization, which focus on the development of the following activities. :

1. An SHG meets regularly and addresses the problem of group members.
2. They insist of the group member to make small savings in the SHGs.
3. They elect the group leader on rotation basis.
4. They mutually agree to contribute on common fund.
5. They take collective decision relating to the activities.
6. They solve their conflict through mutually discussion.
7. The provide loan without any collateral security.
8. SHG group member will import their training with the help of financial institutions like NABARD, SFMC, etc.

Micro-finance has come to occupy center stage. The Indian the plan link 200 new ways and innovative forms of financing have therefore to be developed which are based on sound commercial principles and yet help to alleviate poverty. Credit delivery through thrift and credit groups emerge existing system of credit disbursement by the banks. Unlike most government credit programmers, deposit mobilization is prominent in thrift based self help groups.

A SHG is voluntary group formed to attain some common goals; most of its members have similar social identify, heritage caste or traditional occupations and come together for a common cause and manage resource for the benefit of the group members. These groups are called as -solidarity groups‖ as they provide monetary and also moral support to individuals. The SHGs can be composed of either male or female members. SHGs believe in two things.

1. The poor can transit from dependency to self reliance much faster through social mobilization and awareness creation than through economic interventions, and
2. Women from the basis of social mobilization and therefore aiming for women empowerment is the most cost effective strategy available even for economic development. A typical rural women's SHG performance a number of functions such as enabling members to become self-help pendent and self reliant, providing a forum for members for discussing their social-economic problems, developing decision-making,
capacity and leadership qualities among members; and equipping women and the basic skill required for understanding monetary transactions.

The SHGs have been popular in countries like Bangladesh, Malaysia, Korea, Philippines and Indonesia for a long time. In Bangladesh, the SHGs have been transferred into a national programmed, and it has produced good results.

It believes on a hierarchy needs starting from the basic consumption needs. Unless the lower level needs are met, credit would not be availed for the higher level needs. The formal banking sector relied on making the credit available only for the higher level needs, often at subsidized rate, for new enterprises (i.e. for diversification).

The key imperative of micro finance therefore it responds effectively to demand and to design products which are simple and easily understood by the clients and easily managed of Microfinance Institutions (MFIs).

Here, SHG was envisaged as a micro bank, meeting both the saving and credit needs of its members on their own terms. Thus, in one stroke, transaction costs, both for the bank and the clients were reduced considerably. Majority of them consists of female members. Slowly, SHG bank Linkage programmed has become a movement.

Last decade mission in country Bank 2008 need for the Present study is an outcome of thinking that rural poor do not have the capacity for saving and starting any enterprise. Their participation in thrift activities is also low and always confronted with the problem of credit and fiscal management, restricting their welfare and development. The data with respect to impact of SHGs engaged in agriculture and allied enterprises in the Ratnagiri District of Maharashtra state on their members are very scanty.

So the Present study entitled, -Impact of micro-financing on Members Ratnagiri Maharashtra State‖ was of undertaken were as below.

- SHG’s members engaged in various enterprises and efficiency.
- To determine the socio-economic members engaged various enterprises.
- To study technological change occurred in agriculture and allied enterprises of the practicing farmers due to participation in SHGs
- SHG’s members and impact of micro finances and technological changes.
- To identify the difficulties encountered by the members of the SHG’s engaged in various enterprises while participating in the group activities and running the enterprises.
- To obtain the suggestions from the members of SHG’s engaged in various enterprises for improving the performance of groups.
Hypotheses

General hypothesis

- The micro-finance has a remarkable influence on the socio-economic and technological development of the SHG’s members.

Specific hypotheses

- Ho1. The SHG’s and the members of the SHG’s differ with regard with regard to selected characteristics.
- Ho2. The SHG’s have differential level of efficiency as determined by their characteristics.
- Ho3. The micro-financing through SHG’s brings positives technological change among the members.
- Ho4. The members of the SHG’s do experience difficulties while participating in the group activities and running the enterprises.
- Ho5. The members of the SHGs do have some suggestions to make to improve the performance of their groups.

Scope and limitations of the study

Will mainly focus around the impact around the financing the SHGs In addition that will be made asses the present level of efficiency of the SHGs. The study also aims at knowing the difficulties of members in running the SHGs enterprise and in functioning of the SHGs and also seeking the suggesting of the members to solve the difficulties and improve the performance of the groups.

It is being increasingly that women realized that women's income in a family is very important in relation to the economic and educational uplift of the family. For the socio-economic development of the family, women’s contribution is significant on the domestic as well as economic front. Self help group of rural poor is that of persons their socio-economic development.

Government is showing special interest to organize rural poor that is small farmers, marginal farmers and agricultural labors in to SHGs. This is reflected in Swarnajayanti Gram Swarozgar Yojana (SGSY) under by this programme. The women groups would sea normally, it is found that initially though the groups are pursuing an economic activity in the area. SHGs are promoting saving and credit along with other income generating activities.

The mobilizing savings in disbursing credit in the rural areas is well known. Many of them have done commendable work in the rural areas compared to other formal institutions. To verify this hypothesis, a case of the renowned NGOs, namely, Dapoli,
Chiplun& Khed Ratnagiri district in Maharashtra was conducted. It is the sole NGO which started has involved women on a large scale in its working.

The responses of the selected women members of SHGs indicated that in addition to meeting the financial requirement, the SHG has experiences Ides of them. It was also reported that the members of the SHG and their households were given information by the officials of NGO-SHG regarding which was done before any agency. It is concluded of the NGO-ratnagiri and its office bearers have done good work in the promotion of women SHGs in Ratnagiri district involving micro financing and other activities.

Now days, there are a number of SHGs operating bank accounts under different banks. In view of limited time and resources, the study will be restricted to few aspects which may have influence on the various activities undertaken by SHGs members and their socio-economic development. This being a student research, time and money are the constraints which would limit the coverage of area and the number of the respondents to be interviewed.

The study is restricted to women members of where on only are involved the functioning self help group. The finding focused on impact on its women members in Ratnagiri district on the various aspects of socio-economic development. Thus the findings of the use planners and financing organization. The findings of the study will go a long way NGO's own by providing pertinent information about thrift and its investment.

The finding of the study will focus on the impact of micro-financing through Self Help groups on the various aspects such as savings, income and employment. Thus, the findings of the study will be of use to the planners, policy makers and financing organizations in designing and implementing suitable strategies to improve the efficiency and performance of the NGOs to stand on their own feet by providing pertinent information about thrift habit and its investment by the SHGs members.

The SHGs are generally formed by the NGOs as facilitating agencies right from the pioneer effort of Mohammad Yens in Bangladesh and the Graeme Bank in 1975. World over SHGs have been used to generate income and employment and alleviate poverty, especially in the developing countries.

The study also revealed that about 45 percent of the total sample (400) household crossed the poverty line during the study period.

The economic and social empowerment computed using the scoring technique indicated that the impact of SHG was relatively more pronounced on the social aspects than on the economic aspects.
The empirical finding of the study revealed that the SHG as institutional arrangement could positively contribute to the economic and social empowerment of rural poor and the impact on the latter was moiré pronounced than in the former. Thought there was no specific pattern in the performance of SHGs among different regions, the southern region could edge over other regions.

Confirming to this situation, the SHG programme has been found more popular in the southern region and its progress in other regions is quite slow, thus there is an uneven achievement among the regions. Older groups had relatively more positive features indicating their better performance than younger groups that confirms the stability of the SHGs at the self-confidence of the members. The feeling of self-worth and communication with others improved after association with the SHGs.

Further the model where NGOs acted as non-financial intermediary could perform better than the other models. Hence efforts must be made to encourage the NOGs in different regions and motivate them to actively participate in this programme. An effective rating networking of NGOs would be a step forward in this regard. An effective networking of NGOs must be developed that would help in eliminating the ineffective NGOs in this system.

The study is restricted to women members of self help group where on only women members are involved in the functioning of self help group. The finding of the study was focused on the impact of self help groups on its women members in Ratnagiri district on the various aspects of socio-economic development. Thus the findings of the study will be of use to the planners, policy makers and financing organization. The findings of the study will go a long way to help the NGO’s to stand on their own feet by providing pertinent information about thrift and its investment.

The Self Help Groups (SHG) is a small economically homogenous affinity group of 10 to 20 persons who come together to save small amounts regularly, mutually agree to contribute to a common fund, have collective decision making, or resolve conflicts through collective leadership and mutual discussion (Raman than, 2007). The SHGs are generally formed by the NGOs as facilitating agencies right from the pioneer effort of Mohammad Yens in Bangladesh and the Graeme Bank in 1975. World over SHGs have been used to generate income and employment and alleviate poverty, especially in the developing countries.

The study is confined to Dapoli, Chiplun and Khed tashils of Ratnagiri district. In view of limited time and resources, the study is restricted to certain variables which may have influence on the Impact of Self Help Group by Women Member for their socio-
economic development. This being a student's research time and money are the constraints which limit the coverage of area and the number of respondents to interviewed.

**Layout of the Dissertation**

The dissertation comprises of five chapters. The first chapter „Introduction“ deals with the statement of the problems, objectives as well as scope and limitation of the study. The second chapter „Review of literature“ gives a brief account of relevant research work done in the past. Chapter three deals with the the findings of the study are presented in tabular form and are discussed therein. The last chapter constitutes the summary, conclusions and implications upon the findings of the study. The literature cited and „Interview schedule“ and Vita. etc., are appended at the end.