Chapter I

NATURE AND SCOPE OF THE STUDY

1.0 Introduction

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labour in the main stream of economic development. Empowerment of women is a holistic concept. It is multidimensional in its approach and covers economic political, social, cultural and familial aspects. Of all these facts of women development, economic development is of utmost significance in order to achieve a lasting and sustainable development of society. Precision of microfinance through self-help groups is an important means for attaining women empowerment.

1.1 Microfinance, Women Empowerment and Self-Help Groups

Microfinance is the extension of small loans to entrepreneurs, to poor to qualify for traditional bank loans. It can also be described as provision of small-scale financial services to clients who are economical active in various urban and rural area. According to the accepted definition, ‘microfinance is the provision of thrift, credit and other financial services and products of very small amounts mainly to the poor in rural, semiurban and urban areas for enabling them to raise their income level and improve living standards.’ Of late, microfinance has become a key word with Governments, NGOs and international institution like the world bank. It has proven to be
effective and popular measure in the ongoing struggle against poverty as well as for women empowerment.

The micro finance industry, which began in 1976 with the establishment of Grameen Bank in Bangladesh, is now a world wide movement comprising thousands of specialist, banks credit unions, co-operatives, village credit societies, NGOs and charities spanning across both the rich and the poor countries. The common purpose is to extend the out reach of banking services especially business credit to those who do not quality for normal bank loans. Micro credits are granted at commercial interest rates, though at much lower rates than those charged by the informal moneylenders.

Microfinance has several other developmental objectives like mobilisation of savings. It has also been used as an inducers 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 the programmes aim at the empowerment of poor people especially women and eradication of poverty.

The provision of adequate doses of microfinance in time to the women folk for their personal, family and business purposes by a dependable agency would naturally generate confidence and real among them for the performance of their activities. It is based on the recognition that the capacity of the poor women for entrepreneurship would be encouraged with the availability of small scale loans and would introduce them to small enterprise sector.¹

In order to enlarge the flow of credit to the hard-core poor, the NABARD launched a scheme of organizing them into self-help groups (SHGs) and linking the SHGs with the banks, in 1992 the scheme is broadly on the pattern devised by the
Bangladesh Grameen Bank. Under the scheme, poor, preferably the women are organized in the SHGs and banks are financing these SHGs for lending money and those poor who are eligible for concessional refinance from the NABARD.

There are three district modes to route the credit to micro-enterprises. Under the first mode, banks lend directly to the SHGs for lending to micro-entrepreneurs. Under the second mode, banks provide loans to the NGOs for lending to the SHGs and ultimately to the micro-entrepreneurs. Under the third mode, banks extend credit to the SHGs with the NGO as the facilitator.

Keeping pace with the banks, the Govt. of India has taken a number of steps to alleviate the poverty of the villages. A number of programmes have been designed to augment the flow of credit to the poor with varying degree of implicit and explicit subsidies. The main trust of these credit programmes has been the provision of financial assistance to the poor at a concessional rate of interest coupled with capital subsidy to enable them to raise above the poverty line.

The public sector and private sector banks have not encouraged the extension of credit to the weaker sections because of inadequate securities and overdue problems. Microcredit through self-help groups is a novel scheme introduced by the Reserve Bank of India to cater the needs of small traders and those engaged in small business.

The micro-credit system provides for organization of SHGs consisting of members with homogeneous economic interests. People with limited means join together as an informal group, approach the bank to raise loans individual and security for the loans is given in the form of a collective guarantee. The banks are assured of getting back their principal amount with interest since the borrowed funds are being used for
undertaking some small economic ventures. The borrowed money is never used extravagantly and so the repayment capacity of the borrowers increases. The success of such micro credit depends largely on the confidence of the bankers on the borrowers and vice-versa.

The economic bondage between the banker and the SHGs provides an opportunity for both bankers and the SHGs members to increase the scale of borrowing. The magic of the success of micro-credit through the SHGs is the goodwill of the members. In the matter of borrowing the funds, utilization of funds and repayment, all members help one another in running their economic ventures successfully. Though the SHGs were started in 1997 in Maharashtra state, the concept penetrated down only in recent years. Now there is a greater amount of socio-economic emancipation among the members of the SHGs. Hence, there is a need for evaluating the social and economic impart of the SHGs on their members.\textsuperscript{2}

Self help groups are the voluntarily organization, which disburse microcredit to the members and facilitate them to enter into entrepreneurial activities. Formation of SHGs of women in India has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas. Since the overall empowerment of women is crucially dependent on economic, women through these SHGs are enabled to involve in a range of areas such as health, sanitation, nutrition, agriculture, husbandry etc. besides income generation activities availing microcredit.\textsuperscript{3}

1.2 Statement of the Problem

Microfinance is often considered one of the most effective and flexible strategies in the fight against global poverty. It is sustainable and can be implemented on the massive scale necessary to respond to the urgent needs of those living on less than $1
day, the world's poorest. A small loan, to individuals to establish or expand a small self-sustaining business, through which jobs are created, knowledge is shared, civic participation increases. Surprisingly enough extremely high repayment rates of loans mode to microfinance entrepreneurs as ruplicate in the success of Grameen Bank of Bangladesh. Grameen bank's success recognized with award of Noble peace prize 2006, which also leads to accelerate the microfinance industry's impact on the word poorest.

Similar such initiatives have been taken by Government of India, catering to microcredit needs of the poor, through micro-credit institutions. The proposed research study will critically study the initiatives of the micro-financial institutions in general and self help groups in specific. Self help group is very much replicate of model used by Grameen bank. Hence it is important to study the functioning and peculiarities of the SHGs. Researcher will critically study how SHGs are effective in meeting different financial needs of participating members. Different micro financial models used world over and its applicability of these models in Indian market. It is also important to see participation of private financial institutions for serving micro financial needs of vast number of financially weaker section of the society. Similarly study of government role in participation of microfinance, will part of the proposed study.

1.3 Objectives of the Study

1. To study the need and importance of micro-credit of economically disadvantage population.

2. To study the role & importance of microfinance institutions in offering microfinancing of economically weaker section of the society.
3. To study the functions and services offered by micro-financial institutions in Indian financial market.

4. To study the role of Government in promotion of micro finance institutions.

5. To study the role played by self help groups in offering microcredit.

6. To know the opinion of beneficiaries of self help groups.

7. To study rules, regulation and working of self help groups.

8. To study the few successful case studies of micro-financial institutions world over.

9. To know and study the role of private institution participation in microfinancing.

1.4 **Statement of Hypothesis**

1. Poor are creditable.

2. Micro-financial institutions catering to different financial needs of financially disadvantaged groups.

3. Micro loan marked is increasing exponentially.

4. Micro financial Institution are playing a key role in offering micro-credit.

5. Self help groups are successfully catering to micro credit requirements of economically disadvantaged groups.

6. Impresses with repayment rate of micro-loans private institutions are fasting jumping on bandwagon.

1.5 **Scope and Importance of the Study**

The present research was to study the critical study of self help groups with reference to Amravati District so far, this type of study on self help group has not been
attempted in Vidarbha 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 over all empowerment of women & men. 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.

1.6 Need for the Study

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
eradicate mass poverty. India's anti-poverty strategy comprises of a wide range of poverty
alleviation and employment generation programmes, many of which have been in
operations 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.

The performance and achievement of the SHGs in Amravati District in employment and income generating activities through the rural enterprise development discussed.

A critical study of self help groups well enable us to know the role of SHGs in Amravati District 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. Though there are a large number of studies related to microfinance self help groups empowerment of women through SHGs is not studied so far. Hence, this study assures great importance.

1.7 Methodology

1.7.1 Collection of Data

The study is both empirical and descriptive, the primary and secondary data have been made use of for the analysis. The over all progress of self help groups is being assessed with the help of secondary data which are collected from published sources like Noted publication of Government of India. Viz. Yojana, Kurukshetra, RBI bulletin, India 2008, Annual reports and Records of NABARD, District Rural Development agency (DRDA), District Urban development agencies, collection of research in available to
other universities agencies in comparative study, preparation of profile from various magazines and research journals periodicals, newspaper, internet. Opinion, interviews, extrudes of executive of corporate houses from relevant articles etc.

The primary data were collected with the help of semi-structured interview schedule. The schedule included question related to general information about income, expenditure, organization, training exposures, credit utilization and repayment, credit plus activities, influence of power of SHG on village and community affairs, opinion of beneficiaries, income generation activities and self employment etc. Similarly first hand information were collected through interaction with members of self help group about their working and difficulties faced by them and with the help of observation. The group discussion was also made to cross-check the collected information, also informal interview with detailed checklist has been canvassed with community leader, non-governmental organization and promoting agency personnel to have deeper understanding of the problems.

The sample population for the field survey comprises a total of 400 respondents from Amravati Districts. The sample comprises 105 members of SHGs from the Amravati municipal corporation 106 members of SHGs from Nagar Palika and 189 members of SHGs from 14 taluka (Rural) in the Amravati District. Personal interviews with the officials concerned are also conducted to get the needed information for the analysis.

1.7.2 Sampling Design

Sampling method has been used for selecting the members of SHGs as the respondents for the purpose of this study. The Amravati district has been selected purposefully for the detailed study.
There are 20033 SHGs are operating in the district catering to micro-credit requirements of economically disadvantaged group in general and rural poor in specific. So this SHGs were formed the universe of the proposed study. The number of SHGs were contacted for data collection should be restricted to some manageable numbers. In the first stage, 400 SHGs were contacted during the survey conducted for primary data collection. Stratified random sampling was used for selection of 400 SHGs for study.

In second stage, stratification was based on urban and rural location of SHGs. 105 SHGs from Amravati mancipal corporation has been selected, similarly 106 SHGs from Nagar Palika (Nagarparishad) and 189 SHGs from & taluka level have been selected respectively. 13 SHGs and 14 SHGs have been selected alternatively among the 14 taluka as third stage, 6 - SHGs from one village and 7 SHGs from another villages of taluka have been selected according to random sampling. Similarly 7 SHG from one village and 7 SHGs from another village of same taluka have been selected alternatively.

Table - 1.1

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Name of Taluka</th>
<th>SHG Selected</th>
<th>S.N.</th>
<th>Name of Nagar Palika</th>
<th>SHG Selected</th>
<th>Total</th>
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<td>Dharni</td>
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<tr>
<td>4.</td>
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<tr>
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<td>Place</td>
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<td></td>
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<td>09</td>
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<td>10</td>
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<td>Morshi</td>
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<td>11</td>
<td>Shendurjana Ghat</td>
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<td>Amravati Mahanagar Palika</td>
<td>105</td>
<td></td>
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<tr>
<td></td>
<td>Taluka SHGs</td>
<td>189</td>
<td></td>
<td>Palika/Mahanagar Palika SHGs</td>
<td>211</td>
<td>400</td>
</tr>
</tbody>
</table>

**AMRAVATI DISTRICT**

Selected SHGs = 400
Figure 1.1

RESEARCH FRAME

Thus 14 taluka, 10 Nagarpalika and municipal corporation, 400 SHGs, 4000 members were selected for the study. Few selected samples of representatives of MFIs and office bearers of government offices were contacted to collect first-hand information about their experiences of institutes, function and strategies. 10 such representatives/office bearers were contacted to collect this information.

1.7.3 Method of Data Collection

The researcher used some direct tool of data collection, for collection of primary information from respondents, viz. questionnaires and interviews. The structured undisguised questionnaire with open and closed ended questions was used for data collection. The questionnaire was designed to collect the relevant information pertaining to research objectives of the study. Unstructured interview session was conducted to collect, first-hand information from representation of public, private sectors and office bearer. The data was keyed in computer (SPSS) in statistical package of social science.
package to work out, chi-square test, z-test, t-test, ANOVA and necessarily requirements etc.

Interview schedule has been prepared and executed for the collection of data from the sample population. They were administered during December 2008 to January 2009 period. The model of the interview schedule is given in Appendix -II.

1.7.4 Method of analysis

The general information and performance of the SHGs have been analyzed with help of primary data collected from among the respondents through interview schedule likewise, the thrift and saving management credit rotation, credit utilization and repayment, government schemes, credit plus activities, opinion about beneficiaries, economic, social political empowerment, familiar empowerment, personal empowerment of the Amravati SHG members have been analyzed on the basis of primary data with the support of secondary data.

1.7.5 Tools of data analysis

The tools applied for data analysis are percentage, ‘t’ test, ‘z’ test, chi-square, ANOVA test, has been applied. The study has used pie diagram, bar diagram and graph whenever necessary.

1.8 Limitation

1. The present study is carried out on an individual basis. The findings of the study can be applied to similar districts in the Maharashtra state, however the finds should be viewed cautiously while applying to the other part country depending upon the different prevailing situation there at.
2. In the present study, the major factors affecting the microfinance have been studied in depth however, there are several other countless factors which may bear upon the microfinance.

3. The present study has to be considered keeping in mind this fact while writing this report. The findings of study can be applied to similar district or region, although the study is not qualitatively affected the same was considered along with this limitation and the sample was taken from different categories of self help groups.

1.9 **Profile - Amravati District**

In this chapter, light has been thrown on the topography of the Amravati district, population and other demographic characteristic, agriculture and allied activities, landuse and cropping pattern, trade, commerce and industry and educational facilities etc.

Amravati district is situated in the north east of Maharashtra state, which is situated in the western side of India. The profile of the Amravati district is being given in the following pages.

**Situation :-**

Amravati district, which is divisional headquarter of the Amravati Revenue Division, is situated between 20.32\(^0\) and 21.46\(^0\) north latitude and 76.37\(^0\) and 78.27\(^0\) east longitude. Northern side of the district is covered by Madhya Pradesh state. On the north west, there is Nimad district and on the north and north east, there are Baitul and Chhindwara districts of Madhya Pradesh. On the eastern side, there are Wardha and Yeotmal districts and on the western side, there are Akola and Buldhana districts of Maharashtra state.
**Geographical Area and Centre :-**

Total geographical area of the district is 12,210 square km, out of which, 3180 square km is covered by forest (26.7%). The climate is dry and hot. The average rainfall is 1067 mm.

Rivers, soil, land use, cropping pattern and irrigation and main crops are main physical geographical features of Amravati district.

**Tribal Area :-**

Two talukas of the district i.e. Chikharldara and Dharni come under this area. In this area, there are Satpuda mountain ranges. The area is covered by forests. This area is known as Melghat. The average height of the mountains is 1000 meters. Korku and Gond tribes are main inhabitants of this area.

**Table - 1.2**

**Population - Amravati District 2001-11**

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Actual population</th>
<th>Male population</th>
<th>Female population</th>
<th>Population growth</th>
<th>Density / km²</th>
<th>Sex ratio (per 1000 males)</th>
<th>Average sex ratio (0-6 yrs.)</th>
<th>Average literacy</th>
<th>Male literacy</th>
<th>Female literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2887826</td>
<td>142845</td>
<td>1404981</td>
<td>10.77%</td>
<td>237</td>
<td>947</td>
<td>927</td>
<td>88.23%</td>
<td>92.7%</td>
<td>83.52%</td>
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<tr>
<td>2.</td>
<td>2607160</td>
<td>1345614</td>
<td>1261546</td>
<td>18.50%</td>
<td>214</td>
<td>938</td>
<td>947</td>
<td>82.64%</td>
<td>88.91%</td>
<td>75.73%</td>
</tr>
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</table>
According to the 2011, population of the district is 2887826, 64.10% is rural population and 35.90% is of urban population. Sex-ratio is 947 females per thousand males, which is slightly better than the state's sex ratio of 925 females. Literacy rate of Amravati district is good as compared to 82.91% of Maharashtra literacy rate in 2011.

**Table - 1.3**

**Population Distribution - Amravati District 2001-11**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Taluka</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Population</td>
<td>Male</td>
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<td>Dharni</td>
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<td>2.</td>
<td>Chikhaldara</td>
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<td>3.</td>
<td>Anjangaon Surji</td>
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<td>Achalpur</td>
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<td>5.</td>
<td>Chandur Bazar</td>
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<td>6.</td>
<td>Morshi</td>
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<td>Chandur Rly</td>
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</tr>
<tr>
<td>15</td>
<td>Shendurjana Ghat</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Administrative Setup:**

The total geographical area of the district is 1222 sq.km., which is 3.96% of the total area of the state. The district is divided into 14 tahsils (blocks) and district Headquarter is Amravati. The District comprises of one corporation and 10 municipal councils and 834 grampanchayats working for rural development of the district. The total number of police stations in the district is 37 having 17 outposts. Total numbers of villages are 1996, out of which 315 are inhabited. The district has 14 tehsils - Anjangaon Surji, Achalpur, Amravati, Chandur Bazar, Chandur Rly., Dhamangaon Rly., Morshi, Warud, Bhatkuli, Daryapur, Nandgaon (Kh.), Tewsa, Dharni and Chikhaldara, out of which, two blocks are tribal (1) Dharani (2) Chikhaldara.

Cooperative societies, basic infrastructures, public health, industries, networks of banks and life insurance and transport and communication and educational facilities are available throughout the district for rural and urban development.
REFERENCES


