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**ROLE OF MICROFINANCE IN HUMAN DEVELOPMENT AND WOMEN EMPOWERMENT.**

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**Abstract**

*Microfinance is the provision of financial services to low income people by group lending schemes and promoting self employment. To those who lacked access to banking and related services. The Human development concept sees 'income' as "means" of development rather than as the "end" and includes all aspects of life, including social, political and cultural development. Income is treated as a major indicator of economic empowerment. Micro finance plays a significant role in improving the status of Self Help Group and of the members and their families by improving their overall standard of living. Present study assesses the role that Micro Finance plays in Human development.*

**INTRODUCTION**

In the last few years, microfinance has been in the limelight as an instrumental tool for reducing poverty and promoting economic prosperity by providing financial help to the needy. Microfinance is the practice that provides credit for investment in small-scale self-employment activities to poor households that lack access to banking services due to higher transaction costs. Microfinance is usually linked with providing credit, but it is not so narrow concept it includes micro insurance and micro savings (in the form of pigmy deposits). Timely availability of credit in right quantity and at an affordable cost to poor and vulnerable groups is a prerequisite for employment, economic growth, poverty reduction and social cohesion (Jayasheela, 2006). These credits not only seem to increase income and savings for the poor; but also the taking, investing and repaying of loans seems to empower the poor through a personal transformation from a feeling of "i cannot" to one of "i can." i can do something about my poverty. While some organizations that promote microfinance believe that access to finance will help poor households out of poverty others see it as a way to promote economic and human development as it helps to create a feeling of independence.

Human development is represented by a course of actions that broaden an individual's capacity to choose a level of well-being from a variety of alternatives. It refers also to the three fundamental levels of development; namely 'to have a long and healthy life', 'to acquire knowledge' and 'to have access to resources needed to live a decent standard of living'.

Microfinance is a source of finance to the poorest people hence it serves the people at the grass root level who have the capacity but lacks financial support. It gives them a kind of motivation to become self sufficient. In recent past microfinance has played a major role in development and empowerment of women in Goa and also in other states of India.

## BACKGROUND

Microfinance is not a new development. Some developed countries as well as developing countries particularly in Asia have a long history of microfinance. During the eighteenth and nineteenth centuries, in number of European countries, microfinance evolved as a type of the informal banking for the poor in the form of finance from informal banks or through self help groups.

The early history of microfinance in Ireland can be traced back to 18th century. It is a history of how self-help led to financial innovation, legal backing and conducive regulation, and creating a mass microfinance movement. But the unpleasant regulations prompted by commercial banking brought it down. The so-called Irish loan funds appeared in early eighteenth as charities, initially financed from donated resources and offering interest free loans. They were soon replaced by financial intermediation between savers and borrowers. Loans were granted on short-term basis and installments were scheduled on weekly basis. To enforce the repayment, monitoring process was used.

Microfinance has a huge impact on the lives of millions of poor people particularly women. Numerous financial institutions and NGO's have been working to take microfinance within the reach of poor people, who are still not benefited by the conventional financial system. It was believed that microfinance is not important for all people but most groups can benefit from this idea.

## OBJECTIVES OF THE STUDY

1. To understand how microfinance works, by using group lending methodology for reducing poverty and leading to human development.
2. To study government initiatives towards development of self help group (SHG).
3. To study the finding of the survey and make suitable suggestions.

## RESEARCH METHODOLOGY

Universe of study – the study is confined to three Taluka of the state of Goa – the Ponda Taluka, Sattari Taluka and Dharbandora Taluka in North Goa district. Taking the time factor into consideration, the study is limited to the three Talukas. The sample selected for the study was drawn by lots, the universe of the proposed study constitutes all the self help groups comprising of all – women SHG's in the Ponda, Sattari, Dharbandora Taluka of Goa. The SHG's studied are the exclusively-women SHG's formed and registered under registrar of cooperative society's Ltd. Ponda.

Type of data – the study used both primary and secondary data. The primary data was collected from the respondents selected for the study and secondary data is to be collected from DRDA officials, NABARD office, documents, journals, etc.

## HUMAN DEVELOPMENT THROUGH MICROFINANCE

Microfinance has emerged as a major intervention aimed at poverty reduction. Access to financial services (savings, credit, insurance, money transfer) is one element of human development. Microfinance as a developmental concept provides such access to the so far unserved strata of the population-those who earn low incomes, own few assets and are constrained in voicing out their interests. As per the statement of the India's ex-finance minister, Chidambaram expressed concern about traditional elucidation of the poor from financial inclusion and access to institutional credit facilities.

Microfinance provided the opportunity for the unreached segment of the mass to realize their own capabilities in terms of building their resource base what so ever be the volume which in turn capable of attracting institutional support for their livelihood enhancement. It should also be taken into consideration that microfinance specially the credit cannot promote the poorest families out of poverty and this is more prominent for those socially vulnerable segments

That is why microfinance itself is considered inappropriate by some stalk holders which prefer the term “development finance” or “alternative finance” which can be said to aim at “assisting communities of economically excluded to achieve greater levels of asset creation and income security at the household and community level”

It is also very true that resources available is very scarce to continuously support such endeavors and target group is also voluminous which constantly need assistance. That is why it is equally important to achieve a scale of self reliance within the community in assistance. Here the need of a suitably designed enabling approach of development is more useful then to have continuous dependency for external assistance which will be more sustainable. So the integrated approach of microfinance can capable of solving most of such difficulties which can ensure systemic strategy to ensure livelihood security of the poor in a gradual sequence.

At the first instance, microfinance tries to overcome the short comings and failures of the existing financial institutions and development programmes by providing adequate and hassle free finance to the needy and secondly, acts as gap filler in the formal institutional network for providing small finance (Karmarker, 2008). The NABARD initiated SHG-bank linkage project initially with just 225 SHG with bank loan of Rs. 0.29 crore in 1992-93 (Jha, 2000) & which subsequently rose to 50.09 lakh SHG's with cumulative loan of Rs.30,000 crore and 70.1 million poor people as on March, 2010 (NABARD, 2010-11). In the year 2012-13 NABARD has provided financial support of Rs.3917 crore compared with Rs.3073 in 2011-12

### **GOVERNMENT INITIATIVES**

Microfinance programs have generally targeted poor women. By providing access to financial services only through women-making women responsible for loans, ensuring repayment through women, maintaining savings accounts for women, providing insurance coverage through women-microfinance programs send a strong message to households as well as to communities.

Women, who constitute slightly less than fifty percent of the total population, are generally under-employed due to their limited command over resources and regulatory institutions. Particularly, rural women face greater problems than their urban counterparts with no source of livelihood other than agriculture. Hence, the government has been adopting various programmes for poverty alleviation of poorwomen in the country. Various government departments like the Department of Social Welfare, Department of Women and Child, Have their own central, state or centre-state sponsored schemes and programmes for the benefit of deprived women or the weaker sections. Besides there are schemes with the Department of Rural Development which are usually limited to the BPL families. Some of them are the Indira Awaas Yojana (IAY) – a housing scheme wherein the house is to be in the name of the women in order to make her living secure, Balika Samrudhi Yojana (BSY) which encourages the birth of girl child, provides for her education as the family cannot afford it and also prevents early marriage of these girls; along with these, there were programmes to generate wage employment like Jawahar Rozgar Yojana (JRY) and Nehru Rozgar Yojana (NRY) which were launched so as to empower the poor to meet their basic needs and thus cross the poverty line. The introduction of Development of Women and Children in

Rural Areas (DWCRA), Ganga Kalyan Yojana (GKY), etc were some of the schemes. However, there are several shortcomings that lead to their failure and has paved way for the introduction of SHG's scheme, a sub-programme under Swarnajayanti Gram Swarojgar Yojana (SGSY) which is specially aimed at increasing women's earnings and making them self confident for sustainable all round development.

The women in Indian society play significant role in shaping the family and its members; socially, educationally, culturally and economically too. The women are the milestones of the society; they should be educated in different arts and skills; which are required in their day today activities. Today the concept of Self Help Groups has highlighted the concept of togetherness and implemented several programme for the well being of the women. Mahila Mandals have actively involved in several socio-cultural activities of educating, training and socializing the women.

To encourage the activities of Mahila Mandals and to strengthen them, the scheme of Grant-In-Aid to Mahila Mandal has been formulated by which financial assistance shall be sanctioned to undertake socio-educational activities.

The poverty and lack of employment opportunities is one of the prime reasons for trafficking. Government proposed to focus on the 3 E's- education, employment and empowerment of women. By integrating women development and welfare program by combining the existing schemes and expanding and strengthening them; the SHG movement will all be strengthened by training and skill up gradation in non-traditional and services sector. Schemes were put in place to address the needs of women in all forms of distress-man made as well natural.

▪ Some Training courses conducted by Goa Government

Sr.No.	COURSE	Duration	Sr.No.	COURSE	Duration
1	Beautification	15 days	11	Soft toys making	5 days
2	Candle making	5 days	12	Hand embroidery	5 days
3	Bags making	5 days	13	Food and Nutrition	5 days
4	Pot designing	5 days	14	Cloth painting	5 days
5	Glass painting	5 days	15	Ice-cream making	5 days
6	Tailoring course	15 days	16	Bead work	7 days
7	Cooking course	5 days	17	Smucking making	5 days
8	Jewellery making	5 days	18	Snacks and other dishes	5 days
9	Mehandi designing	5 days	19	Flower making	5 days
10	Rangooli designing	5 days	20	Razai making	5 days

Source: Official Gazette Goa Government.

## FINDING AND SUGGESTIONS

Based on the research conducted and information collected by making visits to the Self Help Groups (SHG) and interviewing there members at their respective registered addresses various information was collected.

### ■ Training Programmes Taken up By Various Groups

Year	Total No. of SHG Aailed Training Programmes
2008-09	24
2009-10	77
2010-11	181
2011-12	262
2012-13	179
2013-14	150
2014-15	10 Till August

Source: DWCD Goa Government.

The above figures show that with the awareness about the various schemes and training programmes the total number of groups taking up training programmes increased till 2011-12. But over a period of time may be because of women being busy in their personal life's the number of groups taking up training programmes decreased. The Goa Government provide free of cost training programmes for all the groups applying for the same in the prescribed manner. For availing this scheme the groups should be registered under the Registrar. Apart from providing funds for conducting of classes and wages to the trainer the government also provides funds for the purchase of material needed to conduct the classes.

It was also noted that most of the SHG's are interested in cooking related courses. The SHG in Goa are known for their homemade consumable items. Hence groups in Goa prefer cooking courses after which they can take various orders for foodstuffs or any kind of catering orders. During the survey the members shared their experiences and the way in which their total individual income and also the income of the group increased after taking up such Government sponsored courses.

### ■ Level of education of the SHG members

Literacy/Educational level	No. of Respondents	Percentage
Uneducated	45	30 %
Primary\High school	57	38 %
Higher secondary	40	26.5 %

Graduate	6	4 %
Above Graduation	2	1.5%
Total	150	100 %

Source: Primary data

Above figure give an idea of level of education the members of SHG posses. Goa is a place of talented people. For being the member of SHG it's not just the education that matter but the skill and willingness to work hard. The figure gives an idea that 38% of the members have finished their High School education. The survey revealed that almost all of these 38 % were married at a very early age or were belonging to very poor background. Another most important thing is that 30 % of the women are uneducated. The reason being that they belonged to the families of the farmers so farming was given more preference then education. The only 2 people who have studied above graduation are the once who were members before starting their graduation. The one amongst them has done additional course in computers.

Surveys have shown that there are many elements that create few problems in the working of these SHG's. One amongst them is the Lack of knowledge of the market and potential profitability this makes it difficult for them when they are deciding about the prices of their products. Another problem they face is the accounting aspect of the group since they are unaware about the book keeping methods and they do not take the inflation and all the other aspects into consideration. The dual role that a woman has to do with regards to her family and the SHG becomes a problem too. The Time consuming meetings about particular programmes based on group lending, and time consuming income generating activities without reduction of traditional responsibilities increase women's work and time burden.

## CONCLUSION

There is a higher level of unemployment among young people to about two to three times higher than among the adult population; which has been causing many problems. Thus, there is a need for programmes and projects to contribute on the efforts to reduce or eradicate the problem of unemployment of youths in Goa; and otherwise in other countries and states; both the developed and developing. There is also a need for introduction of projects that can build capacity among the youth for employment through microfinance supporting technical education and development courses.

It can be also done with awareness generation campaigns through various media's. The youth and to be more specific women are coming forward and getting united to form groups popularly known as Self Help Group (SHG). This becomes a kind of source of income for them. Being a member of a SHG also gives them an opportunity to get easy credit facility. The group can borrow funds from a particular selected bank at a very low rate of interest which is then given to the needy member. The group in Goa conducts meetings at regular intervals. Here they discuss about their future plans and prospect. Many groups are maintaining proper books were they make a note of all the deposits given by each member. The groups also take up various social activities.

The solution for one of the above mentioned problem can be conducting a kind of training programme were the leaders of the group are being taught the basic accounting, so that this can helps them to keep

proper records. Another problem is the fixation of prices and about the knowledge of the market, which can be solved by conducting timely orientation programmes or by making a special separate body which will handle and market all the foodstuffs made by all the SHG's.

After this study we can conclude that microfinance reaches to almost all the unreached and helps them with easy finance. This can be utilized for creating and upgrading the skills of the individuals and particularly rural women. The creation of Self Help Groups and linking them with Banks and providing them with technical and financial help is one of the best initiatives. Many respondent women interacted with external agencies and professional with confidence, which is an evidence of improved social skills and approachability. They were able to articulate their needs and seek help from various schemes of development. Women themselves were able to access resources and public facilities to a large extent. Such mobilization can be considered as an indicator of empowerment and sustainability

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