



MICRO-FINANCE AND SOCIO-ECONOMIC DEVELOPMENT OF RURAL WOMEN

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Introduction:

Muhammad Yunus, a Nobel Prize winner, introduced the concept of Microfinance in Bangladesh in the form of the "Grameen Bank". The National Bank for Agriculture and Rural Development (NABARD) took this idea and started the concept of microfinance in India. Under this mechanism, there exists a link between SHGs (Self-help groups), NGOs and banks. SHGs are formed and nurtured by NGOs and only after accomplishing a certain level of maturity in terms of their internal thrift and credit operations are they entitled to seek credit from the banks. There is an involvement from the concerned NGO before and even after the SHG-Bank linkage. The SHG-Bank linkage programme, which has been in place since 1992 in India, has provided about 22.4 lakh for SHG finance by 2006. It involves commercial banks, regional rural banks (RRBs) and cooperative banks in its operations.

Empowerment refers to increasing the economic, political, social, educational, gender, or spiritual strength of an entity or entities. In economic development the empowerment approach focuses on mobilizing the self-help efforts of the poor, rather than providing them with social welfare. Economic empowerment is also the empowering of previously disadvantaged sections of the population.

Micro-Finance:

Microfinance is defined as, financial services such as savings accounts, insurance funds and credit provided to poor and low income clients so as to help them increase their

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income, thereby improving their standard of living. Now the term “microfinance” generally refers to a broad set of financial services tailored to fit the needs of poor individuals.

Loans to poor people by banks have many limitations including lack of security and high operating costs. As a result, microfinance was developed as an alternative to provide loans to poor people with the goal of creating financial inclusion and equality. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. In 2010 Microfinance institutions operate in over 100 countries, serving more than 92 million clients.

Features of microfinance:

- Loan given without security
- Loans to those people who live below the poverty line
- Members of SHGs may benefit from micro finance
- Maximum limit of loan under micro finance Rs25,000/-
- Terms and conditions offered to poor people are decided by NGOs
- Microfinance is different from Microcredit- under the later; small loans are given to the borrower but under microfinance alongside many other financial services including savings accounts and insurance. Therefore microfinance has a wider concept than microcredit.

Types of Micro-Finance Institutions:

1. Domestic Commercial Banks including Public sector, Private sector and local Banks.
2. Regional Rural Banks.
3. Co-operative Banks.
4. Co-operative Societies.
5. Registered NBFIs.
6. Unregistered NBFIs.
7. Others include Societies and Trusts.

Socio-economic development:

Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment. Changes in less-tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society.

Need of Women Empowerment:

A woman is the nucleus of the family, particularly, in rural India. For the rural women, the day starts early in the morning with the responsibilities of fetching water, fodder, fuel and cooking food, she takes care of the children and members of the family, their health, orientation and education and attends to various income generation activities. She manages all the household matters, looks after the family assets and livestock, handles the purchases and finance, works for almost 14-16 hours and is the last to sleep at night. Still, when you ask her children what their mother does? Most of them instantly reply “nothing”. There is no recognition for their hard work, just because her work is not evaluated in terms of money. She often falls sick, but does not complain and this goes unnoticed by others in the family as they continue to work as usual for the sake of the family. She manages the family very efficiently with meager means, but is still treated as illiterate. Women are ignored in matters, which are of concern to them as well. As a result, today women are the worst sufferers in the society due to drudgery, ill health, illiteracy, deprivation and humiliation. Backwardness of women is a sign of poverty and women are the worst sufferers during the period of scarcity and calamity. No wonder, India hosts over one-third of the poor in the world, as lack of empowerment of women is a significant cause of poverty.

She also plays a significant role in preserving the culture, grooming the children and shaping their destiny. Therefore, Late Dr. Manibhai Desai always emphasized that although women represent only 50% of the total population, they contribute 75% to the development of our society while men contribute only 25%. Unfortunately, in spite of their laudable and vulnerable roles, which cannot be substituted by machine or men, women have been neglected since generations.

Socio-economic development of Women Through Self Help Group:

Reasons for Taking Loans and Repayment

- To increase capital
- To expand existing business
- Improve standard of living
- Start a business
- Towards building a house
- So can have access to future loans
- Hire a room

Direct impact of the loan on your incomes

Increased level of income/profit
 Increased number of customers
 Increased capital
 Built my container
 Have been able to buy more goods
 Same as before

Suggestions:

1. Create a social awareness to treat women entrepreneurs on par with their male counterparts.
2. Government should try to make entrepreneurship more acceptable in society through education and awareness campaigns.
3. The government should remove all the barriers in the registration of units, in obtaining credits, in taxation, shortage of power etc.
4. Achievement, motivation, training in the particular industry should be provided.
5. Suitable assistance in the choice of appropriate machinery and equipment should be provided.

Conclusion:

We conclude that due to modernization, globalization and spread of education women are now seeking gainful participation in several fields. No doubt, women are also facing many problems like shortage of finance, shortage of raw material, stiff competition, high cost of production, low mobility, family responsibility, social attitudes etc. But women also have the potential and will to establish and manage enterprise of their own. So there is a need of encouragement and support. With assistance and support of family members and government women can join the main stream of national economy and contribute to the country's economic progress.

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