

IMPACT OF MICRO FINANCE IN MALAPPURAM

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Abstract

The emergence of women entrepreneurs and their contribution to the national economy is quiet visible in our country. The number of women entrepreneurs has grown over a period of time especially in last decade. Self help groups establishments were the supporting factor of this aspect. This paper is an attempt to find out the impact of self help groups in the development of women entrepreneurs and their empowerment. Women entrepreneurs need to be lauded for their increased utilization of their modern technology, increased investment and creating the sizable employment for others.

Key words: *Micro Finance, SHG, Economic development ,Entrepreneurship and Women empowerment.*

Introduction

Self Help Groups as a mode of micro finance plays a vital role in the process of economic development. As a group oriented model,SHGs in India is a mechanism for women's development to bring in individual and collective empowerment through improvement in both condition and position of women. Major advantage of this sector is its employment potential at low cost. The labor intensity of SHG sector is more than that of multi corporate enterprise. In this way, the SHGs empower women and train them to take active part in socio-economic progress of the nation with various forms of power.

Objectives

To make an overview of SHGs as a microfinance and women empowerment.

To examine the significance of SHGs on women entrepreneurship.

To suggest measures for better performance.

Hypothesis

SHGs have great impact on the development of women empowerment and entrepreneurship.

Review of Related Studies

Narasimhulu,&Mallikarjuna (2011) conducted a study about SHGs in Anantapur.The study reveals that SHG will help in achieving growth of region of Anantapur. Ramanaiah (2012) conducted a study about women empowerment through SHGs of Tirupathi, Andhrapradesh.The study reveals that there are different schemes are implemented like SGSY, DRDA, IRDP,for women empowerment.

Prabhakaran&Saravanakumar (2014) studied about role of SHG in women empowerment of Tamilnadu.The study reveals that it is greatly influenced in gender development of Tamilnadu.

Nagarajan,P(2015) conducted a study on the role of SHGs in women's life. The study reveals that income and savings of women were increased after they became SHG members. The availed studies shows that there are no significant studies conducted in the district of Malappuram.

Methodology

For the study investigator used both primary and secondary data. Simple random method is used and conducted study among 5 small help groups of various parts of Malappuram like Kondotty, Morayur, and Pulpatta .Among these group,40 members were selected by random method. Interview schedule is prepared for conducting interview among the members. Secondary data were collected from various governmental reports. For analysis simple statistical technique is only used.

Analysis Of Study

Micro Finance

In India, the history of micro finance dates back to establishment of Syndicate Bank in 1921 in private sector.During the yearly periods, Syndicate Bank concentrated on raising microdeposits in the form of daily or weekly basis and sanctioned micro loans to its clients for shorter period of time. Micro finance can be called a novel approach to provide saving and investment facility to the poor around the world.Improved access and efficient provision of savings, credit and insurance facilities in particular can enable the poor to smoothen their consumption, manage their risks better,gradually build their asset base,develop their business, enhance their income earning capacity and enjoy an improved quality of life.In India micro finance mainly operates through Self Help Groups, NGOs and credit agencies.It provides poor people with the means to find their own way out of poverty.

OVERVIEW OF SELF HELP GROUPS (SHGs)

A SHG is a small homogeneous group of rural or urban voluntarily formed to save and mutually agreed to contribute to a common fund to be lent to its members as per group decisions .SHGs are a group of 10-20 women or men who work for the capacity building of themselves. The goal of SHGs is to become effective agents of society changes.SHGs are becoming one of the best means for the empowerment of rural poor in almost all developing countries including India from 1990 onwards. In Kerala since the middle of 1990s state government took initiative in organizing the urban poor women Neighborhood groups with more or less objectives. These recognized as SHGs by NABARD, as far as the SHGs bank linkage and credit facilities are concerned. It is small voluntary associations of poor people, preferably from the same socio economic background. They come together for the purpose of solving their common problems through self-help and mutual help. It promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHGs. The SHGs comprise very poor people who do not have access to formal financial institutions. They act as the forum for the members to provide space and support to each other. It also enables the members to learn to cooperate and work in a group environment. The SHGs provide savings mechanism, which suits the needs of the members. It also provides a cost effective delivery mechanism for small credit to its members. The SHGs significantly contribute to the empowerment of poor women on Governmental Organizations (NGOs) Social Workers, health workers, village level workers, etc Informal Associations of local people Development oriented government departments, Banks, Bank personnel, Mahila Mandals, Yuvak Mandals, Facilitators, other individuals (in their personal capacities) Farmers' Clubs under the **Vikas Volunteer Vahini (VVV)** Programme of NABARD and Other development institutions. Training can contribute significantly to the success of the SHG bank linkage programme. Appropriate training (formal or informal) at each stage of SHGs' growth is one of the essential inputs required. Training is essential for all partner agencies who participate in the SHG bank linking programme.

Entrepreneurship and Economic Development

Entrepreneurship has an important role to play in the economic development of underdeveloped country. Entrepreneurship is the part and parcel of economic development. Entrepreneur is an economic leader who have ability to recognize opportunities for introduction of new techniques, new commodities, new sources to assemble the necessary equipments .plants, machinery, management and organize labor force. The entrepreneurship is vested in different persons who are specialized in different fields like sale ,purchase ,production personnel and so on .Fritz Redlich says ‘entrepreneur can be divided in to capitalist, manager and the entrepreneur .Thus the entrepreneur supplies the funds and other resources and plans, and innovates and takes ultimate decisions .In a small enterprise ,these functions may be performed by the entrepreneur himself’ .As presently under developed countries do not possess a bold and sound foundation for healthy industrialization ,the role of entrepreneurship ,either private or public become much more imperative for accelerating economic development.UNO mentioned ‘development is not only economic growth but growth plus change-social, cultural and institutional as well as economic’. Growth ,life sustenance and empowerment were the important aspect of economic development.

Empowerment

Empowerment is a multi-faceted ,multi dimensional and multi layered concept .Women’s empowerment is a process in which women gain greater share of control over resources-material ,information ideas and financial resources ,human and intellectual like knowledge and access to money and control over decision making in the home, community society and nation and to gain power. According to the report of India government empowerment means moving from a position of enforced powerlessness to one of power. The major strategies of women empowerment include social empowerment, economic empowerment and gender justice. Social empowerment is designed to create and enabling environment by adopting various affirmative policies and programmes for their development .Education is the important tool for social empowerment. Economic empowerment means financial empowerment .Entrepreneurship enhances financial independence and selfesteem .Participation in trade ,industry and commerce are requiring for economic empowerment.

About Malappuram

Malappuram is a [city](#) in the southern [Indian](#) state of [Kerala](#), spread over an area of 33.61 km² (12.98 sq mi). The first municipality in the district formed in 1970, Malappuram serves as the administrative headquarters of [Malappuram district](#). Divided into 40 electoral wards, the city has a population density of 2,083 per square kilometre (5,390 per square mile). As per the 2011 census [Malappuram Urban Agglomeration](#) is the fourth largest urban agglomeration in Kerala state with a total population of 1,698,645. Malappuram is situated 50 km southeast of [Kozhikode](#), 90 km northwest of [Palakkad](#).and 140 km northwest of [Coimbatore](#). A major driver of the local economy is the remittances of the migrants residing in the Middle East, by which banking sector in Malappuram has huge NRI deposits. And so its natural for Malappuram to hold 9th position in Top Ten Towns with highest per capita bank deposits in India. The city has a strong trader community in which hotels and bakery business out numbers, followed by the textile and medical sector. With all leading automobile brands establishing their showrooms in the city, Malappuram RTO has witnessed highest number of vehicle registration in the state since couple of years. Tourism is the major crowd puller of the city

Role of SHGs in women entrepreneurship

SHGs are trying to work in satisfiable condition in Malappuram district. The investigator collect data from 5 SHGs of study area. Among these 90% were female members and only 10% were males. These groups were conducting

the enterprises of pickle making, porata and chapathy making, dress making, and soap and other sanitary. Its details are given in Table 1.

Women Enterprises in Malappuram

Enterprise	No. of members
Poratta and chapathy making	15
Pickle and jam	20
Garments making	18
Fancy items	12
Soap and other sanitary	15

The investigator collected data from 40 members. They were from low income families. Hence they respond that they get permanent income after they became members of the group. It is a great help for them for their livelihood. They get monthly income from their enterprises as the amount of rupees 2000 to 5000. Its details is shown in table 2.

Income of Women entrepreneurs in Malappuram

Income(R.S)	No. of members
1000-2000	5
2000-3000	11
3000-4000	12
4000-5000	7
Above 5000	5

The table shows that majority of respondents have R.S 3000-4000. They respond that most of them were unemployed and under the control of poverty before the implementation of their enterprise. Most of the members were educated so some of them were trying to improve their entrepreneurship. Educational qualifications of these members were shown in table 3.

Educational qualifications of women entrepreneurs

qualification	No. of members
Secondary education	8
Higher secondary	21
graduation	7
Post graduation	2
Other diploma	2

Most of the members were getting higher secondary education. Thus they have the attitude of doing a job outside of their home. All members have an account in the state bank of Travancore. All of them kept their savings in their account. They say that they have no bank account before this scheme. Their saving account leads to the improvement of credit facilities in the rural area. Hence it leads to economic development of their community.

Problems

Nearly 55% of the respondents did not utilize consumption loan purposes. And it would be made available to all the members and to ensure that they make use of the facility. It is necessary to probe into the reason why they have not made use of this facility. A great majority (75%) of the respondents did not utilize production loan for initiating income-generating projects. Utilization of production loan was found rather poor. More and more members were to be encouraged to initiate income-generating schemes, even with assistance from outside financial institutions. Among those who utilized the loan,

majority used it for purchase of household items like chairs, table, bed, cupboard etc. A good number of respondents have taken other loans and used for the construction of sanitary latrines. The rate of repayment of all kinds of loans from SHGs was found more than 90%. Only 10% of the respondents utilized direct bank loan for income generation activities. Most of these loans were taken for agriculture and animal husbandry purposes. When probing into the reasons for not taking direct loans, it was observed that the majority (51%) of the respondents was not eligible for a bank loan and another 25% were not able to contribute a share of the total cost of the project as per rules stipulated for the project. However, more than one fourth (30.3%) of the respondents were not interested to start income generating schemes. The remaining respondents could not find a suitable profit-making scheme. Despite planned efforts made over the past few decades, poverty in rural areas continues to be worrying. To redress the situation at a faster pace, a new restructured self-employment programme is need of the day

Suggestions And implications of the study

- The government or the support institution should focus pointedly on the issue of ensuring sustainable income generation among the assisted poor families to bring them above the poverty line
- Successfully running SHGs must get additional financial support including technology infrastructure and marketing support from the Government
- The stakeholders should understand that the key success of SHGs revolving around the strategic of capacity building, training, selection of key activities and planning of activity clusters, infrastructure build up, technology and marketing support. These strategies should also club with building of real leadership qualities and selection of right direction by the SHGs members.
- The women SHGs members are asked to improve their quality in book keeping system. Because quality in book keeping system and regularity of book keeping are essential for linkage banking. If it is ignored for a long time, this may endanger the potential sustainability of the self help groups
- Give awareness to each unit for utilisation of fund for effective and income generating purpose
- Make provision for effective utilisation of loans.

Conclusion

SHGs provides a new vision for the inclusive growth and economic development. SHGs have great significance in the economic empowerment of each area and state. Through SHGs many drastic changes are held in Malappuram. Agricultural, industrial, infrastructural facilities are developed through this schemes. The notable achievement is that to reduce gender inequality at a great extent.

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