

**ROLE OF MICROFINANCE IN CAPACITY BUILDING OF  
RURAL WOMEN THROUGH SHGs: A STUDY WITH  
SPECIAL REFERENCE TO MADURAI DISTRICT - TAMIL NADU**

**T.K. Latha Maheswari**

*Ph.D. Research Scholar, St. Joseph College, Trichy*

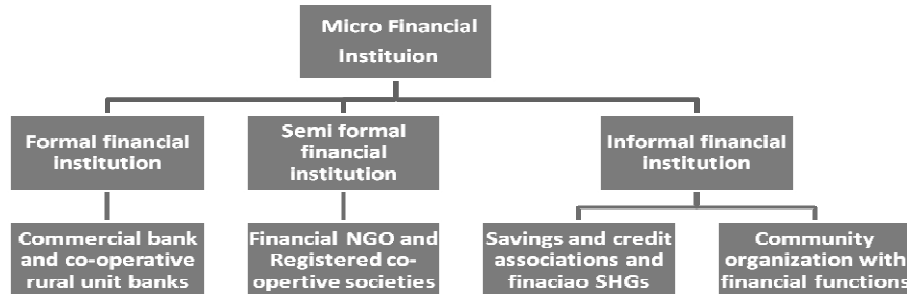
**Microfinance and Self-Help Groups**

A Self-Help Group (SHG) is a group that consists of about 10 to 20 persons of a homogenous class who come together with a view to address common problems. They collect voluntary savings on a regular basis and use the pooled resources to make small interest bearing-loans to their members. Collective wisdom of the group and peer pressure are valuable collateral substitutes.

A rural women's SHG enables members to become self-dependent and self-reliant and provides a forum for members to exchange ideas. It fosters a spirit of self-help and co-operation among members in members and gives them strength and confidence to solve their socio-economic problems. Women's participation in income-generating activities is believed to increase their status and decision-making power. The Group meeting also serves as a venue for other interventions such as adult literacy programmes. Micro-credit schemes are thought to be potent agents of social change in impoverished settings where women are disadvantaged by their lack of access to resources.

Entrepreneurship is challenging and requires capacity to take proper decisions and responsibilities. Entering into entrepreneurship independently could bring the desired change in attitude among the rural women, make them conscious of the oppression and induce them to take initiative and seize opportunities. Co-operative entrepreneurship through Self-Help Groups can foster socio-economic development and promote employment.

### Micro financial institutions



“Microfinance has become a ‘credit plus’ approach acknowledging that along with credit, other inputs like skill development, literacy, health care, social awareness, support services, etc. were also essential for the holistic development of disadvantaged women.”

The Government, Banks, Non-Government Organisations and above all Gandhian Studies Centres can function as catalysts and play a pro-active role

- in mobilising,
- organising
- and sustaining SHGs.

Through volunteers of the Centres necessary training in managerial, technical and marketing skills can be imparted to groups to enhance their livelihood opportunities and make their enterprises viable.

#### Stages of Self Help Groups

Stages of Development	Duration in months	Focus
Pre-Formation	1 - 2	Identification of poor through participatory method in small group
Formation	2 - 6	Regularising group meeting, pooling of savings distribution of loan and development of account System.
Stabilization	7 - 18	Leadership development, handling group level transaction independently, cluster committee formation linkage with bank
Growth	18 - 24	Expansion of activities and addressing communities issues
Expansion	after 24 months	Creation of asset for the group and formation of new groups and federation formation

“Capacity building it is a conceptual approach to development that focuses on understanding the obstacles that inhibit people governments,international organizations and NGO from realizing developmental goals while enhancing the abilities that allow them to achieve measurable and sustainable development. “

#### **Empowerment or capacity building through:**

- Able to start income generating activities
- Decision-making regarding how to allocate money
- Meet Government officials
- Children educational needs fulfilled
- Wore gold ornaments
- Expanding the business
- Going alone to theatre
- Wore quality and costly garments
- Purchasing assets
- Adding more facilities in the house
- To attend meetings and marriages
- Constructing own house
- Purchased additional assets, furniture, improved electric and water supply in homes

#### **Objectives of the Study**

1. To study the socio demographic characteristics of the self help group members in the selected blocks.
2. To find out the activities undertaken by the microfinance for promoting SHG members.
3. To evaluate their knowledge and performance towards Self Help Groups.
4. To study the role of microfinance and its effectiveness for reduction of Rural Poverty.
5. To assess their psychological aspects and upliftment of standard of living of SHG members.
6. To suggest suitable measures based on the findings of the research.

#### **Limitation of the study**

1. Only women SHG taken for the study
2. Due to time constraints researcher taken only four blocks for the study
3. Reliability highly depends upon respondents and SHG leaders

#### **Methods and Respondents**

The study focuses its attention towards bringing out the underlying role of micro finance in building the capacity of the self help group members in their defined blocks. It is

a sample survey to study the various groups in Madurai District. There are 11784 SH groups in selected four blocks. From the said the researcher selected the group based on the criteria of where the group has minimum members of 12 and the maximum members of 20. Based on this criterion the group are taken into account. The attempt has been made with 800 respondents from four selected blocks by using convenience sampling approach. The respondents are finalized with those who receive micro finance and they are considered as an entrepreneur. From the said the sample has been defined with 130 members from various groups. Hence the study is descriptive in nature.

#### Universe

In the present study the universe consists of whole population of the self help group members in the selected blocks of Madurai district. In this regard the total populations of selected four blocks are mentioned below:

Name of the Blocks	Number of Members	Number of Groups
Melur	36,247	3481
Vadipatti	24,157	1846
Madurai East	49,856	3742
Madurai West	32,157	2715
TOTAL	142,417	11784

*Source: Tamil Nadu women development corporation, Madurai TN (2010-11)*

#### Methods of Data Collection

The purpose of the study was well explained to the group members, group leaders and administrators which made things clear to the participants. The assurance has been made to them that the data were kept confidentially. Given the sensitive nature of some of the potential topics, it was recognized as crucial that the respondent felt comfortable and in control of the situation. To this end, individuals were approached in their everyday natural settings and in family settings and anonymity was guaranteed. An attempt was made to establish good rapport. Subsequently interview scheduled questions has been taken into account. The data were collected through Interview scheduled.

#### Conclusion

Rural women have sparks which can be fanned into flames with necessary guidance and training. There are innumerable possibilities for promoting profitable small enterprises by rural women and all efforts should be made to develop this nursery for entrepreneurship. Self-Help Groups of assetless women will have to be made sustainable through backward linkages to credit and technology and forward linkages with organized markets. The efficacy of SHGs would be considerably enhanced if a symbiosis could be worked out between SHGs and Panchayati Raj Institutions (PRIs) because by nature and mandate both these institutions have the same objective viz. of ushering people-centred development and through it to empower the disempowered.