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SELP Journal of Social Science

ISSN : 0975-9999 (P) 2349-1655 (O)

Impact Factor : 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)

Volume IX, Issue 37 - April 2018

UGC Approved Journal (46622), © Author

FINANCIAL SERVICES AND GROWTH OF SHGS WITH SPECIAL REFERENCE TO DHARMAPURI DISTRICT

Dr. V. Sivakumar

Professor & Head, Department of Management Studies
Jayam College of Engineering and Technology, Dharmapuri

P. Ravikumar

Final Year MBA Student
Jayam College of Engineering and Technology, Dharmapuri

Abstract

Microfinance is a basis of financial facilities for financiers and small dealings wanting right of entry to banking and linked facilities. Microfinance sector has grown-up speedily over the past few decades. Nobel Laureate Muhammad YUNUS is credited with laying the basis of the modern MFIs with establishment of Grameen Bank, Bangladesh in 1976. Today it has developed into a vigorous industry presenting a variety of business models. Microfinance Institutions (MFIs) in India exist as NGOs (registered as societies or trusts), Section 25 companies and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), supportive societies and other large lenders have played an important role in providing refinance facility to MFIs. Banks have also leveraged the Self-Help Group (SHGs) channel to provide direct credit to group borrowers. With financial inclusion emerging as a major policy objective in the country, Microfinance has occupied Centre stage as auspicious conduit for extending financial services to unbanked sections of population. This report highlights the research work done in Dharmapuri District like the importance of micro-finance in the developing economies like India cannot be undermined, where a large population is teeming under poverty and equally large number of people does not have an access to formal banking facilities. Micro-finance means providing loans to the disadvantaged groups through the intermediation of the registered Self Help Groups, who midway between the banks and needy population to fulfill their financial needs.

Keywords: Micro Finance; Self-Help Groups; NBFCs; Women empowerment.

Introduction

Villages are backbone of our country which has 597608 incubated villages. But as per eleventh 5 year plan more than 300 million people in villages are under poverty line. For enlightening them and help to come up in the

life the monetary resources are needed to agriculture, small business, animal husbandry, households, etc. In order to enlarge the flow of credit to the hard-core poor, NABARD launched a scheme of establishing them in self-help groups and linking the SHGs with banks,

in 1992. Under this scheme, poor, especially women are organized in SHGs and banks lend these SHGs loan to start income engendering activities.

There are three distinct modes to channelize the credit to micro enterprises. In 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 micro entrepreneurs. Finally under the third mode, banks extend credit to the SHGs with the NGOs as implementer.

Though the SHGs were started in 1997 in Tamil Nadu, the concept complementary developed only in recent years. Now there is a greater amount of socio-economic deliverance among the members of the SHGs. Hence there is a need for evaluating social and economic impact of the SHGs on their members.

This study aims at doing a relative analysis on socio-economic development of Self Help Group (SHG) women under micro finance in Dharmapuri district. The scheme of "MUDRA" was introduced by Honorable Prime minister SHRI. NARENDRA MODI introduced for the purpose of micro finance. This scheme was introduced on April 8th 2015, with the primary objective of financing the people those who are not getting the finance properly to improve their business.

Research Problem

The members of SHG are probably uneducated. So the responsiveness of schemes of micro finance may not be familiar to them. The understanding of questions is questionnaire is difficult to them. The obtainable time for research to the researcher is too little.

Objectives

1. To study the benefits of micro finance especially in SHGs.
2. To evaluate the performance of SHGs in micro finance in order to find the factors influencing the micro finance.
3. To evaluate the women enablement in developing the potentiality of micro industries through micro finance.

Scope of the Study

The scope of micro finance at macro level was trying to be investigated by the researcher.

Review of Literature

Sharma, M., (2015), through cross country experimental study examined a close

relationship between financial addition and development. Further, the study found a positive relation between financial inclusion and different socio - economic variables like income, inequality, literacy, and physical infrastructures. A few empirical studies on the impact of SHG bank linkage model also revealed the importance of SHG model in achieving financial inclusion and inclusive growth in India.

Puhazhendhi, V. and Badatya, K. C., (2016), observed a significant improvement in social and economic condition of the SHG member households during post - SHG period. The programme also improves the borrowing pattern of SHG member families in terms of institutional credit deepening and widening with substantial reduction of loans from money - lenders and other informal sources.

Findings

1. SHGs are comprehending the age group from 20 to 55.
2. The members of SHGs are probably uneducated. Few only completed schooling.
3. Micro finance is becoming the basic instrument for eliminating poverty and bestowing the women in villages throw loans obtained by SHGs. It improves income which leads to increase in savings.
4. The finance obtained by the people are used for cattle development, starting petty shop, and groundnut godowns.
5. The educational level is too low in case of some of the members. So, they may not know the prominence of micro finance granted by the GRAMEEN banks and NABARD. So alternatively their income and savings level will not be developed. Therefore, their status is also backward.
6. SHGs are financed by GRAMEEN banks and NABARD. GRAMEEN bank grants loan amount upto Rs. 7.5 lacs and NABARD grants loan upto Rs. 10, 00,000.

Suggestions

1. The members of self-help group are mostly uneducated. Therefore they are not aware of the plans introduced by the banks. They should be educated.
2. Some of the members are having the fear of % of interest rates. They should be educated.
3. No one is aware of the new scheme "MUDRA". This plan should be applied properly.

4. The usage of loan certified used by the members is only for cattle development, start up of petty shops and groundnut godowns only. Therefore the members must be advised with regard to the business opportunities regarding flowers and fruits which are available in Dharmapuri at cheap cost.

Conclusion

It is revealed from the survey of the empirical literature that most of the studies deal with either the role or the impact of governmental organizations and NGOs, donor agencies, and self help groups in authorizing women through micro financing in different parts of the world. While some have labeled this as revolutionary and new paradigm for development, others ponder over the real impacts of micro credit. The evidence with respect to the impact on women's status and well-being is mixed. Most of all the works reflect on the positive impact of micro credit on rural women.

They also reveal how the goal of women authorization can be achieved, and suggest some corrective measures to overcome the problems in this regard.

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