

Role of SHGs and MFIs towards Women Empowerment and Reducing Gender Stereotypes in Uttarakhand, India

¹Dr Vinay Kandpal, ²Mr Rajat Mehrotra, ³Dr Deep Chandra Oli

ABSTRACT--This paper attempts to analyze the role of micro finance institutions and Self Help Groups (SHGs) in the empowerment of people especially women living in rural areas through placements or job opportunities across different sectors thus removing gender stereotypes prevailing in society and removing the migration issue in Uttarakhand. Women in India earn a median gross salary of ₹196 per hour, 19% lower than ₹242 for men, according to the latest Monster Salary Index. Wage inequalities are the highest in IT/ITES (26%) and manufacturing (24%), but even women-intensive sectors such as healthcare and social work show a steep pay gap (21%). BFSI fares the best, with men making just 2% more. The survey also finds that the earnings gap widens with higher skill level – from zero for semi-skilled work to 30% for highly skilled jobs. Building and enhancing financial literacy of the population, especially women, is imperative to sustain financial inclusion while ensuring women's empowerment and attracting them towards Entrepreneurship and job prospects across different sectors not limited to those that were traditionally taken as job for women and men. To promote gender equality along with the entrepreneurial spirit, it is inevitable to finance women for various small and local start-ups. If the SHGs, SHG federations, promoters, banks and other agencies working works towards the quality of SHGs to evolve as member owned, managed and controlled institutions; provide an environment to access quality services from financial and non-financial agencies, the SHGs would significantly contribute to achieve the goals of financial inclusion and inclusive growth.

Keywords--SHG, Financial Inclusion, Micro Financial Institutions, banks

I. INTRODUCTION

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities, throughout the world. As they face many socio-cultural attitude, legal barriers, lack of education and personal difficulties. Traditionally, women have been marginalized. They are rarely financially independent and often they are more vulnerable members of society. The microfinance sector in India has expanded rapidly over the past few years by providing small loans to emerging entrepreneurs to start or expand businesses. In India, micro finance sector is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost-effective mechanism for providing financial services to the untouched segments of the society and making them empowered. The SHG movement is successful in not only in meeting needs of the rural poor, but also in nurturing self-help groups at the local level, leading to their empowerment. Empowerment is the process of obtaining basic opportunities for marginalized people, either directly by those people, or through the help of non-marginalized others who share their own access to these opportunities.

¹ Assistant Professor, School of Business, University of Petroleum and Energy Studies, Dehradun, India, vinayaimca@gmail.com

² Assistant Professor, Amrapali Group of Institutions, Haldwani, Uttarakhand, akki06jr@gmail.com

³ Associate Professor, Amrapali Group of Institutions, Haldwani, Uttarakhand, deep_chandra56@yahoo.co.in

Empowerment of women signifies harnessing women power by promoting their tremendous potential and encouraging them to work towards attaining a dignified and satisfying way of life through confidence and competence. The empowerment of women is crucial for the development of the country. In India, where population maintain equal ratio of males and females the emergence of women entrepreneurs have great relevance and importance otherwise it will be amounting to neglecting 50 per cent of the entrepreneurial talent of the country .The role of Microfinance programs not only give women a medium of savings, credit creation, formal spending habits but will bring the likeminded unorganized group into the organized group for the welfare and development of the group in common for a certain task. In India, Women form larger part of population. Currently women are an important part of the labor force and the different economic role played by them cannot be separated from the general orbit of development. However, in few areas women empowerment in India is lacking behind. Majority women lack assets that help contribute to their empowerment and well-being, financial & economic independence through self-employment and entrepreneurial development. The Government of India needs to take several initiatives to empower Women of the country and more importance should be given to Five-year plans in terms of framing policies for women empowerment. The journey of the Self Help Group–Bank Linkage Programme starts from linking a pilot of 500 SHGs of rural poor two decades ago.

II. LITERATURE REVIEW

Tom, R. T. and Selvam, V. Tom (2010) investigated the role of policyholders in relation to microfinance with respect to their products and services in Vellore Division, Tamil Nadu, India. The finding revealed that proper products must be developed by taking the need of the clients into account and should be commercially feasible, and have a good delivery medium. People should be educated of the policy so that when any agent approaches them, they are interested in engaging themselves.

Sharmina, Afrin; Islam, Nazrul; Ahmed; Shahid Uddin (2010) explored and identified the factors related to the development of entrepreneurship among rural women through the microcredit programs of providers. Social empowerment, Rural entrepreneurship, Innovation, Risk-taking, Opportunity-seeking, financial management skill and group identity, creative urge and self-interest, family funds and female involvement, employment of family members and the creation of new jobs, independence and keeping oneself busy, family experience and option limitation being the constructs, found that Microcredit providers should give importance to the development of the financial management skills of the borrowers and create group identity of the borrowers.

Sarmah, G. N; Das; Sarmah, D. K. (2012) investigated the role of Microfinance and SHGs on the socio-economic aspects of folks in Lakhimpur District of Assam. They found that once associated with the SHGs the agricultural poor would increase their financial gain and improve their way of living by participating in economic activities independently.

Women contribute to the economy being part of businesses, farms, domestic work, being entrepreneurs, employees, and so on, and for this, the benefits of empowering them are not just for them. Studies have revealed that when women are involved and empowered the whole society improves. If their salary would be the same as men's, the economies would grow; in the United States, for example, the country's GDP would be 9% higher, in

Europe, it would increase by 13%, in Japan by 16%, and in 15 major developing economies the per capita income would increase 14% by 2020 and 20% by 2030 (UNCTAD, 2015).

If all forms of discrimination against women workers were eliminated, productivity per worker could rise up to 40%. Companies with more women in management roles have a profit 34% higher than those with the lowest representation. If women that work in agriculture in 34 developing countries had equal access to seeds, fertilizers and tools, the output would rise up to 4% (average) reducing the number of undernourished people by 17% (about 150 million) (UNDP, 2000, p. 123).

Few projects of women empowerment have met their goals and others have failed because bureaucracy, inefficiency, and corruption have wasted much of the money allocated to rural development in poor countries. Furthermore, people who are in charge of the projects do not believe in the potential that women have and for this, they are still subservient in a system that reflects women's consent in their subordination (Lopez & Zahidi, 2015, p. 11).

III. SHGs IN INDIA

In India, Self Help Group Scheme was initiated by NABARD main rural development body emphasizing self-employment generation for the women living in rural and semi – rural areas. Self-help groups (SHGs) movement has triggered off revolution in the rural credit delivery system in India by proving an effective medium for delivering credit to rural poor for their socio-economic empowerment. A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10-20 local women or men. Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. In India two broad approaches prevail in case of micro financing viz. self help group –bank linkage and micro finance institutions. NABARD has been supporting the SHG-Bank linkage programme since 1992 (Lokhande, 2013). These groups are seen as instruments for achieving variety of goals including women empowerment, developing leadership abilities among poor people, increasing school enrolments, and improving nutrition and the use of birth control. The SHG system uses existing marketing channels, the banks, to bring formal financial services to a new market segment, the poor and particularly women. Different schemes are introduced by Uttarakhand too like many other states of India to make people more self-independent and socially and economically empowered. Main schemes are Swarna Jayanti Gram Swarozgar Yojana (SJGSY), JFM, Swashakti Project and Swayamsiddha programme. However, the success of these programmes largely depends on the success of community based organizations such as self-help groups (SHGs) and village forest management committee (VFMC), which work as conduit to facilitate micro-financing and management of the economic activities leading to effective transmission of the benefits of macroeconomic reforms. In all these programmes SHG is considered as the key unit driving the programme. All the poverty alleviating programme provide the loans to people who are below poverty line or just above the poverty line. Also the rate of interest is also very less at 12%. Although this is not the desired rate of interest, but it is suitable because the poor people do not have some asset to keep as security to take loans from formal system of banking and also the private money lenders are about five to six time costly.

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Population of Uttarakhand State	100.86 Lakh
No of Districts	13
Literacy %	79.63 (with 88.33% literacy for males and 70.70% literacy for females.)
State GDP of Uttarakhand State	INR 1.84 Lakh Rank 20/32 States

III. I. FINCLUSUION THROUGH SELF EMPLOYED WOMEN ASSOCIATION

- Financial literacy is a passport to ensuring a financially empowered living . A conducive financial landscape with a blend of a favorable regulatory regime, innovative women-centric products/schemes, enhanced mobility, robust customer protection framework and reformed attitudes towards women will increasingly stimulate women to be well equipped with financial skills.

- Although the pace of the multiple financial literacy and inclusion initiatives may vary in India, the direction is resolutely set towards overall empowerment of women.

- In order for digital finance to reach rural women sustainably, there is a need to bring together stakeholders from policy, government, businesses, digital financial solution providers, community-based organizations, and funders, to discuss pathways to collaboration for sustained outcomes.

- Working as a federation, SEWA Bharat operates a unique program in the hills of Uttarakhand. More than 75% of Uttarakhand's population comes under the category of 'rural'. Owing to the high altitude, poor connectivity with roads and thinly spread population, bank services in such areas are often very limited. In order to bridge the chasm between rural areas and banking services, SEWA in collaboration with the State Bank of India (SBI) began a unique initiative of financial inclusion in 2009.

- SEWA-SBI Financial Inclusion Programme employs selected women from the community as Customer Service Points (CSPs). SBI issues a Business Correspondent Code to each of the CSPs. Technology provider, A little World, generates a unique CSP ID and issues them Point of Service (POS) Machines.

- With the help of these machines, no-frills accounts are opened by recording identities of customers through fingerprints, voice recording and photographs thereby enabling a spectrum of transactions. Deposit savings (Fixed Deposit/Recurring Deposit), withdrawal, remittance, loan applications in addition to pension distribution are readily made available through this model of financial inclusion. Once the data is entered and linked to the corresponding account, it is uploaded to SBI's Mumbai server through GPRS culminating with the registration of the account.

- The rural population of Uttarakhand primarily consists of the elderly, women and young children. Men regularly venture out to the cities looking for better employment opportunities. Agriculture, albeit difficult, alongside animal husbandry, have been the main occupations of these women. For long, the state has struggled to retain these people through local employment and income generation schemes. Through this unique model, employment generation for women has grown manifold and the gap between financial inclusion and financial stability has narrowed.

- With the government providing significant impetus to Digital India through path-breaking initiatives, digitization of financial services is gaining traction, thereby leading to emergence and wide-scale adoption of fintech offerings. Mobile technology and the proliferation of mobile financial services has the potential to promulgate access to affordable financial services, especially in remote areas.

- Financial literacy is a prerequisite for women to efficiently manage their personal and household finances and equip them with prudent decision making regarding financial products. It also aids in preventing over-indebtedness and cultivating a sense of entrepreneurship among women and assists in the smooth functioning of their business.

- In India, the Government and the RBI have directed their actions toward integrating the country's unbanked regions and population into the formal banking system. The foremost step to improve the penetration and increase adoption is to make Indians, particularly women, financially literate through massive awareness programs and education about banking and other financial products.

III. II. NABARD's 'SHG BANK LINKAGE PROGRAMME

In India, under NABARD's SHG Bank Linkage programme, self help groups borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments. Self Help Group (SHGs)-Bank Linkage Programme is emerging as a cost effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor, leading to their empowerment (**Sundaram, 2012**). This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. According to NABARD estimates there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage programme. The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra Pradesh, Tamil Nadu, Kerala and Karnataka.

III. III PRESENT SCENARIO AND FUTURE CHALLENGES FOR WOMEN EMPOWERMENT THROUGH SHG

SHGs have achieved remarkable success in empowering rural masses, especially rural women, both socially and economically. The government has been encouraging the micro-finance based model of poverty reduction. E.g. (NRLM) National Rural Livelihood Mission However, the prevailing model of SHG micro-finance and women SHGs, continue to face a myriad of problems. No doubt that the model has successfully inculcated financial training and discipline among the rural poor, more needs to be done to make this model a true harbinger

of prosperity at the grass-roots level. The set-up of SHG Federations and launch of MUDRA Bank may prove to be a boon for these SHGs. The Women SHG has been playing a major role in both economic and social empowerment of women. They were primarily created to induce poor people to make small savings and to help in mutual aid by accessing banks and public services. Major Problems Faced Are Listed Below:

- Recognition of women as an important and potential member in financially supporting her family during crisis situations reflects empowerment at family level.

- Gender bias was widely prevalent in the village. A girl child was usually not preferred and looked as a burden and they were married immediately after they attain puberty.

- **Ignorance of Members/Participants:** Even though the authorities take measures for creating awareness among the group members about the varied schemes valuable to them, still the majority of the groups are unaware of the schemes of assistance accessible to them. Several are Ignorant about the scheme.

- **Inadequate Training Facilities:** The training services given to the SHGs members in the specific areas of product selection, quality of products, managerial ability, production techniques, and packing, other technical knowledge are not adequate to compete with that of strong units.

- **Problems Related to Finance:** Women have little financial independence at home. Therefore, women SHGs often fail to augment their collateral corpus adequately. This makes banks reluctant to finance project lead by such SHGs.

- **Problems of Marketing:** Marketing is an important area of functioning of the SHGs. However, they face numerous problems in the marketing of items produced by them. Following are the major problems relating to marketing.

- Lack of a sufficient number of orders.
- No linkage with any the marketing agencies.
- Lack of adequate sales promotion measures.
- Lack of permanent marketplace for the produce of SHGs.
- Inability to create a proper brand name.
- Poor/unattractive packing system.
- Low quality of produce due to the application of conventional technology, resulting in a poor market,
- Tough competition from other established suppliers.
- Lack of a distinct and well-knit channel of distribution for marketing.

- **Lack of Stability and Unity Especially among women SHGs:** Enormous workload of women, especially on account of their family obligations, leads to poor productivity of women member of SHGs. In the case of SHGs dominated by women, it is found that there is no permanence of the groups as; many married women are not in a position to associate with the group due to the change of their place of residence. In addition to it, there is no unity among women members owing to personal reasons.

- **Exploitation by Strong Members:** It is also observed that in the case of many SHGs, strong members try to earn a lion's share of the revenue of the group, by exploiting the ignorant and illiterate members. This may lead to the isolation of the actual beneficiaries.

- **Weak Financial Management:** Model hardly focuses on investment perspective and development of skill level of the borrower, and the funds diverted for other personal and domestic purposes like marriage, construction of house etc. making credit available is not a panacea to rural problems.

- **Low Return:** The return on savings is not attractive in certain groups due to incompetent management, the high cost of production, an absence of quality consciousness etc.

- **Affinity:** The SHGs are formed, more often, to complete targets set by the government agency and NGO, which grossly lack affinity, the most important factor. This also leads to Lack of proper direction and professionalism about the proper routing of the funds. A need-based credit is not accessible rather an equal division of funds among the women leads to the improper utilization of funds. There is a need to focus on differential credit because of emphasis of government. On mostly opening bank accounts and financial inclusion, tapping the entrepreneurial energy has been left to the SHG. Thus, the innovative ways of financing are lacking. This also leads to conservative attitude amongst the women, which is not so good for any expansion of the business. The rigidity of the structure is a major weakness.

- A need-based credit is not available rather an equal division of funds among the women leads to the improper utilization of funds. There is a need to focus on differential credit. Because of importance is given by the govt. On mostly opening new bank accounts and financial inclusion, good for tapping the entrepreneurial opportunity has been left to the groups. Still innovative ways of providing formal financial services to the unreached poor are lacking. This also leads to conservative approach among the women, which is good for any business expansion.

III. IV. SUGGESTIONS FOR WOMEN EMPOWERMENT THROUGH SHGs:

1. In order to solve the various problems and issues relating to the marketing of SHGs products, the state level authorities should expand the activities throughout the state instead of being limiting its operations in a particular area.

2. Various SHGs functioning in a particular Panchayat area can form a co-operative society. This co-operative society may be assigned with the job of marketing the products of different SHGs under a common brand name. Additionally, the society can also undertake some sales promotional activities and acquire rare inputs for the benefits of member SHGs.

3. Non-Government Organizations (NGOs) can play an important role towards empowering of women entrepreneurs by providing them basic education, motivational training, and financial help and so on.

4. All the members in the SHGs may not have the same knowledge and proficiency. NGOs should spot the incompetent members of the SHG and impart appropriate training to them in order to improve their competency. And for this purpose, short term guidance programs can be organized at the panchayat level.

5. Frequent awareness camps can be organized by the Rural Development Authorities (RDA) to make awareness about the different schemes of assistance accessible to the participants in the SHGs.

6. Lastly, arrangements may be made by the financial institutions/Banks for providing ample financial assistance to the SHGs strictly on the basis of their genuine performance without any kind of favoritism of caste, politics etc.

7. Measures should be taken to attract more and more people, especially the illiterate and the poorest section of the rural people to become members of SHG's.

8. Small responsible tasks and jobs to be done on behalf of the government can be entrusted to SHGs thus helping them to earn additional income.

9. In order to enhance the thrift of the SHG members attractive savings and insurance schemes can be introduced.

IV. POLICY IMPLICATIONS:

In the global world, micro credit movement has to be viewed from a long-term perspective under SHGs framework. There is a need for the innovative and diversified micro finance sector, which will make a real contribution to women empowerment. The Government policy makers should focus on the importance of small savings and loans provision for consumption as well as group formation. The Government policy can support the Self-help groups (SHGs) in rural area by public investment in infrastructural development including education and health care. They should enact policy to regulate the quality of SHGs and could help in financial management of SHGs for responsible and sustainable growth.

To protect and to promote the interest of the women or to empower the women through SHGs and financial inclusion in the developing country like India the appropriate authority should follow:

- Educate and aware the women to form more and more SHGs especially for rural/hilly areas.
- To popularize SHG-Bank Linkage program, more awareness should be created for cooperative formation.
- More information regarding banking services and their benefits should be publicized.
- Women entrepreneurship programs should be arranged.
- Encouraging competition among financial providers by giving more bank licenses.
- Infrastructures should be developed to minimize cost of transaction in remote area.

V. STUDY RESULTS, SUMMARY AND CONTRIBUTION

In the emerging changes in the values and attitudes of the members of the SHGs is a clear manifestation of socio-economic empowerment intervention yielding comparatively quicker results. The socio-economic programs reinforce each other and promote all-round development of the children, the women, the households and the society. The ability of women to demand their rights such as fair wages and decent working conditions is often undermined due to their unfavourable position in the labour markets as well as a lack of a forum that can represent their collective grievances. Hence, in many parts of the world, particularly in the developing economies, women are likely to give in to the impenetrable framework of social pressures coupled with disjointed working avenues and opt to work in the unorganized or the informal sector. This study has shown that, the concept of SHG is a better mechanism for easy availability of microcredit to rural women and helps them to uplift their social and economic status. Their involvement in family decisions is enhanced. Microcredit facility enables women to own tools and means of production to upgrade their skills and improve their business. After encouraging habit of savings among women, group loans for specific economic purposes are provided. Most of

the poor women use this money at first, for domestic needs, to support their families. Aided by microcredit, women are now running canteens, catering units, cooking for schools, tailoring etc. The women are contributing immensely to the areas, which were traditionally believed to be men dominated.

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