

## **RURAL DEVELOPMENT THROUGH MICROFINANCE AND WOMEN EMPOWERMENT**

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### **ABSTRACT**

Rural development is an essential process of economic growth and social progress. It implies the development of rural sector which has many aspects. The role of microfinance and women empowerment in this context is important because it provides an environment of sustainable improvement in the quality of life of rural women folk enabling them to form SELF HELP GROUPs, and providing them equal opportunities in decision making process and participation in community life. Rural development and poverty reduction are commonly related to the issue of rural employment. It has proven to be an effective and powerful tool for rural development and poverty reduction. Like many other development tools, it has sufficiently penetrated the poorer strata of the society.

Key words: Microfinance; S.H.Gs; Rural development; Poverty; Women empowerment;

### **INTRODUCTION:**

Microfinance plays an important role in the developing country of the world. In India it significantly contributes in the developing of employment, output and improving the livings of people especially in rural.

- ➔ Microfinance refers to provision of savings accounts, loans, Insurance, money transfers and other banking services to customers that lack access to traditional financial services, Who operates smaller micro enterprises where goods are provided, recycled, repair or traded, provided services for wages and commission, gain income from renting out of small amount of land in both rural & urban areas.
- ➔ This concept and role of microfinance is for social upliftment as well as for the development of rural backward area.
- ➔ Microfinance institution is an organization that offers financial services to low income population. Almost all give loans to their members and offer insurance, deposit and other services.

One of the institution is oriental Bank of Commerce. It is a National Bank . It has many branches. One of the branch is located in Hyderabad.

- ➔ OBC's microfinance programme is known as the Oriental Bank Grameen project (OBGP). The word 'Grameen' means rural in Hindi, and it does not mean that the programme is replication of the other States Bank. The OBGP was launched in 1995 to provide banking services to the poor at their doorstep. The aim was to assist poorer people to take decision independently and to manage their own financial and social affairs OBC

concentrates on its core competence, which is banking , but it also facilitates access for their customers to a range of social and development agencies. They provide services to OBC's customers at no cost to OBC.

- ➔ The OBGp originated from the Bank's efforts to learn from and apply the lessons of various microfinance initiatives worldwide. A general manager at the corporate level participated in a banker's microfinance exposure visit sponsored by the SWISS Development co-operation agency (SDC) and organized by NABARD.
- ➔ Through these banks many changes are occurred in women empowerment.

There are many studies around the world which suggest that women empowerment is closely linked to financial inclusion and that no amount of awareness programmes could motivate women to step out of their homes if they are not financially independent. In the absence of formal banking services and credit facilities in the remotest parts of the country, microfinance Institutions have played a commendable role in empowering women and providing them with easy credit access, in the form of loans, thus giving wings to their dreams. Because an empowerment and financially independent woman can significantly contribute to the health and productivity of her family and community.

In this context , it is notable to listen to the words of prime minister Narendra Modi Who applauding the role of women in building a healthy society, stated that no country can progress if its women are not equal partners in the developmental process. Nevertheless, it is worrying to see that despite this understanding and awareness, India ranks 108 among 144 countries in the Global Gender Gap Report by the world Economic Forum (WEF) conducted in 2017. Impact has been measured by comparing the participants of the programme with the non participants the comparison is based on the primary data .

A comparison of programme participants and non-participants shows the microfinance programme has increased the individual and household incomes of the participants along with reduction in income inequalities. It has escaped them from financial vulnerability and has reduced their level of poverty.

The study reveals that microfinance programme has been successful in diversity the economic activities in rural areas. The results of the study also show that microfinance programme has empowered women economically socially, psychologically and politically.

The study reveals that self help groups are introduced to develop rural areas and women empowerment.

### **Role of SHGs**

- ➔ The self help group approach is a new instance into the field of rural development which aims of improving the living condition of the rural poor by creating sustainable community based institutions.

### **Need of SHGs**

This group is a voluntary of one formed an area of common interest so that they can think, organise and operate for their development.

### Why does government provide loans the SHGs

Reason is very simple, so that they could become self dependant. Normally poor people do not have money to start business or small manufacturing units, but they are willing to work so the government provide loan at cheap rate of interest .

### How SHG is formed

It is voluntary association of people formed to attain some common goals. It is a group of urban women who have volunteered to organise themselves into a group for eradication of poverty and also the empowered of the women. They agree to save regularly and cannot their savings into a common fund.

### Features of SHGS

1. Identical interest → Having identical interest in terms of group functioning, adopting common things is a highlighting feature of the SHGS

2. Flexible & Responsible → Flexibility in thinking decision – making and implementing the plan enables and group to have a border framework of mechanism and operation shared sense of responsibility in turn would promote flexibility in the group.

3. Simple Documentation → Documentation of the records and the registers in an integral feature of the SHGS. The documents are maintained in such a way that it can be referred and used by all the member efficiency.

4. Collective leadership → It promotes group coherence as it is through collective leadership that the members interact. Leadership is responsible for effective integration of goals & communication in the group in order to develop a climate of trust.

5. Mutual decision making → Group sustainability depends to a larger extent on how the members involve in mutual decision- making- Hence, collateral decision making is an important feature of the SHGS.

### Objectives

1. To understand the socio- economic profiles of the sample beneficiaries of SHGS of the microfinance programme.
2. To assess the contribution of various financial institutions in support of the micro finance programme in India.
3. To suggest suitable policy measures that could be followed by the policy – makers to make the micro finance a useful one to the beneficiaries.
4. To study the impact of micro finance interventions on participants well-being.
5. To analyse the impact of microfinance programme on participants annual house hold income

### Methodology

The data have been used for the evaluation of the performance of the prominent institutions like OBC, NABARD which are closely associated with the development of micro finance in India. Detailed interaction have been carried out with households to understand their financial needs and how such needs are currently being met. More emphasis has been given on the qualitative data. Collection of data is of two types :

- a) PRIMARY DATA
- b) SECONDARY DATA

Primary data collected through the following methods:

- 1) Households surveys
- 2) Group discussions
- 3) Case studies

The above methods could have been collected by entering the 1)Data entry, 2)Data analysis and 3)Report generation

Secondary data collected through different methods:

- 1)Research papers
- 2)Journals
- 3)Books
- 4)Articles
- 5)Reports

**Data collection:**A Questionnaire was designedfor carrying out survey with the respondents.It was translated into their language. The questions were kept so simple so that they could give their responses.

Group discussions were carried out with groups of men and women. These discussions were conducted to understand more about the financial needs of the rural households.

Case study guide lines were also prepared. Case studies of men and women who had benefited from various sources of microfinance were taken. Their experience could be shared with and become a source of learning to other villagers.

Data Analysis: Qualitative information from households survey, group discussions and case studies were fully read, categorized and the major responses coming out were attempted to put a coded responses.

**Limitations:**

1. Because of the time, the study could not cover other legal and administrative aspects which govern the operation of microfinance programme
2. The most of the women borrowers selected for the study having education might not understand the questions of the study in the right context and thus creating a limitation for the study

**Conclusion:**

For the last two decades, Indian economy has been growing at a faster rate but all have not benefited by the excellent growth. But there are some restrictions to a certain groups of people. In this context, micro finance can help reduce the disparity and lead to a more equitable growth of the country. Microfinance Institution fulfills the diverse needs of poor group of people in terms of offering different products like Micro Credit, Micro saving, Micro Insurance and Micro Finance training both for personal & business loans. From over all analysis it can be noticed that there is significant impact of microfinance activities on improvement of the living standard of the family not only in economic term but also in social term. From this study conclusion can be drawn that there is a noticeable and positive impact of microfinance activities on the living standards, empowerment poverty alleviation among the poor people in the society.

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