

ABSTRACT

Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households.

Microfinance is recognised world-wide as the cost effective and sustainable way of outreach of the banking practice for the rural poor. In majority of cases, it is not the dearth of income but the financial indiscipline coupled with lack of financial awareness, financial literacy and access to financial services (Financial exclusion) which makes them dependent on microfinance and SHGs. SHGs were evolved as the potent tool for imparting financial inclusion across the rural masses. The SHG-Bank linkage programme initiated by NABARD in 1992 is the largest microcredit programme in the world. The participation in NHGs/SHGs has been instrumental in financial, personal, familial, social, legal and political and technological empowerment. The study is a fact finding enquiry on the role of Self Help Groups in the empowerment of rural poor in Kerala.

The data sources include both primary and secondary. The primary data were collected through depth interviews from 600 sample SHG members across the State (187 from Thiruvananthapuram, 216 from Ernakulam and 197 from Kozhikode) representing 120 sample SHGs from three different Regions. The secondary data were sourced from annual reports and publications of NABARD, RBI, Kudumbashree etc., books, journals, periodicals, dailies and also from World Wide Web. Primary data were collected during the year 2013-14. The perceptions of members towards empowerment indicators were measured using five point scaling method in between the 'pre' and 'present' SHG situations. The primary data were suitably classified and analysed using statistical tools like Repeated MANOVA, MANOVA, ANOVA, Percentages, Log linear method, Pearson Chi-square,

one sample t-test, paired t-test, independent t-test, Kruskal Wallis test, Mann Whitney-U test, Friedman's test, Exploratory Factor Analysis, Step-wise Multiple Regression etc. The study findings confirm drastic improvements in the empowerment levels of members due to association with SHGs.

The study has shown significant positive changes in the participation of weaker sections in the NHGs/SHGs of the State. Ninety three per cent of the respondent members belong to Kudumbashree and the remaining are NGOs. The socio-economic indicators have shown the domination of Hindus and OBC/OEC community in the SHGs of the State. Most of the members found to reside in own, permanent dwellings. Majority of the groups are medium-sized and the average group size in hills is comparatively low. There is a favourable change in the regular dependence on money lenders from 39 per cent to 12 per cent and the average rate of interest at present is 12 per cent only. The share of loans for basic life needs increased from 8 per cent to 19 per cent and there is seven-fold increase in the average amount of borrowings. Percentage-wise, the funds used for construction or repairs of house changed from 53 per cent to 48 per cent but still it is single largest in absolute terms. Investment in IGA has shown a significant decline from 22 per cent to 16 per cent, the most proximate reason is the shift in favour of MGNREGP. Through participation in SHGs, the total loans of members have witnessed a four fold increase.

Inspiration from Gramapanchayat member and success stories of predecessors are the major attractive forces in joining SHGs as evidenced by Friedman's test. MFIs follow the same tactics adopted by money lenders though they are corporate microfinance providers. The higher rates of interest have the effect of adding fuel to the fire to the already unattractive IGAs which are non-viable and un-profitable. In addition, the diversion of funds for unproductive activities aggravates the situation which defeats the purpose of microfinance.

Among the indicators of empowerment, the most prominent are Legal and political empowerment, Social empowerment and Personal empowerment. Percentage-wise, Financial empowerment is the fourth significant constituent of total empowerment. However, the impact on family is not much, especially

towards the freedom of movement. With regard to Technological empowerment, the SHG should act proactively. The Problems faced by entrepreneurial SHGs are compartmentalised under five heads, viz. Marketing Problems, Fund Management problems, Revenue Generation problems, Training Related problems and Problems in procurement of raw material. Among these, Marketing and Fund management problems found to have the highest impact. North found to have higher instances of raw material procurement problem, all other problems have uniform impact across regions. Majority of the groups are matured, linked and most of the leaders have secondary level of education only.

Among the problems faced by SHGs, fund raising and marketing are the prominent ones. Marketing problems are higher in Centre and lower in South but fund raising problem is severe in North and lower in Centre. The sustainability of SHGs as measured by Financial, Operational, Organisational and Mission sustainability which is significantly influenced by conduct of meetings, thrift accumulation, Profit sharing, penalties, SHG bank linkage, skill development and training, loan repayment habits of members and style of governance. The SHGs of the state are financially and organisationally sustainable but operationally not.

The operational sustainability cannot be achieved without viable, tenable and demand oriented production/service activities. Apart from adequate training it requires in-depth understanding about the local resources and needs of in and around communities, for which the service of some reliable consultancy is essential. The relevance of SHGs stands unquestioned so far poverty and its inequalities remain in the society. Undoubtedly, self help groups play a proactive role in empowerment and emancipation of rural poor through social capital formation by wiping out deeprooted inequalities in financial, social, political, legal and familial spheres.

Keywords: Poverty, Financial Discipline, Financial Exclusion, Financial Literacy, Financial Inclusion, Microfinance, Self Help Groups, Neighbourhood Groups, Empowerment, Sustainability.