



e-ISSN: 2319-8753 | p-ISSN: 2320-6710

# IJRSET

International Journal of Innovative Research in  
**SCIENCE | ENGINEERING | TECHNOLOGY**



# INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

**Volume 9, Issue 10, October 2020**

**ISSN** INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA

**Impact Factor: 7.512**



9940 572 462



6381 907 438



ijirset@gmail.com



www.ijirset.com

# Micro – Finance Through Self-Help Groups: an Evaluation ( A Case Study of North Bihar)

Dr. Shmbhavi Kumari

Director, Institute of Commerce Education, At- Basauli, Via- Keoty Runway, Dist.- Madhubani, Bihar, India

**ABSTRACT:** Financial inclusion is one way of empowering people to access social and economic justice. Among the various models, the SHG - Bank Linkage Programme (BLP) helped extensively to empower the poor, especially rural women, through providing savings and credit windows from banks. The programme is being expanded with a view to covering all eligible poor rural households, with a focus on resource-poor states, providing livelihood opportunities to SHG members and covering the areas which have not been reached. Efforts are being made to revive dormant SHGs and prevent the functional ones from disintegrating, through measures such as capacity-building and hand-holding support. Microfinance refers to financial services which is provided to poor people or unemployed or low-income individuals or groups especially for women to become self dependent. However microfinance is defined as the provision of financial services to low-income people for enabling them to raise their income levels and improve the standard of living. It is expected from microfinance to play a very vital role in removing the poverty and creating opportunity for employment. Initially, microfinance had a very few definition, the provision of financial services to poor entrepreneurs and small businesses lacking access to formal banking and related services. But today the definition of microfinance has changed.

**KEYWORDS:** Microfinance, SHG, Opportunity , Employment and Women.

## I. INTRODUCTION

Microfinance refers to financial services which is provided to poor people or unemployed or low-income individuals or groups especially for women to become self dependent. However microfinance is defined as the provision of financial services to low-income people for enabling them to raise their income levels and improve the standard of living. It is expected from microfinance to play a very vital role in removing the poverty and creating opportunity for employment. Initially, microfinance had a very few definition, the provision of financial services to poor entrepreneurs and small businesses lacking access to formal banking and related services. But today the definition of microfinance has changed. Today microfinance includes not only credit but also includes savings, insurance, payment services, fund transfer etc. the main aim of microfinance is to serve the poor people to come out of poverty and also to strengthen the women financially. Large-scale sectors provide microfinance in India, using a number of microfinance delivery methods. Since many banks in India, various actors have tried creatively to access financial services to the poor.

Microfinance is a concept that is assisting the poor especially women for the purpose of creating opportunities for economic development. In India, microfinance has done a very wonderful job for rural development, women empowerment and income generation by offering small savings, credit, insurance and other financial services to low income individuals. Thus, microfinance used as a means to empower the poor people especially rural women and also provides an important tool to help in the economic development process.

In India, concept of microfinance was launched in the nineties by National Bank of Agriculture and Rural Development (NABARD) to link the gap between demand and supply of funds in the lower steps of the Indian economy. NABARD has defined microfinance as “provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and to improve living standards” (Indira Mishra, 2003). National Credit Fund for Women or Rashtriya Mahila Kosh both are the national level microfinance apex organizations provide financial services to women in India, defines microfinance as a set of services consisting the following activities: (a) Micro Credit: small loan; mainly for income generation activities but also for livelihood purposes. (b) Micro Savings: small savings from borrowers’ own resources (Archana Sinha, 2004). Thus, microfinance refers to financial services of small quantity provided by financial institutions to the low-income person. These financial services include savings, credit, insurance, leasing, money-transfer etc. and financial services provided to customer to meet their normal financial needs with the only qualification criteria: transaction value is small and customers are poor.

### Study Area:

North Bihar is a poor region with a huge deficit in institutions providing credit. The poverty ratio in North Bihar is 42.56 per cent, which is very high in comparison to Pan India's poverty ratio of 26 per cent. The reasons cited for persistent poverty and backwardness in North Bihar is multi-fold. High rate of population growth, under investments in the key sectors of agriculture and education, heavy dependence on the agricultural sector for employment, non existence of agro-support industries, natural calamities like floods and above all poor political vision are some of the often cited factors. Women's condition in this region is even worse. NHDR shows that in 1991 around one in four women in rural Bihar were expected not to survive beyond the age of 40. Female literacy rate is also as low as 35 per cent, much lower than the national average (54%). There is a criticism that the state's efforts in the improvement of the status of women are not very significant.

## II. REVIEW OF LITERATURE

The survey of literature gives us extensive viewpoint of the different research studies made previously. The detail of such investigations throws light on the current work relating to a specific issue and clear approach to future investigations to be made in such manner.

**Nasir, Sibghatullah (2013)**, in his research paper concluded that there are so many lacunas in functioning of MFIs such as practices in credit delivery, customer duplications, high rate of interest, lack of product diversification etc. if the above lacunas will be removed from the MFIs, it would have positive result on the economy and also it can improve the standard of living of thousands of poor.

**Mishra et al. (2013)**, made an attempt first to examine the poor are ready to repay their loans at high rate of interest than commercial bank provided. Secondly it is also found that poor saves money and therefore microfinance should provide both savings and loans facility to poor people. At last it is concluded that microfinance can solve the problem of rural people and also remove the poverty from the society.

**Puhazhendi and Satyasai (2002)**, study observed noteworthy upgrades in the savings of SHG individuals amid post SHG circumstances. The programme additionally enhances the getting pattern of SHG member units regarding strengthening credit extending and acknowledges developing for SHG bank linkage model.

**Savitha, V. (2012)** analysed the role of SHGs in promoting women entrepreneurs in Mysore district of Karnataka. The primary data from twenty SHG have been collected by a survey for 160 respondents, whereas secondary data has collected from books, journals and annual reports. Percentage method was used to analyse the data. While selecting self- help groups the criteria adopted here is that the SHG should have a linkage with banks. The structured questionnaire was personally administered by direct contacts with members. Special care has been taken to avoid bias in their answers to various questions and encouraging them to answer queries. It was found that SHGs have served the cause of women empowerment through their own enterprise by getting support.

## III. RESEARCH METHODOLOGY

The study is carried out in rural areas of North Bihar. There are 19 districts which come under North Bihar out of which only 5 districts (Darbhanga, Madhubani, Sitamarhi, Seohar and Muzaffarpur) have been selected for the study purposes. Both primary and secondary data have been used in this study. Primary data is collected from a field survey in the study area. Secondary data is collected from different reports like- NGOs, NABARD, Bharat Microfinance, World Bank etc. Multi-stage sampling has been followed. Since there are large number of members that's why data has been collected randomly. 200 samples have been collected from different blocks of these districts of North Bihar.

## IV. RESULT AND DISCUSSIONS

### Role of Microfinance in the Development of SHG in North Bihar:

Role of microfinance in the development of SHG have been judged on the basis of economic empowerment. There are many indicators of economic empowerment to measure the role of microfinance for the empowerment of rural women. Some of them are as follow:

- **Level of Educational:** The level of education is one of the main indicators to measure the SHG Member. Out of total respondents, 100 (50%) respondents have never gone to school and they are not able to read or write

anything but some of them can sign only. So, large number of illiteracy is one of the main causes for the rural women.

- **Participation in Microfinance Programme:** Respondents were regularly participating in the meeting. Out of total respondents, only 10 (5%) respondents were not participating in the meeting on regular basis.
- **Creation of Assets:** Before joining microfinance programme 40 (20%) responder said that they have assets in their names and after joining microfinance programme 60 (30%) responder declared that they have assets in their names.
- **Participation of Rural Women in Household Decision Making:** Most of the rural women said that no significant change was examined in decision making after joining microfinance programme. Out of 200 respondents 80 (40. %) responder said that they have felt moderate change in decision making and 120 (60%) have felt no change in decision making and rest i.e. 10 (5%) have felt significant change in decision making.
- **Contribution of Women into Household Income:** After joining microfinance programme, the contribution of women into household income has changed but in very small percentage. Before joining of microfinance programme, the contribution of women into household income was 40%, which has increased to 38% the increase was only 3%.

To eliminate the gender discrimination and poverty alleviation, the government has introduced many schemes and programme for the development. SHG is one of such programme which has confirmed successful in fulfilling its objectives. After independence, the government of India decided to bring social change in the society to strengthen the rural women.

#### CURRENT STATUS OF MICROFINANCE IN SHG IN NORTH BIHAR:

Financial inclusion is one way of empowering people to access social and economic justice. Among the various models, the SHG - Bank Linkage Programme (BLP) helped extensively to empower the poor, especially rural women, through providing savings and credit windows from banks. The programme is being expanded with a view to covering all eligible poor rural households, with a focus on resource-poor states, providing livelihood opportunities to SHG members and covering the areas which have not been reached. Efforts are being made to revive dormant SHGs and prevent the functional ones from disintegrating, through measures such as capacity-building and hand-holding support.

**Table:1**  
**District wise Bank linkage in North Bihar**

DISTRICT	Target Credit linkage	Saving Bank Linkage	Credit linkage (sanction)		% Achiev
	No.	No.	No.	AMT.	
Araria	2642	126			0.00
Begusarai	3330	810			0.00
Darbhanga	2146	1511	1599	838	74.52
E. Champaran	4296	2506	1088	570	25.33
Gopalganj	3626	1306	303	159	8.36
Katihar	2806	1870	559	293	19.92
Khagaria	1758	830	1169	613	66.50
Kishanganj	2333	132		0	0.00
Madhepura	1745	388	657	344	37.65
Madhubani	3221	2991	3111	1631	96.60
Muzaffarpur	5467	3197	2640	1384	48.29
Purnea	3356	1614	4001	2098	119.24
Saharsa	1619	394	939	492	58.01
Samastipur	4665	2962	1003	526	21.50
Sheohar	496	120	0	0	0.00
Sitamarhi	2184	1651	844	443	38.64
Supaul	1638	607	947	497	57.81
Vaishali	2523	194	0	0	0.00
W. Champaran	42510	1903	684	359	16.09

Source: SLBC, Bihar



**Table: 2**  
**Bank wise Progress under self help group in north bihar as on 31.12.2019**  
**Rs. In Lakh**

Banks	Target Credit linkage	Saving Bank Linkage Done	Credit linkage (sanction)		% Achiev
	No.	No.	No.	AMT.	No
SBI	35441	13018	23701	42662	66.87
CBI	18893	5100	9512	16170	50.35
PNB	26738	2322	6548	11459	24.49
Can. Bank	7529	1593	3098	5267	41.15
Uco Bank	8704	3875	6894	10272	79.20
BOB	10283	3965	8166	14241	79.41
UBI	4467	244	558	558	12.49
BOI	12808	1715	6333	12096	49.45
All.Bank	9175	0	227	227	2.47
ANDHRA BANK	467	0	0	0	0.00
BOM	66	0	0	0	0.00
CORPO.BANK	695	0	0	0	0.00
INDIAN BANK	1730	560	1047	1466	60.52
IOB	1309	41	68	68	5.19
OBC	1075	0	0	0	0.00
SYNDICATE	1352	246	390	390	28.85
PSB	260	0	0	0	0.00
UBI	3443	0	299	299	8.68
IDBI	1531	124	139	139	8379
ICICI	850	1912	1765	1765	207.65
AXIS	1159	0	0	0	0.00
HDFC	1376	0	0	0	0.00
UBGB	49658	15411	34067	44287	68.60

Source: SLBC, Bihar

#### IMPACT OF MICROFINANCE ON SHG DEVELOPMENT:

Microfinance is a powerful means of alleviating poverty and empowering women in the new economy. There are two dimensions to the impact of microfinance. First of all, it generally facilitates SHGs members and increases their income, which helps to strengthen their livelihoods, increases self-confidence in the management of microfinance programs in India, microfinance is dominated by the SHGs and MFI Bank Linkage Program, which aims to provide an effective mechanism for providing financial services to the poor. Microfinance for poverty and women has become widely known as a strategy for poverty alleviation and economic empowerment. However, there is considerable gap for empowerment and alleviation of poverty, financing the needs of the real credit of the poor, especially women. Rural poverty can be reduced by launching an income generating program with a focus on micro-credit as the primary input for economic development. Microfinance is a powerful tool for innovative and hardworking micro entrepreneurs to start any small business. With the proceeds of these small businesses, micro-credit borrowers hope for a better quality of life, health care, education, nutrition and better future for their family. The per-capital income of North Bihar is uninterruptedly growing, but after 1990's the rate of per-capital income rises more because SHG provide money as a loan to the poor people for self-employment. By that poor people get employment, rises per-capita income and lift him from poverty line. On the basis of that observation it may be say that microfinance may be one of the factors to rise per-capital income and negative relation between per capital income and population under poverty line.

#### V. CONCLUSION

The study concluded that microfinance is playing a very important role of development of SHG in terms of social and psychological employment but not much in terms of economic empowerment of women. After analyzing the



different programmes and schemes introduced by government, it is found that there are so many programmes and schemes which is helping to rural poor women and marginalized section of the society to come out from poverty. Apart from this, the government or Different NGOs should focus on education of women as well as to organize various training programmes for the women. But still the support is needed to remove poverty and strengthen the hands of women. There are more than 358.15 Lakh people below the poverty line in North Bihar and microfinance activities can provide them with an opportunity to get out of poverty. Microfinance can be a solution to help expand their horizons and offer them social recognition and empowerment. The microfinance scheme has been found to be an effective means of raising the poor above the poverty line, enabling them to increase their employment opportunities and lend to them. In the present study found that microfinance is an essential factor for live a better life by rise per-capita income and reduce and lift up the population under poverty-line

#### REFERENCES

1. Mishra, S.; Mall, M. and Mishra, P.K. (2013). Micro Finance: A Tools for Poverty Alleviation, American International Journal of Research in Humanities, Arts and Social Sciences, pp. 236-238.
2. Nasir, Sibghatullah(2013). Micro finance in India: Contemporary Issues and Challenges, Middle – East Journal of Scientific Research, Vol. 15, Issue -2, pp. 191-199.
3. Puhazhendi, V. and Satyasai, K.J.S. (2002). Micro-finance for Rural People: An Impact Evaluation, NABARD, pp.152-154.
4. Savitha,V ,and Rajashekhar, H (2012) Role of Self Help Groups on the Development of Women Entrepreneurs--A Study of Mysore District, Karnataka State. International Journal of Research in commerce and Management 3.4: 77-80



**INNO**  **SPACE**  
SJIF Scientific Journal Impact Factor

**Impact Factor:**  
**7.512**

**ISSN** INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
**INDIA**



# INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

 **9940 572 462**  **6381 907 438**  **ijirset@gmail.com**



[www.ijirset.com](http://www.ijirset.com)

Scan to save the contact details