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WOMEN EMPOWERMENT: MICROFINANCE THROUGH SHGs

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ABSTRACT

The purpose of this paper is to examine the role of micro finance in the empowerment of people and the realization of financial inclusion in India. While there are reservations about the efficacy of MFIs in handling public money, their growth and achievements demand attention and appreciation. Today the MFIs want the government to empower them for mobilizing savings. With increasing demand for rural finance and the inadequacies of formal sources, the MFIs have immense opportunities in the new avatar of micro credit in India.

KEYWORDS: *MFIs, SHGs, Inclusive Growth, Financial Inclusion.*

Introduction

MFIs from thrift and credit institutions to capacity building and livelihood are sustaining associations of people. NGOs had played a commendable role in promoting self help groups linking them with banks. There is therefore, a need to evolve an incentive package which should motivate these NGOs to diversify into other backward areas. The overriding objective of nationalization was the taking of banking to the masses. The government envisaged that 40% of the total credit of the nationalized banks /commercial banks should be channelized to priority sectors (of which 18 percent was for agriculture and ten percent for weaker sections), groups or regions to support activities that were either considered to be socially beneficial or inherently risky and borrower groups that were likely to be marginalized in the credit markets, at lower rates of interest. This was an important step in the direction of asserting the developmental role of banks. These measures had a strong impact on the rural economy. The vast branch expansion of nationalized banks helped the people remotest areas to have access to financial services. According to Emerlson Moses, V.J.R., (2011), the growth and extension of rural credit displaced village money lenders to significant extent and led to modest increases in aggregate crop output sharp increases in the use of fertilizers and in investments in physical capital like tractors pump sets and animal stocks. A substantial positive effect is seen in non-farm employment and output also.

Literature Review

Joseph Massey (2010), said that, role of financial institutions in a developing country is vital in promoting financial inclusion. The efforts of the government to promote financial inclusion and deepening can be further enhanced by the pro-activeness on the part of capital market players including financial institutions. Financial institutions have a very crucial and a wider role to play in fostering financial inclusion. National and international forum have recognized this and efforts are seen on domestic and global levels to encourage the financial institutions to take up larger responsibilities in including the financially excluded lot.

From the article Impact of SHGs on Financial Inclusion-A Case Study in the District of Bankura. The author **Dr. Mnaiklal Adhikay, Supravat Bagli (2011)** used the methodology of multiple regression model for estimating the financial exclusion and a binary logic model for estimating the access to formal credit.

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