

A study on economical empowerment of women through self-help group and comparison of utilization of loan in Marathwada region

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ABSTRACT

Self-help Groups (SHGs) are playing a major role in rural India today. The group-based model of self-help is widely practised for rural development, poverty alleviation and empowerment of women. SHG banking, or linking banks and self-help groups, in India is the largest and fastest-growing microfinance programme in the developing world. This paper contributes by arguing that women empowerment takes place when women challenge the existing social norms and culture, to effectively improve their well being. It empirically validates this hypothesis by using quasi-experimental household sample data collected for eight districts in Marathwada region of Maharashtra State in India for 2007 and 2010. The results of the study strongly demonstrated that, there was significant improvement in utilization of loan borrowed from SHG for productive purpose. It was observed that the new members (less than three years) of SHG utilized loan for non-productive purpose and matured member (more than five year) utilized loan for productive purpose.

KEY WORDS : Self-help group, Microfinance, Microfinance Institution, Rural development

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In most of the developing countries today, more and more importance is laid on the need for development of women and their active involvement in the main stream of development process. It is also widely accepted that apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the fields to working in factories or running small and petty businesses. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important

and utmost necessary to make rural women empowered in taking decisions to enable them to be in the central part of any human development process. The empowerment of women also considered as an active process enabling women to realize their full identity and power in all spheres of life.

In recent years, governmental and non-governmental organizations in developing countries have introduced microfinance programmes offering financial services to low income households, particularly targeting women. This was based on the promise that women in deprived households are more likely to be credit constrained, and hence less able to undertake income-earning activities. Access to credit has received even greater attention in the context of poverty reduction and women's empowerment objectives. With the aim to meet the Millennium Development Goals and Microfinance programmes' role in supporting it, there has been an increasing expectation on their impact on women empowerment. However, only a few studies have effectively investigated this impact in a rigorous manner (Pitt *et al.*, 2006).

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