

“Developing Resources Mobilization Through Microfinance With Reference To Self Help Groups In Pune District, Maharashtra, India”

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ABSTRACT:

In India, strength of economy is depending on the growth of small and medium enterprises. If the small and medium businesses have the proper funding to run their businesses definitely the fund mobilization will happen. The tragedy of fund mobilization is identified by the Hon. Prime Minister of India Mr. Narendraji Modi and they have declared various programmes for developing small and medium enterprises. Fund mobilization will create positive changes in economy and it will create many opportunities strengthen the economy. The programmes like ESDP (Entrepreneurship Skill Development Programme), UA (Udyog Aadhar), PMEGP (Prime Minister Employment Generation Programme) etc. are the initiatives taken by the government under the Ministry of Micro, Small and Medium Enterprises.

Continuous fund mobilization helps to the country to generate income, employment and fulfillment of social needs as well as explores the resource mobilization ideas. Microfinance helps to generate savings and the savings can be utilized for the purpose of providing small loans or funds to create employment so that the stable income should be earned. This paper will focus on the structure of Microfinance model with reference to Self Help Group (SHG) tool.

Key Words: Microfinance, SHG, Fund, Economy, MSME, Business, Income, Employment etc.

Introduction:

Microfinance helps to increase the income generation capacity into the poor and lower income families. To develop economic status of the country it is very significant that the available resources must be mobilized in a proper way so that the functional aspects of the economy should be creative. The 5Ms (Man, Machine, Material, Money and Management) are the major resources of the economy. The functional aspects are depending on these.

SHGs a tool of microfinance is studied as the tool of poverty reductions. It plays an important role in mobilizing the available resources basically in the rural economy. Many self-help groups are doing group businesses so that they will earn sufficient income to provide basic facilities like education, food, shelter etc. to their families. Government had taken initiative to provide basic facilities like loans, market availability to the SHG members.

Stability of the economy is depend on various resources like production, demand for the products, supply of the products, income generation capacity, spending willpower of the customers, money supply of the country etc. But one thing is very crucial in this that is the resources mobilization. Unless and until resources are not fluctuated the economy will not be productive.

Microfinance aims at not only developing the resource mobilization but it aims at many objectives like social welfare, women empowerment, increasing income level of poor, poverty reduction, increasing employment opportunities etc.

Objectives:

- To study the aspects of SHGs as a tool of microfinance.
- To study the cases of SHGs in view of resource mobilization.

Research Methodology:

This is Conceptual research. Ten SHGs are selected randomly to finding out the result of the paper. Primary data collected through observations and discussion with SHG members and secondary data is collected by using websites, books and journals etc. Data analysis is done with explaining the situation observed.

Literature Review:

Microfinance:

Microfinance, as defined by the National Bank of Agriculture and Rural Development, India, is the “provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards” (Nanda, 1999). Further the relationship of income and employment is also stated with the help of microfinance.

The demand or need for micro finance comes from the lower income part of the society, who is without access to services provided by the government. In short, they are the poor. The effective micro financial services for the poor should entail mechanisms to turn savings into funds for a wide variety of uses. There has been a growing trend among MF practitioners that, in addition to credit, the poor need an entire range of financial services including savings, insurance, and fund transfers (Rutherford, 1999).

Contributions of Self-Help Groups:

The SHG is the popular form of microfinance tool in India. The contribution of SHGs in alleviating the poverty and strengthen the economy in all aspects is very good. So the SHGs are one of the best tool which helps to develop the economy. Apart from this the SHGs are used as a tool of empowering women.

An SHG is a group of individuals who, by free association, come together for a common collective purpose. The group is structured with known community. "Micro Finance through SHGs - A Boon for the Rural Poor" the article says that microfinance through SHG is become a weapon for the poor to fight against the poverty (Das, Rimjhim Mousami, 2004). The article further states that the SHGs are very effective in mobilizing the economic resources.

Government had many financial institutions which are providing micro credit to the SHGs for their development. NABARD is one of them. Many NGOs are started to guide and provide facilities to the SHGs.

The research held on topic "Impact of microfinance and self-help groups (SHG) on rural market development" analyses that the study conducted by NABARD revealed that financial services required by poor households are: safe-keeping of small surpluses in the form of thrift; access to consumption loans to meet emergency needs and financial services and products. The benefits in terms of higher income, consumption, and savings matter for the poor, the focus here is broader, as an attempt is made to assess some key dimensions of women's empowerment-defined broadly as expansion of freedom of choice and action to shape their own lives. Concluded with areas of future research emphasizing on review of literature on SHGs, the experiences of several leading NGOs involved in the formation of SHGs and interviews with chief executives and staff of other NGOs/projects promoting SHGs (Shinde K., 2014).

Resource Mobilization and Economic Empowerment:

Micro finance goes well beyond savings and loans. It also means access to social security, healthcare, housing, and even more fundamental needs such as employment and education. True economic empowerment means that one has the ability and opportunity to earn money, options for using that money, and mechanisms by which one can ensure that the money is used in the most useful manner possible. Murugaiah argues that without economic empowerment, the development of women is an empty promise. Plans, policies, legislations, and laws provide only the philosophical blueprint for directing the progress of the society. Translated into practical terms, these plans fructify only when women receive economic power in their hands. Operationally, women's empowerment calls for creating a political, economic, and social environment, which enables their equal access to and control over means that are critical for leading socio-economically productive and healthy lives (Murugaiah, K., 2002).

Data Analysis:

Data analysis is done on the basis of observations done while visiting the SHGs in Pune District.

Data analysis is done by using the following resources;

1. **Manpower**
2. **Money**
3. **Management of activities**
4. **Machine or Equipment Handling**
5. **Materials**

These are the most important resources which affects the microfinance activities. Microfinance is a broad tool but SHG is the small and effective source to mobilize the above resources. SHGs plays very important role in mobilization of the resources to increase the revenues for themselves and to contribute for the developing economy.

Ten groups are analyzed as under;

1. **Manpower:** Manpower is the first resource which is required to generate the funds, willpower to earn, to form a group, to decide the objective, to do the task with permission of everyone in the group and managing activities in the group. SHGs are formed basically in the low income category people. So they are all ready to do the collective task with collective responsibility. Manpower required performing the tasks. If the manpower is less, they have to depend on their individual performances. But while discussing with the group members they told clearly that group performance is always more than individual efforts.

2. **Money:** SHGs are collecting their monthly savings for financing their group business. Sometimes the group deposits their savings to the banks and they try to get the micro loans. Money is the second resource which is important to develop the economy. 'Money creates money' is a logical but it works. SHGs exactly using the same idea to generate money. SHGs are performing their group activities properly and maintain the financial rapport and apply for micro loans to the commercial banks. Banks sanction their loans and provide financial assistance to the SHGs. Using the finance in proper way SHGs try to earn income. The main benefit of the SHGs in the market is found that high frequency of loan repayment. It means money is no longer blocked.
3. **Management of Activities:** Government and NGOs are guiding SHGs for improve their economic performance. SHGs are also taking the assistance of others to managing their activities of business. Small businesses will help them to earn money. SHGs have to manage their funds, manpower, materials, equipment and Marketing as well. Selling their products is also a difficult task.
4. **Machine or equipment handling:** SHGs required some equipment to run their business. They have to handle it properly to produce their products. Loans are taken to acquire the assets. SHG members must have the technical skill to handle the equipment. NGO and government organize some campaigns to train the SHG members. Equipment buying mobilizes the funds.
5. **Material:** It includes the two types of materials viz. Raw Material and Finished Products. SHGs require raw materials to produce finished product. Once the availability of raw materials is assured SHGs use the own manpower, money, management and machinery to produce the finished products. The selling and marketing of the finished product activity is also handled by the group members itself. This resource is also important to activate the market potential into the employment to revenues.

Resources Mobilization: Overall the microfinance is one of the best tools to recognize the market potential and mobilize the resources. SHGs are helping out to drive the economy towards various objectives of the economy like increasing employment, alleviation of poverty, loan availability for lower income groups, higher frequency of manpower and income generation etc.

Findings:

- Government had taken many initiatives to provide the assistance to the SHGs. Many MSME projects are offered to the SHGs to do and increase the income level.
- It was found that the resources mobilization creates some positivity in the market. The low income or poor can be surviving through the SHG programme.
- Economy can be developed through the microfinance because the frequency of the resources can be increased if the micro loans are provided to the SHGs.
- Employment generation is the primary task found while studying SHGs.
- Economic stability should be observed when the continuous fund mobilization should happen.
- Communication gap is observed in to the SHGs, NGOs and Government. The financial assistance is given but after that group working is not observed by the NGOs and government properly.
- Government initiative that is 'Prime Minister Employment Generation Programme' is the latest programme to improve economic performance through microfinance.

Conclusion:

Contribution of SHGs is great in the Indian economy. The empowerment of women and poor people will definitely help to improve their income and live better life. Fund mobilization helps to create positive approach in the economy; considering NGOs and Government initiative. The SHGs creates confidence to mobilize funds and ultimately the resources.

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