



FINANCIAL MANAGEMENT THROUGH NATIONAL RURAL LIVELIHOOD MISSION: A STUDY OF WOMEN SELF-HELP GROUP MEMBERS

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Abstract

The National Rural Livelihood Mission (NRLM) is a pivotal initiative in India's quest to alleviate poverty and empower rural communities, particularly women, by promoting Self-Help Groups (SHGs). This study delves into the impact of NRLM on the sustainable financial management of women SHG members in the Nagaon district of Assam. The primary objective is to analyze the extent to which NRLM has influenced the financial management practices of women within SHGs focusing on sustainability. Through a mixed-methods approach with surveys, interviews and qualitative analysis, the research aims to assess various facets of financial management, including training on financial management skills, sources of finance, uses of finance by beneficiaries and the impact of finance on beneficiaries. The result of the study exhibits that NRLM positively influenced women in financial management and their socio-economic empowerment. By elucidating the results from the study on women SHG members in the Nagaon district, this research will contribute valuable insights for policymakers, practitioners and stakeholders striving to enhance the effectiveness and sustainability

of NRLM interventions in fostering inclusive economic growth and empowerment at the grassroots level.

Keywords: National Rural Livelihood Mission, Finance, Women, Empowerment.

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1. Introduction

Women constitute half of the total population in India. The livelihood of most of them is dependent on men. Hence, women are partly primitive in the social and economic aspects of life. Access to finance and its proper utilization by women could bring a drastic change in the lives of women and help in the growth of the economy. The 12th Five-Year Plan also insists on women's direct participation in the development of the nation. The economic contribution of women accelerates economic growth and increases their decision-making ability (Bordoloi and Limbu, 2015). To empower women and eradicate rural poverty the Government of India launched a flagship programme by restructuring the Swarna Jayanti Grameen Swarozgar Yojana called the National Rural Livelihood Mission in June 2011. The mission was renamed again in March 2016 as Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM).

The goal of the NRLM is “poverty elimination through organizing and building strong institutions of poor (women), enabling them to access financial resources at affordable terms and to have a portfolio of sustainable livelihoods.” The mission sets the target of coverage of all 8-10 crore rural poor households by 2024-25. The strategy adopted to reach all villages, gram panchayats, blocks, districts, states and union territories is to organize women in Self-Help groups and their federations into village organizations and cluster-level federations. Self-help groups are assumed to be effective grassroots institutions to bring women into a place and economically empower them. These women’s SHG groups would link with banks. The mission attempts to make the SHGs financially and socially viable. Thus, the mission ensures financial support to SHGs at affordable terms and rates, i.e., a) Revolving Fund (a minimum of Rs. 10,000 to a maximum of Rs. 15,000 as corpus): to build institutional and financial management capacity and a good credit history. The SHGs have completed the existence of 3/6 months and follow the panchasutra (regular meetings, regular savings, regular internal lending, regular

recoveries, and proper maintenance of books of accounts). b) Community Investment Support Fund (CIF): SHGs in the intensive blocks availed CIF support through their federations like village-level or cluster-level federations. Federations used the Community Investment Fund to advance loans to the SHGs. The objective of this supports that SHGs should start socio-economic activities collectively. c) Bank loan: SHGs linked with banks to avail of bank loans. SHGs can access bank loans to give diversification to their livelihoods. The mission has a provision of Interest subvention on loans that are accessed by SHGs to pay for the variation between the lending rate of the banks and 7 percent. The mission is implemented in the states with the help of the respective State Rural Livelihood Mission (SRLM). In the states, at the district level District Mission Management Unit (DMMU) and the block level Block Mission Management Unit (BMMU) at block level implement the components of NRLM. This centrally sponsored program is jointly funded by central and state governments. In Assam, the Assam State Rural Livelihood Mission (ASRLM) implements the components of DAY-NRLM.

2. Review of Literature

Gupta et al. (2013) analyzed the economic empowerment of rural women, emphasizing the pivotal role of Self-Help Groups (SHGs) in this process. The formation of SHGs has been instrumental in providing rural women with access to micro-credit, enabling them to launch micro-enterprises. Participation in SHGs has also allowed women to engage in both individual and group-based income-generating activities. As a result, there has been a noticeable improvement in their income levels and a significant enhancement in their decision-making power. **Mishra (2014)** explored government initiatives aimed at poverty alleviation, placing particular emphasis on the National Rural Livelihoods Mission (NRLM), which was introduced to ensure inclusive development. A key focus of NRLM is the social mobilization of women through the establishment of Self-Help Groups (SHGs). The research also outlined several core components of the scheme, such as SHG grading, financial support mechanisms, credit linkages, capacity-building through training in Micro Investment Plan (MIP) preparation and the overall financial integration of the rural poor facilitated by NRLM. **Rajpal & Agarwal (2015)** revealed that Self-Help Groups (SHGs) have been instrumental in cultivating a savings culture among rural women. By pooling their savings into group funds (*Sanchaya*), members become eligible for bank loans proportionate to their deposits. These financial resources have enabled women to launch a variety of livelihood activities, leading to a meaningful increase in

their contribution to overall family income. However, the progress of women SHGs in the study area is hindered by several obstacles, including inadequate access to essential inputs, weak infrastructure, limited financial and marketing support and uncooperative attitudes from some bank officials. These challenges pose significant barriers to the sustained growth and effectiveness of SHGs. **Succena (2016)** examined various government initiatives aimed at advancing financial inclusion among the rural poor. The study provided an overview of schemes such as the Swarnjayanti Gram Swarozgar Yojana (SGSY) and its restructured form, the National Rural Livelihoods Mission (NRLM), as well as the Pradhan Mantri Jan Dhan Yojana (PMJDY). It also highlighted the significant role played by NABARD in promoting savings and facilitating credit linkages between Self-Help Groups (SHGs) and formal banking institutions. According to the findings, the SHG-bank linkage program stands out as a sustainable and effective approach to extending financial services to marginalized rural communities. **Soni and Sarangdevot (2018)** found that women's association with Self-Help Groups (SHGs) led to a noticeable enhancement in their social status. The SHG-bank linkage emerged as a valuable opportunity for women, enabling them to access financial resources and build confidence. Participation in SHGs helped women cultivate their capabilities, step into public roles, take part in decision-making, and gain greater control over household and community resources. The study concluded that SHG membership played a vital role in promoting women's socio-economic development, thereby strengthening their position in society. **Alom (2018)** observed that following the introduction of NRLM, members of self-help groups (SHGs) began engaging in new income-earning pursuits such as poultry farming, dairy cattle rearing and running small retail ventures. They accessed small-scale loans and effectively utilized these funds to initiate and sustain their enterprises. As a result, these women saw a noticeable rise in their income levels, which in turn elevated their status within their families and communities. Ultimately, the study concluded that NRLM had a meaningful empowering impact on rural women in the region.

3. Research Gap

Effective management of funds by women is essential from a different point of view. Such as for timely repayment of principal and interest, use of funds in income-generating activities, repayment of old debts, etc. Much research has been done on the impact of the National Rural Livelihood Mission on women's empowerment. The above literature shows the

economic status of women before and after joining SHG in the paths of life and society. However, any study that concentrates on the attainment of financial management skills of SHG members, their access to different sources of funds, and the impact of proper management of funds on women has not been found. Therefore, the present study will attempt to know the impact of NRLM on the financial management of women SHG members.

3.1 Statement of the Problem

Women perform ample activities inside and outside the home. However, most of their activities did not get economic recognition. Control over funds or money helps women to take part in the decision-making process. To empower rural women Government of India introduced the National Rural Livelihood Mission. The mission organized rural women into self-help groups and other higher-order forms. The mission aims to provide these poor women with formal sources of finance and train them in financial management. This will help the women to be independent economically and place them in a better position in society. Therefore the present study, “Impact of National Rural Livelihood Mission on Financial Management of Women Self-Help Group Members,” will study the level of acquisition of women SHG members in financial management training, finance source access, and the impact of financial management on the economic and social life of women.

3.2 Objectives of the Study

The study aims to analyze the National Rural Livelihood Mission’s impact on the financial management of women’s self-help group members in the Nagaon district of Assam

3.3 Research Questions

To reach the laid objectives, the following research questions were formulated:

- What is the level of attainment of women SHG members in training on financial management skills?
- What are the kinds of finance sources accessed by SHGs?
- What is the impact of financial management on the livelihood of beneficiaries?

4. Research Methodology

The research is descriptive and analytical. The study was conducted in the Nagaon district of Assam. As per the 2011 census, the highest number of people in the Nagaon district of Assam live in rural areas. A sample of 250 SHGs from community development blocks in the district and one member from each SHG was selected randomly. Hence total sample size is

250. Primary data were collected through a questionnaire using a five-point Rensis Likert scale. The reliability of the questionnaire was tested through Cronbach's alpha test. It shows a high reliability of the questionnaire by showing a reliability score of 0.917. Frequency, percentage, mean, chi-square tests, and correlation were applied to analyze the data.

4.1 Data Analysis and Interpretation

The data collected for the study are presented below:

Table 1
Demographic Profile of Respondents

The Age of the Respondents	Frequency	Percent
18 to 25 years	61	24.4
26 to 34 years	119	47.6
34 above	70	28.0
Total	250	100.0
Education of the Respondents	Frequency	Percent
Up to 9th	62	24.8
10th passed	106	42.4
12th passed	69	27.6
Graduate	10	4.0
Post Graduate	3	1.2
Total	250	100.0
Caste of the Respondents	Frequency	Percent
General	122	48.8
OBC	86	34.4
SC	24	9.6
ST	18	7.2
Total	250	100.0
Marital Status of Respondents	Frequency	Percent
Married	191	76.4
Unmarried	45	18.0
Widow	11	4.4
Divorced	3	1.2
Total	250	100.0

Source: Field survey

Table 1 reveals the demographic profile of the respondents. In the case of the age of the respondents, 47.6% of respondents are between the ages of 26 to 34 years, 28% of respondents are above 34 years and 24.4% of respondents are between 18 to 25 years. In the case of education, 42.4% of respondents have passed the education of 10th passed, 27.6% of respondents have passed the 12th passed, 24.8% of respondents have education up to 9th

standard, 4 % of respondents have an educational qualification of Graduation and 1.2% of respondents have educational qualification of Post-Graduation. The table reveals that the majority of respondents are from the General caste, i.e., 48.8%, followed by 34.4% of respondents who are Other Backward Class, 9.6% of respondents who are Schedule Caste and 7.2% of respondents who are Schedule Tribe. In regards to marital status, it is evident from the table that the majority (76.4%) of respondents are married, followed by 18% of respondents are unmarried, 4.4% of respondents are Widows and 1.2% of respondents are divorced.

Table 2
Level of Attainment on Financial Management Skills (N=250)

SI.	Statements	Frequency (percent)				
		Very High	High	Moderate	Low	Very Low
1	Increase awareness of savings and capital generation.	62 (24.8)	116 (46.4)	39 (15.6)	31 (12.4)	2 (.8)
2	Increase awareness of formal sources of finance.	58 (23.2)	135 (54.0)	31 (12.4)	17 (6.8)	9 (3.6)
3	Increase the ability to prepare a micro credit plan.	65 (26.0)	103 (41.2)	44 (17.6)	34 (13.6)	4 (1.6)
4	Build confidence to take a loan.	70 (28)	104 (41.6)	55 (22)	19 (7.6)	2 (.8)

Source: *Field survey*

Table 2 discloses the level of attainment of financial management skills of respondents. In the case of Statement 1 “ Increase awareness of savings and capital generation” 46.4% of respondents agreed their level of attainment is high, 24.8% of respondents have a very high level of attainment, 15.6% of respondents have a moderate level of attainment, 12.4% of respondents have a low level of attainment and .8% of respondents have a very low level of attainment. In Statement 2 “ Increase awareness of formal sources of finance” 54% of respondents have a level of attainment high followed by 23.2% of respondents with very high, 12.4% of respondents have a moderate level, 6.8% of respondents have low and 3.6% of respondents have a very low level of attainment. In statement 3 “ Increase the ability to prepare a micro credit plan” the majority of respondents 41% of respondents agreed their level of attainment is high, 26% of respondents had very high, 17.6% had a moderate level, 13.6% had low and 1.6% of respondents level of attainment is very low. In statement 4 “Build Confidence

to take a loan ” a majority of 41.6% of respondents agree that they gain high confidence to take a loan from SHG, followed by 28% of respondents with very high, 22% of respondents with moderate level, 7.6% of respondents with low and .8% with very low.

Table 3
Finance Source Accessed by SHGs

Statement	Frequency (Percent)(N=250)		Valid Percent
	Yes	No	
Received Revolving Fund	250 (100)	00.00	100
Received Community Investment Fund.	193 (77.2)	57(22.8)	100
Access to loan from SHG federations	191 (76.4)	59 (23.6)	100
Access to bank loan	210 (84)	40 (16)	100

Source: *Field survey*

Table 3 highlights finance provisions accessed by sample SHGs. All sample SHGs (100%) obtained Revolving Fund (R.F.), followed by 77.2% of SHGs obtained Community Investment Fund (C.I.F.). 76.4% of SHGs have taken loans from the SHG Federation and 84% of SHGs have access to bank loans.

Table 4
Impact of Financial Management on SHG members

Descriptive Summary					
Items	Mean	Std. Deviation	Chi-square value	Asymptotic significance (2 sided)	Sig./N.S.
Able to take loan I*	3.88	.931	6.709	.568	Sig.
Able to start income-generating activities II*	3.96	1.046	5.449	.709	Sig.

Increase income III*	4.04	1.052	6.286	.615	Sig.
Increase savings IV*	4.04	1.050	7.191	.516	Sig.
Repay principal and interest in time V*	3.72	1.084	7.030	.318	Sig.
Help in repayment of old debt VI*	4.01	1.034	9.997	.265	Sig.
Help in fulfilment of basic needs VII*	3.92	1.089	5.685	.682	Sig.
Helps to acquire new assets VIII*	3.89	1.072	7.383	.496	Sig.
Helps in mitigating the shortage of fund IX*	3.67	1.185	8.205	.414	Sig.
Increase capacity on financial decision-making X*	3.98	1.016	5.699	.681	Sig.
N	250				

*Age of the respondents

Sig: Significant, N.S: Not Significant

Source: Field survey

Table 4 discloses the significant values of the Chi-Square test and Mean Values of the respondents' opinions for various statements under the head impact of financial management. The significant value of Pearson chi-square (6.709) is .568 for the statement I "Able to take loan" which is more than .05. Therefore, we can say that age wise no difference in the ability to take a bank loan. The mean value for this statement is 3.88 which indicates that financial management skills create the ability to take loans among the respondents. Similarly, the significant -value of Pearson chi-square (5.449) is .709 for statement II "Able to start income generating activities", hence there are no age-wise differences in the ability to start income generating activities. The mean value for this statement is 3.96 which indicates that financial

management skills create the ability to start income-generating activities among respondents. The significant value of Pearson chi-square (6.286) is .615 for statement III “ Increase income”, and hence there are age wise no age-wise difference in increased income. The mean value for this statement is 4.04 which indicates financial management skills help in increasing the income of respondents. The significant value of Pearson chi-square (7.191) is .516 value for statement IV “Increase savings”, and hence there are no age-wise difference in increased savings. The mean value for this statement is 4.04 which indicates the increase of savings of respondents. Similarly, the significant- value of Pearson chi-square (7.030) is .318 for the statement V “repay principal and interest in time” and hence there are age wise no difference in repaying principal and interest in time. The mean value for the statement is 3.72 which shows the respondent’s ability to repay principal and interest in time.

The significant value of Pearson chi-square (9.997) is .265 for statement VI “Help in repayment of old debt” and hence there are no age-wise differences in repayment of old debt. The mean value for the statement is 4.01 shows the respondent's ability to repay old debt. Similarly, the significant value of Pearson chi-square (5.685) is .682 for statement VII “Help in fulfilment of basic needs”, and hence there are no age-wise differences in the fulfilment of basic needs. The mean value for the statement is 3.92 shows the respondent's ability to fulfill basic needs. The significant value of Pearson chi-square (7.383) is .496 for statement VIII “Helps to acquire new assets”, and hence there is no difference in acquiring new assets. The mean value for the statement is 3.89 shows the respondent's ability to acquire new assets. The significant value of Pearson chi-square (8.205) is .414 for statement IX “Helps in mitigating the shortage of funds”, and hence there are no age-wise differences in mitigating the shortage of funds. The mean value for the statement is 3.67 showing the respondent’s ability to mitigate the shortage of funds. The significant value of Pearson chi-square (5.699) is .681 for the statement X “Increase capacity on financial decision making” and hence there is no difference in capacity on financial decision making. The mean value for the statement is 3.98, which shows the respondent's financial decision-making capacity.

Table 5
Correlations of Financial Management Skills and Socio-economic Empowerment.

Correlations			
		LFS	IFP
Level of attainment in financial management skills (LFS)	Pearson Correlation	1	.045
	Sig. (2-tailed)		.484
	N	250	250
Impact of the practice of financial management skills(IFP)	Pearson Correlation	.045	1
	Sig. (2-tailed)	.484	
	N	250	250

Source: *Field survey*

Table 5 shows the correlation of different variables. The table shows financial management skills acquired by respondents (the average mean was calculated from 4 statements) and the socio-economic development of respondents (the average mean was calculated from 10 statements) has a positive correlation with $r=.045$.

4.2 Summary of Findings of the Study

The study was designed to find out the impact of financial management skills on women SHG members in the Nagaon district of Assam. This becomes prominent because rural women lack financial management skills and lack of access to formal financial resources. This causes them to be put in an underprivileged section of society. The intervention of NRLM (ASRLM) helps these women develop sustainable financial management skills toward sustainable livelihoods.

After the analysis of the data collected, the following findings are summarized:

- Training on financial management has a positive impact on women SHG members by creating awareness among them on savings and capital generation and formal finance sources.
- It creates the ability among the SHG members to prepare micro-credit plans and to access formal sources of finance.
- SHGs under NRLM have availed different formal sources of finance like Revolving funds, Community investment funds, Loans from the SHG federation, and bank loans.

- The financial management skills have a positive impact on the socio-economic advancement of SHG members. It enables them to access loans and start new livelihood activities.
- From livelihood activity they can generate and increase income. They manage their income by savings, timely repaying principal and interest on loans, and repaying old debts.
- Moreover it helps them to fulfil basic needs, acquire new assets, mitigate the shortage of funds in the family, and increase the financial decision-making capacity of members of the family.
- Finally, financial management skills positively impact the social and economic life of the respondents.

4.3 Managerial Implications of the Study

The study focuses on the impact of the National Rural Livelihood Mission on the financial management of women's Self-help Group members. This helps women's socio-economic empowerment. The important implication of the study women's participation and practice in financial management developed their status post-SHG period. In this regard, more training on financial management including other aspects like digital payments, access to investment avenues other than traditional, etc, needs to be imparted. The economic activities of women, their capital generation, and management of funds need to be monitored regularly by concerned authorities. Some financial management practice manuals in their convenience mode need to be supplied as the education level of most of these rural poor is minimal.

From the study, it can be said that NRLM with fund provision and training improved the living standard of the rural poor. NRLM should try to enhance the financial performance of the SHG members through continuous awareness, and technical and other support.

5. Conclusion

The self-help group is considered an effective platform to advance the poor, especially women. SHGs provide a way for women to discuss their lives and livelihoods. India's National Rural Livelihood Mission, since its inception kept its attention on bringing the rural poor into the mainstream. Hence, emphasize having strong grassroots institutions for them, i.e., the formation of self-help groups. The mission with the help of community resource persons or through program implementation agencies trained women in different aspects of life.

Financial management by these women is an important aspects that fall under the training category. The present study shows that post-SHG membership helps women to be aware of savings and capital generation, a formal source of finance, capable of preparing micro-credit plans, and confidence to take loans for livelihood activities, after training and on fulfillment of certain conditions SHGs get finance assistance under the mission like revolving fund and community investment fund etc. Linking SHGs with banks ensures their bank loan. The study revealed the financial management practice of women SHG members significantly contributes to their economic and social development. SHG members become able to access formal sources of finance and their utilization in income-generating activities. Members savings-income increased. They can repay principal and interest in time. They acquire new assets and basic needs are fulfilled, get relief from previous debt, able to manage deficiency of cash, and decision-making capacity on financial matters are also increased. Therefore the present study concluded that the implementation of the National Rural Livelihood Mission (In Assam, Assam State Rural Livelihood Mission) in the study area builds the capacity of women in financial management and financial management practice adopted by women to help their socio-economic Empowerment.

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