

IMPACT OF MICROFINANCE ON WOMEN EMPOWERMENT THROUGH SELF HELP GROUP

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ABSTRACT

Microfinance as a tool for empowerment of women and the enlistment of the poor has gained credence in development dialogue, the world over. Reaching women in remote rural areas and creating a legitimate organizational space where women can meet and function as a collective unit which has been recognized as a development of significant potential for challenging the social and economic isolation of women.¹ Self Help Groups are the voluntary organisations, which disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. Formation of Self Help Groups of women in India has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these Self Help Groups are enabled to involve in a range of areas such as health, sanitation, nutrition, agriculture, forestry and the like besides income generation activities availing micro credit.

Keywords: Self Help Group, Microfinance, Women Empowerment.

I. INTRODUCTION

In India, various guesstimates of poverty so far reveal that, majority of the poor inhabit in rural and urban areas are either self employed or are working in non organised manufacturing or service sectors of the economy. Incidence of poverty has been falling in periods of good agricultural performance. Diminution in absolute and relative poverty is possible only through equitable growth. Growth cannot be sustained without poverty reduction. In order to hastened the reduction of poverty; several programmes are put into operation by the government of India of which few involve bank credit as an input.

The genesis of microfinance lies in simple ideas like thrift and savings, group cohesiveness and group lending which have made it possible to provide previously thought as 'unbankable'. But behind these simple ideas are a set of complicated partnership, relationship, trade-off and remarkable breadth of issues in providing financial service to the poor. These are thousands of non-governmental organisations (NGOs)² in the country working actively in the formation, nurturing and stabilization of Self Help Groups (SHG), the important vehicles of

¹ <http://www.nabard.org/roles/microfinance>.

² <http://www.indisnngod.com/ngosection/newcomers/shg.htm>.

microfinance movement, enabling them to be linked to the bank finance. Simultaneously new types of microfinance institutions (MFIs) other than banks have also emerged.

II. REVIEW OF LITERATURE

The National Institute of Bank Management (NIBM), (2001)³ in its report “Maharashtra Rural Credit Project (MRCP)”, has reported that SHG in four Districts of Maharashtra Rural Credit Project (MRCP). The study observed that 69 percent of the groups were of the size 11-20, 50 percent of the members were illiterate. The study further observed that 55 percent of the office bearers have at least a secondary level of education. The study revealed that the average savings of the SHGs in MRCP was Rs.24/- per month of a member. The rate was more for new groups than for the old groups. The study also find that the average amount of saving mobilized amounted to Rs.10,658 per group and that the SHGs in MRCP had started lending that own thrift from the eighth month of their formations.

Dr. Ashwin Modi, (2014)⁴ in his paper “Impact of Microfinance Services on Rural Women Empowerment: An Empirical Study”, has found that his study may be useful to microfinance institutions to strengthen and expand their support to rural poor women. Microfinance institutions should conduct usual meeting with the beneficiaries to make them aware about the use of loan in proper business. Govt. and NGOs, on the basis of the study findings, may formulate its policy to empower rural women socially and economically. Based on the above conclusions, the following recommendations are suggested: 1. Microfinance institutions should try to extend more credit facilities to clients to expand their businesses since the study results confirmed that microfinance had a positive impact in empowering rural women. 2. Microfinance institutions should provide training programs to rural women to improve women’s entrepreneurial skill and reduce the problems which hinder their access to microfinance. 3. Govt. should grant tax exemptions and other incentives to the organizations which seek to extend credit facilities to rural women as a way of encouraging them to run small scale business.

III. STATEMENT OF THE PROBLEM

The most significant social objective of the SHGs is to help the poor. In recent years, it has been the success of thrift and credit based SHGs. The query is, whether all the poor are benefited? What are the practical problems of unemployment faced by rural people? Have the financial position of the beneficiaries has been improved? Whether they are really empowered? What are the efforts made to study the problems and to identify the strategy that may be applied to reinforce the SHGs? In this study, the researcher has identified the various problems regarding the availability of group loans and other loans as well as problems regarding bank procedure. The researcher also identifies the prospects, savings, group activities, problems faced by the women beneficiaries and their empowerment level.

³National Institute of Bank Management (NIBM), “Maharashtra Rural Credit Project (MRCP)”, Indian Journal of Agricultural Economics, Vol. 56, No.3, July-Sep. 2011, p. 400-402.

⁴ Dr. Ashwin Modi, G., “Impact of Microfinance Services on Rural Women Empowerment: An Empirical Study”, IOSR Journal of Business and Management (IOSR-JBM), Volume 16, Issue 11.Ver. III, Nov. 2014, pp. 68-75.

IV. OBJECTIVES OF THE STUDY

1. To identify the role of self help group through microfinancing for the development of women.
2. To evaluate the year of experience, preference for joining in self help group through various analysis.
3. To provide suitable suggestions for the development of self help group.

V. METHODOLOGY

Both primary and secondary data were collected for the study.

The samples were collected from Tuticorin district. Among, 321 self help groups 370 sample beneficiaries were selected for the study.

Analysis of Variance and Garrett ranking are used for the analysis purpose.

VI. HYPOTHESIS

H_0 : There is no difference between years of experience and the level of empowerment.

VII. DATA ANALYSIS AND INTERPRETATION

7.1 Year of Experience and Level of Empowerment - Anova

To analyse the level of empowerment attained after getting micro finance through SHG with their year of experience and to compare the group mean, it is essential to analyse the descriptive statistics. The descriptive statistics details are presented in the Table 1.

Table 1
Year of Experience and Level of Empowerment

Level of Empowerment				
Particulars	No. of Beneficiaries	Mean	Standard deviation	Standard Error
Less than 3 years	35	2.1429	.60112	.10161
3 to 6 years	87	2.0230	.64658	.06932
6 to 9 years	96	2.0208	.59788	.06102
Above 9 years	152	2.0987	.53685	.04354
Total	370	2.0649	.58538	.03043

Source: Computed Data

From Table 1 it is exhibited that, the mean value of less than 3 years experienced beneficiaries of SHG is 2.14; 3 to 6 years experience of beneficiaries is 2.02; 6 to 9 years respondents is 2.02 and above 9 years respondents having 2.09 as mean value. Nearly, all mean scores are proportionately equal. In order to compare the group mean, the variance test has been conducted. For that purpose one way has been used by the researcher to analyse the relationship between years of experience and level of empowerment.

The results of levene test of homogeneity of variance are presented in Table 2 and the ANOVA result is shown in Table 3.

Table 2
Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig
Level of Empowerment	0.723	3	366	0.539

Source: Computed Data

Table 2 shows that, the p(sig.) value of 0.539 is more than the critical value of 0.05. (0.539 > 0.05). Therefore, the researcher concluded that, the levene test for homogeneity of variance is not significant.

The following hypothesis has been framed to test the relationship between the years of experience and the level of empowerment. The hypothesis that,

H₀: There is no difference between the years of experience and the level of empowerment of beneficiaries.

H₁: There is difference between the years of experience and the level of empowerment of beneficiaries.

Table 3
ANOVA Result

Years of Experience and Level of Empowerment					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	0.725	3	.242	.704	.550
Within Groups	125.718	366	.343		
Total	126.443	369			

Source: Computed Data

Table 3 clears that, the calculated F value is 0.704 and it is significant at 0.550, which is more than the critical value of 0.05 (0.550>0.05). Therefore, the null hypothesis framed by the researcher has been accepted. Hence, it is concluded that years of experience does not influence the level of empowerment.

7.2 Preference for Joining in SHG

People join in SHGs for some obvious reasons. Among various reasons, what their preference to join in the group is vital.

In order to test the reason for join in Self Help Group, the researcher has used the Garret ranking technique.

7.2.1 Application of Garrett's ranking

The women beneficiaries in Self help group were asked to rank the preference to join in self help group.

In the Garrett's Ranking Technique, the present position is calculated by using the following formula.

$$Percent = \frac{100 (R_{ij} - 0.5)}{N_j} \text{Where,}$$

R_{ij} = Rank given for the ith variable by the jth respondents

N_j = Number of variable ranked by jth respondents

By using the above formula, the table value has been were calculated as follows

The calculated value and the garret value are explained in Table 4.

Table 4
Percentage Position and Garrett Value

Rank	Position	Calculated Value	Garrett's Value
1	$100(1-0.5)/9$	5.56	81
2	$100(2-0.5)/9$	16.67	69
3	$100(3-0.5)/9$	27.78	62
4	$100(4-0.5)/9$	38.89	56
5	$100(5-0.5)/9$	50	50
6	$100(6-0.5)/9$	61.11	44
7	$100(7-0.5)/9$	72.22	38
8	$100(8-0.5)/9$	83.33	31
9	$100(9-0.5)/9$	94.44	19

Source: Computed Data

Table 4 reveals that, the calculated value and garrett's value are obtained by formula. Garrett values are used for calculating garrett's scores. The garrett scores and garrett rank are displayed in Table 5.

7.2.2 Scores of Garrett's Ranking Technique

Table 5 shows the working of Garrett's Ranking Technique.

Table 5
Garrett Ranking to Factors

S.No.	Particulars	Ranks									Scores	Average Score	Rank
		1	2	3	4	5	6	7	8	9			
1	Improve social status	1620	4071	1984	728	700	2288	5016	372	684	17463	47.20	8
2	Self confidence	1053	6348	3162	4256	1200	616	798	1240	741	19414	52.47	4
3	Promote saving habit	6399	2346	4340	3640	2850	748	874	341	266	21804	58.93	1
4	To earn income	4536	966	2108	2464	6050	528	874	1674	228	19428	52.51	3
5	To get loan	7047	2208	806	840	1650	5456	456	279	855	19597	52.96	2
6	To avoid money lenders	4293	4485	2790	1904	600	1012	1140	2883	285	19392	52.41	5

7	Initiate group activities	2025	2415	5456	560	2200	2904	1292	651	893	18396	49.72	6
8	Develop decision making skill	2754	2553	1426	4256	1700	2068	1406	1271	779	18213	49.22	7
9	Problem solving skill	243	138	868	2072	1550	660	2204	2759	2299	12793	34.58	9

Source: Primary Data

It is observed from Table 5 that, the average score are ranked according to their preference. Among the nine importance of the women beneficiaries preference with regard to join in SHG 'Promote saving habit' got the first rank, 'To get loan' got the second rank, 'To earn income' got the third rank, 'Self confidence' got the fourth rank, 'To avoid money lenders' got the fifth rank and 'Initiate group activities' got the sixth rank, 'Develop decision making skill', got the seventh rank, 'Improve social status', got the eighth rank, 'Problem solving skill', got the ninth rank.

It is inferred that, the first rank granted for the beneficiaries preference is to promote saving habit, which induced to overcome the future unexpected risks regarding to financial purposes.

7.3 Reason for Not Attending Training Programme

The investigator has analysed the reasons for not attended the training programme. Though women have lot of family commitments and responsibilities, majority of women member have attended training programme. Due to some strong reasons, 14 beneficiaries were not able to attend the training programme. The reason is illustrated in Table 6.

Table 6
Reason for Not Attending Training Programme

S.No.	Nature	Number of Beneficiaries	Percentage
1	No chance provided	4	28.57
2	No time due to family commitments	10	71.43
Total		14	100

Source: Primary Data

Table 6 expound that, out of 14 beneficiaries 28.57 per cent of the beneficiaries are not have chance to attended the training programme and the remaining 71.43 per cent of the beneficiaries are not having time due to family commitments. Nearly three - fourths of the beneficiaries are not attended training programme due to family commitments. Women are always having personal and family commitments like health problems, finance

related matters, children's problem and so on. Thus, some beneficiaries are not able to attend training programme.

VIII. RESULTS AND DISCUSSIONS

1. More than two-fifths of the beneficiaries are having above nine years of experience in SHG. Those who are having more than nine years of experience are joined formerly.
2. In order to analyse the preference of ranking for joining in SHG, garrett ranking was used. It is inferred that the first rank granted for the beneficiaries prefer to promote saving habit.
3. According to four-fifths of the beneficiaries, their monthly contribution towards their savings is ranging from Rs. 100 to Rs. 200 because this amount is available and lower amount for maximum beneficiaries.
4. The most of the beneficiaries are benefited from group savings or group loan.
5. Inorder to analyse the influence of nature of position, year of experience, monthly contribution of savings to level of empowerment f- test was used. Hypothesis was accepted so nature of position, year of experience, monthly contribution of savings does not influence the level of empowerment.

Some of the members have felt that training period is not adequate. The training period should be increased. Few members in the study area are not attending the training programme. Hence, member should be motivated to attend the training programme by enlighten its importance and benefits.

The Microfinance sector in India has grown significantly in the last one decade with the participation of NGOs, MFIs and private sector, as the formal financial institutions have reduced their outreach. The microfinance sector, particularly the SHG bank linkage program appears to have the potential of becoming a big success, however it is where capacity building. Inadequate in capacity building is the import constraints that hinder the growth of the microfinance sector.

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