



A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS' WOMEN IN THENI DISTRICT

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INTRODUCTION

In olden days in most of the family male members were meant for earning income to the family whereas the female members looked after the house works. In most of the family it was followed. After some time it was felt that if the female members are involved in some works other than the family affairs it would be the support extended by them to their spouse and family members. So in some family the female members were allowed to work in some industries and agriculture. Most of the women members supported to the family members the work or job involved by the male members of the family. Being India a country having more than 65 percent of its population are residing in rural areas. They depend only on agriculture and allied industries of agriculture. Due to the failure of rainfall and problems of insects and also the monsoon nowadays the farmer could not earn even the amount incurred by them to cultivate the produces. But the necessity of the family is going on increasing day by day. Further the prices of the domestic utilities are also increasing like anything. It is very difficult to run the family with single earning. So it is necessary for both the male and female members in the family to bring income to meet their requirements.

In urban areas there is more number of industries which provide employment opportunities to both of the gender. But if consider the position of the village women, they do not have much awareness on industrial work. Further they have only limited literacy knowledge which paved them to engage only in agriculture labour which further made them weak in their financial position as there is only limited scope for income in the agriculture work. Hence most of the family in the rural parts of the country led a very poor life which worsens the younger generation particularly in education. To minimize the unemployment problems in the rural areas and to generate the income to the family in the rural parts, the central government introduced Micro Finance to encourage the rural public to generate income to their family by way of doing small business or involved in some self employment activities. As a part of the development of women in the rural areas self help groups were established in the year 1993-94 in Uthrapradesh. But the evolution of SHGs commenced in 1990s. Micro finance plays vital role in the empowerment of women particularly in the village areas by providing financial assistance through self help groups in the local areas since 1990. Tamilnadu government emphasizes more on the development of women through self help groups. The banks are given direction to provide more volume loan to the self help groups. More number of self help groups was established in all villages. NGOs and government create awareness among all women in the rural areas to form self group even for each line and street in all villages of Tamilnadu. We happened to see number of SHGs is being established and functioning well. The self help group members are involved in various activities like running a canteen, manufacturing pickles and handy crafts and cloth items, etc. The local banks are adopting the particular villages for providing loan to self help groups. Though the Micro finance extends maximum support to the development of women and also the self help groups, the members in self help groups have different views about micro finance and face many issues in getting the loan and the repayment of the loan. In many occasions the members in self help groups are compelled by family members not to involve in SHGs activities because of various reasons. In some of the SHGs the income level of the members is very low when compared with the income from other SHGs. What are the actual causes? What is the role of micro finance in empowerment of women? To know all these reasons a thorough study is to be undertaken. By keeping the above views in mind the researcher selected the above topic “**A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS' WOMEN IN THENI DISTRICT**”

STATEMENT OF THE PROBLEM

Micro finance scheme has been introduced by the central government initially with the view to promote the income sources of the village people by providing financial support to the weaker section particularly in rural parts of the country. Further it was extended to support the SHGs in all parts of the country for the empowerment

of the women and to improve the income level of the individual family. In some of the SHGs the financial support provided by the bank through micro finance is not utilized for the productive purpose where as it is used by the female members for the domestic expenses of the family. On the due date the repayable amount is collected by in-charge member from all the members and repaid to the bank on the due date. In some of the SHGs the funds are misused by the organizers and made little bit delay in repay the installment amount to the bank. It is reported that there is a part of political involvement in sanctioning the loan to SHGs

SIGNIFICANCE OF THE STUDY

The purpose of the micro finance is to provide financial support to the weaker section who leads their normal life below BPL. Micro finance is provided to all unemployed to have self employment. But the bank managers provide loan to the applicants without considering the repaying capacity of the borrowers. It is reported that only in SHGs the bank managers do not face the collection of outstanding and arrears for the borrowers. The SHGs are provided with adequate loan for the development of the SHGs in all possible ways. The members of the self help groups are given support and advice even for marketing their products. Till in many villages the numbers SHGs formed is not sufficient when we consider the number of SHGs and the total women population in the village. Many women do not about the micro finance and its support to the development of women. So is the right time to have thorough study about “A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS’ WOMEN IN THENI DISTRICT” and it is inevitable to bring betterment to the women in general.

OBJECTIVES OF THE STUDY

1. To evaluate the role of micro finance in the empowerment of women.
2. To measure the level of satisfaction of the members in SHGs regarding the support extended by the government and banks through Micro finance.
3. To know the procedures for availing micro finance and make awareness to the members of SHGs about micro finance and its uses for the development of women.
4. To analyze the problems faced by the members in availing financial support through micro finance.
5. To find remedial measures to solve the issues in Micro finance and offer recommendations to the authorities concerned to do the needful to avail the micro finance to all the SHGs without any hurdles.

RESEARCH METHODOLOGY

Research Design

Descriptive research was conducted in this study to make the research effective and useful to the needy.

Collection of Data

Both the primary and secondary data were collected in this research work

Primary Data

Primary data was collected from the sample respondents from the population by way preparing a questionnaire. The questionnaire was prepared with the guidance of the experts in the relevant field. Necessary corrections were made in the questionnaire to complete the research work successfully.

Secondary Data

Secondary data was collected from the journals and magazine published in the related topics.

Sample Selection

The population for the study is members in SHGs formed in Theni district, 100 women respondents were selected at random by using convenient sampling method from 10 SHGs operating successfully in Bodinayakkanur, Cumbum, Aundipatti, Chinnamanur and Theni of Theni District. The sample respondents will consist of only female members in all selected SHGs in Theni District. In each SHGs 10 members will be selected at random.

Study Period

The study period for the research work covers 2 month starting from September Jan2015 to Feb 2015.

Study Area

Theni District is being one of the districts which are having more acres of cultivable land and depending more on agriculture income in Tamilnadu. Further the Theni district does not have adequate development in the industrial sectors. The women in theni district have limited sources for generating income where the role of SHGs and

Micro finance will surely help to the empowerment of women and improve the income of the individual family. Hence the researcher selected Theni district for his research work.

Statistical Tools

The collected data were analyzed and interpreted properly to find the result of the research work. Further to know the association between two variables in deciding the particular issues statistical tools like simple percentage, chi-square, rank correlation, ANOVA, 't' test and regression were also used.

LIMITATION OF THE STUDY

1. The data was collected from the members of the Self Help Groups in Theni District. So the findings of the study may not be considered for other districts.
2. We could not expect full co-operation from the respondents at the time of questionnaire or interview schedule. So the findings may be based on the information given by the respondents. There may be possibility for bias in the information provided by the respondents.
3. The survey was conducted only with female members of the Self Help Groups in Theni. Hence the result of the study may not be considered for SHGs groups formed by men in Theni District.

HYPOTHESIS

1. There is no association between members in various self help groups and their level of income
2. There is no association between the opinion of the respondents regarding the awareness about the micro finance and their experience in Self Help Groups.
3. There is no association between the educational qualifications of the members in self help group and the activities carried out in the SHGs.
4. There is no association between the opinion of the respondents based on experience and their level of satisfaction regarding the income earned from SHGs
5. There is no association between the earning capacity of various SHGs and the activities carried out by the individual SHG.

REVIEW OF LITERATURE

The study conducted by Sambasiva Rao and Indira Kumari (2005)¹ primarily focused on the- impact of women Self-Help Groups on the social and economic empowerment of rural women in Andhra Pradesh. The primary data in the selected mandals of Krishna District is analyzed. The study highlighted the positive influence of women Self-Help Groups on incremental income of the poor families and their increased awareness and participation levels. The study also delineated the factors and reasons which are impinging on the healthy growth of the movement.

Chitra Ramachandran (2005)² conducted a study on 202 SHG leaders of Madurai district in Tamilnadu with a view to understanding the impact of micro-enterprises on the quality of life of the women which was measured in terms of their living standards. She observed that most of the women in micro-enterprises wanted to reduce poverty and to share their family responsibilities. The survey demonstrated that quality of life of the rural women had substantially increased the objective of the establishment of the micro-enterprises successfully.

Keshav Chandra Jha (2006)³ analyzed ORMAS, an autonomous body under Panchayat Raj Department. Government of Orissa, Bhubaneswar, launched one special SGHY project in Boudh district for improving the livelihood and income generation pattern of rural producers through formation of self-help groups (SHGs). The

¹ Sambasivarao B. and Indira Kumari Y., (2005), "Empowerment of Women and Rural Development", *Serials Publications*, New Delhi, pp.22-31.

² Chitra Ramachandran (2008), "Environmental conservation through.

³ Keshav Chandra Jha (2006), "Development of ORAMAS under Panchayat Raj Department", *Economic and Political Weekly*, October.

project in Boudh district is being implemented and monitored by DRDA. A total of 200 SHGs are being promoted in different clusters and are tagged to four key activities. One such key activity is dal processing in which 20 SHGs belonging to various villages in Ramgesh, Tileswar and Dhalpur GPs under Harbhanga block are engaged. Marketing arrangement has also been done by DSMS by having tie up with DSWO office for supply to Harabhanga block under MDM besides DSMS facilitates, sale of their product in state and national level exhibition (SARAS), organized by ORMAS and MORD. A part from this activity groups are also involved in cultivation of water melon which they fetch very good income last year. The total income of groups was Rs. 32400/-. This dal is now being sold in the market with a brand name. The Ramgarh experiment is now considered to be one of the success stories in the district.

Suguna (2006)⁴ conducted a study on "Empowerment of Rural Women through Self-Help Groups-An in-depth study of Self-Help Groups in Chittoor district of Andhra Pradesh". A total sample of 300 beneficiaries had been selected for the study. The objectives of the study are to analyze the role of Self-Help Groups in the social, Economic and political empowerment of women, to assess the extent of awareness regarding the governmental programme, nature of participation of women in SHGs, and to examine and evaluate the specific problems of the beneficiaries with regard to saving, revolving fund productivity, marketing.

Gangaiah, et. al. (2006)⁵ in their study opined that the emerging changes in the values and attitudes of the members of the Self-help groups are a clear manifestation of socio-economic empowerment intervention yielding relatively quicker results. The socio-economic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities.

Joseph Labinviana and Eawaran Kanagaraju (2006)⁶ in their study stated that the performance of SHGs in tribal development i.e., improvement in social and economic conditions of tribal people depend largely on the member's participation mediated by the factors of duration of membership groups play a vital role in tribal development of the rural areas of Mizoram. They have reported benefits decreased debt. They have perceived mostly high level of cohesion in their SHGs. The decline of perceived impact of SHGs with increased duration of functioning needs to be reversed through some mechanism to increase participation of members.

Suneetha (2007)⁷ has explained that the empowerment of women became necessary as they are almost fifty percent of the population and are being discriminated at all fronts. Women play a vital role in the social and economic transformation of a country. She found all that the implementation of DWCRA programme has empowered the women beneficiaries with significant growth in their income and employment in the back ward districts.

Abdul Raheem and Yasmeen Sultana (2007)⁸ in their study stated that the Self-Help Group (SHG) models, women are responsible citizens of the country achieving social and economic status. In all stages of economic and social activities, involvement of women has given added significance to them. Women led SHGs in many parts of country have achieved success in bringing the women to the mainstream of decision making. The Self-Help Group (SHG) in our country has become a source of inspiration for women's welfare. Now a days formation of SHG is a viable alternative to achieve the objectives of rural development and to get community

⁴ Suguna B., (2006), "Empowerment of Rural Women through Self- Help Groups", Discovery Publishing House, New Delhi, pp.88-97.

⁵ Gangaiah, C., Nagaraju, B., and Vasudevulu, C. (2006), "Impact of Self-help Groups on Income and Employment", Kurukshetra, Vol.54, No.5, March, pp.18-23.

⁶ Joseph Labinviana and Eawaran Kanagaraju (2006), "S.H.G.s and Tribal Development in Mizoram", Kurukshetra, January, Vol. 54, No. 3, pp.35-48.

⁷ Suneetha R. (2007), "Is DWCRA Programme Empowering the Rural Women", Kurukshetra, March, pp.17-19.

⁸ Abdul Raheem A., and Yasmeen Sultana, H. (2007), "Empowerment of Women through Self-Help Groups", Kissan World, March, 2007, Vol. 34, No.3, pp. 48-52.

participation in all rural development programmes. SHG is also available organized set up to disburse micro credit to the rural women and encouraging them to enter into entrepreneurial activities.

Raghav Gaiha and Mani Arul Nandhi (2007)⁹ in their study found that most of the members are using loans sanctioned through SHGs for health and education of children and for production-related expenses especially by the disadvantaged. Further, domestic violence was reduced.

The Hindu has surveyed (2007)¹⁰ the success stories of many SHGs operating in the districts of Andhra Pradesh. A study conducted in the Guntur district of Andhra Pradesh indicated that 26, 086 self-help groups were organized in the district with the total membership of 2,80,860 lakh women. Out of them, 10,122 groups were absorbed in to DWCRA; they could save up to Rs.9 crore. Both group leader and members were provided with training in education, health, and family-welfare. They were also imparted training to produce items, which are in demand in the district.

Ariz Ahemed (2007)¹¹ has undertaken a study of self-help groups in Kokrajhar district of Assam with a view to study the women empowerment. He studied Self- Help Groups to identify strengths of the scheme. Further, given the poor lifting of APLPDS rice by the GPSS co-operative societies, the sub divisional administration offered this uplifted APL rice to these thrift groups to help their villages. This idea simply clicked. Many mahila samities started lifting this APL rice at government rates. They are also commanding respect among the poor and the widows of the village by selling APL rice at the rate of Rs. 8 kg, against market price rs. 10. The study revealed that the low price of their products, compared with market price, helped them market it easily. Thus involvement of women groups is not only empowering them but also enabling to shape themselves as social activists by trying to check the malpractices and injustices in the implementation of different schemes in the system.

Shibalal Mehar (2007)¹² attempted a study of the impact of micro- finance on SHGs. This study analyzed Micro-Finance through Self-Help Groups (SHG) has the potential to fight against poverty and can be an important weapon for poverty alleviation. The findings in Orissa show that SHG based micro-finance has better outreach and positive impact on poverty. However, the process of empowerment is found to be poor. The success of this programme depends on both better outreach and the ability to empower the poor, particularly women Self-Help Groups.

Ganesamurthy (2007)¹³ in his study stated that majority of the women continues to be confined to micro, small-scale enterprises in spite of efforts made toward economic empowerment of women.

Baby Sarojini (2009)¹⁴ attempted a study on "Women Development- role of Self-Help Groups: An analytical study on women SHG members in East Godavari District of Andhra Pradesh". The objectives of the study are, the process of women participation in SHGs, to understand the factors responsible for facilitating sustainable interest of women to engage themselves with the SHGs, the impact of SHGs movement on socio- Economic aspects pertaining to women, to derive important policy issues pertaining to SHGs movement and to facilitate sustainable development of women.

⁹ Raghav Gaiha, Mani Arul Nandhi, (2007), "Microfinance, Self-Help Groups and Empowerment in Maharashtra", Australia South Asia Research Centre, Australian National University, Canberra Working Paper 2007/15, October.

¹⁰ Hindu Paper (2007) Daily-Feb-22nd p.12.

¹¹ Ariz Ahemed (2007), "Women Empowerment Through Self-Help Groups in Kokrajhar District of Assam". Sonali Publications, New Delhi, 2007, p.11

¹² Shibalal Mehar (2007), "Micro Finance Through Self-Help Groups to Fight Against Poverty" Discovery Publishing House, New Delhi, 2007, pp. 18-22.

¹³ Ganesamurthy V.S. (2007), "Women Empowerment in India", Discovery Publishing House, New Delhi, pp.44-47.

¹⁴ Baby Sarojini, "Women Empowerment Through Self-Help Groups", Associated Publishers, 2009, pp.133-137.

Klaus Deininger and Yanyan Liu (2009)¹⁵ in their study found that the poorest seem to be able to benefit not only socially but also economically. They suggests that to introduce a programme that not only fosters group formation but also supports more mature groups through federation and credit access in order to have significant economic benefits in the long term.

Tanomyee Banerjee (2009)¹⁶ in his study found that women income have been increased after joining SHGs. This resulted in increase in food as well as non-food expenditure and also resulted in increased monthly savings.

Jothi (2010)¹⁷ opined that SHG plays a pivotal role in improving the both social and economic lives of the members, bring them more respect both domestically and socially. The sample respondents after joining SHGs have become very active by becoming full employed in varied activities and thereby earning more. He concluded that the self-help groups contribute substantially in pushing the conditions of the female population up and through that chip in poverty eradication as well.

Thus, the above studies revealed that though there are failures in some areas, self-help groups are considered more worth for the empowerment of the women.

FINDINGS

- Most of (48.4 percent) the respondents have savings bank account with the bank, and considerable volume (80 percent) of the respondents informed that they have already applied for loan with bank. Major proportion of the (42.6 percent) respondents informed that they have applied for short term loan. And majority (72 percent) of the respondents informed that the training is provided by bank.
- The type and nature of account and information about the loan obtained from the bank was analyzed and it was inferred that 56 percent of the respondents have Savings Bank account. 73.1 percent of the respondents do not have account with more than one bank. 33.1 percent of the respondents have known about micro finance through their friends and 40.1 percent of the respondents have good knowledge about micro finance.
- Majority of the (66.79 percent) of the respondents conveyed that guarantee by existing account holders is necessary for getting loan and most (60.12) percent of the respondents told that there is no necessity for security when we apply loan to Self Help Group. 53.4 percent of the respondents apply loan with bank for the purpose of developing the existing business. 40 percent of the respondents informed that no subsidy is provided for micro finance. 46.79 percent of the respondents told that 20% of the loan is given as subsidy.
- Major proportion (56 percent) of the respondents informed that they repay the loan every month and 72 percent of the respondents stated that the training is provided by the bank 51.98 percent of the respondents told that training is provided to market the product.
- From the analysis it is inferred that there is a relationship between the monthly income of the respondents and their response in regarding the satisfaction about the facilities in the bank.
- From the analysis it is evident that there is no relationship between the occupation of the respondents and their response in regarding the satisfaction about the facilities in the bank.
- From the analysis it is concluded that there is no relationship between the native of the respondents and their response regarding the satisfaction about the facilities in the bank.
- From the analysis it is concluded that there is a relationship between the mother tongue of the respondents and their response in regarding the satisfaction about the facilities in the bank.

¹⁵ Klaus Deininger and Yanyan Liu(2009), 'Longer Term Economics Impacts of Self-help Groups in India', Policy Research Working Paper, 4886, Washington, DC: World Bank, March.

¹⁶ Tanomyee Banerjee(2009), "Economic Impact of Self-help Groups–ACaseStudy", *Journal of Rural Development, NIRD*, Vol. 28, No.4, October-December, pp.451-467.

¹⁷ Jothi, V.N., (2010), 'Socio-economic Impact: Micro financing of Self- Help Groups', *SCMS Journal of Indian Management*, January-March, pp.91-103.

- From the analysis it is concluded that there is no relationship between the marital status of the respondents and their response in regarding the satisfaction about the facilities in the bank.
- From the analysis it is concluded that there is a relationship between the nature of work of the respondents and their response in regarding the satisfaction about the facilities in the bank.

CHI-SQUARE TEST

- From the analysis it is concluded that there is a close relationship between the age of the respondents and their response in response regarding the satisfaction about the overall development after joining the SHGs
- From the analysis it is concluded that there is a close relationship between the education of the respondents and their response regarding the satisfaction about the overall development after joining the SHGs
- From the analysis it is depicted that there is a relationship between the monthly income of the respondents and their response in satisfaction about the overall development after joining SHGs
- From the analysis it is inferred that there is a relationship between the occupation of the respondents and their response in regarding the satisfaction about the overall development after joining the SHGs
- From the analysis it is found that there is no relationship between the native of the respondents and their response regarding the satisfaction about overall development after joining the SHGs.
- From the analysis it is found that there is a relationship between the nature of work of the respondents and their response in regarding the satisfaction about overall development after joining the SHG.
- There is an association between opinion about the improvement of skills of the respondents due to training and their satisfaction level about the training.
- There is an association between age of the respondents and their satisfaction level about earning from the business.
- There is an association between nature of work of the respondents and their satisfaction level about the income level.
- There is an association between purpose of getting loan and the satisfaction of the respondents about the approaches of the bank.
- There is a close relationship between the education of the respondents and their response in response regarding the satisfaction about the training provided to members of the SHGs.

SUGGESTIONS

Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity. Thus academic literature shore up and buoyant on microfinance as a tool of development and assures of its potential strengths to make significant difference in lives of hopeless and struggling millions of poor in India as well as world. The finding of the study calls for an extension of the government support and redesigning micro finance programs suited for better and effective execution for achieving full benefits. The study confirms that as an anti-poverty tool, microfinance has its own limitations to reach the bottom of the poor. However, it is found effective in graduating the poor, not the poorest, and lower middle class to a higher standard of living. Though different studies at various places and points of time differ in their conclusion, the present study acknowledge that despite of bottlenecks, microfinance is capable of graduating struggling poor from their shackles and helps to upscale them to a better living and playing a significantly positive role in upgrading women empowerment

Therefore, the study enlightens the role of continuous succeeding doses of microfinance loans and ensuring its yield oriented utilization, for achieving the targeted objectives of microfinance programs Among the six factors identified (microfinance related factors, household factors, assets, marital status, personal factors and social factors) through factor analysis, microfinance related factors are found to be having more significant and positive influence on women empowerment.

CONCLUSION

From the above analysis the following conclusions emerge. First, the theoretical model explains the basic question of women empowerment. The empowerment depends on the choice of investment of project. The choice of safe project leads to more empower of women than the choice of uncertain projects. Third, the Commercial Banks and Regional Rural banks played a crucial role in the formation of groups in the SHGs -Bank Linkage Program in Theni District whiles the Cooperative Banks in Theni. Fourth, among women who had taken loans for income-generating activities, only 5% reported having total autonomous control over the money. 56% reported that they share control over the loan money with their husbands, and 38% reported that their husbands have sole control over the proceeds of the loan. The above conclusion shows that micro finance program does not explain the strong form of Women empowerment rather it is weak form of women empowerment. This paper has important policy implications. It is appropriate to place the strategy of financial inclusion in the wider context of economic growth and financial deepening.

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