



**ROLE AND IMPACT OF MICROFINANCE ON WOMEN
SELF HELP GROUPS (SHGS) WITH SPECIAL
REFERENCE TO TIRUPUR CITY**

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ABSTRACT

Microfinance is a tool of financial services to low income people. The main aim of microfinance is to poverty alleviation and empowers women. Microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. In our country, the half of the population is considered as female .But traditionally, they are dependent. They have been unable to readily participate in any economic activities and taking decision in the family. Microfinance to self help groups (SHGs) may be considered as a vital option for meeting the financial needs of those poorer sections of the society. The major spin-off of the micro-credit movement at the grassroot level has been the fact that women have used this system to come out and join a mainstream activity in the village. The research paper is an attempt to study the role and impact of micro finance on self help groups with special reference to Tirupur District.

KEYWORDS: Women's Empowerment, Microfinance, Self Help Groups, Agricultural Labour.

INTRODUCTION

Programmes for development of women are a recent phenomenon in India. Traditionally women were dependent and were allowed to perform only restricted activities. But in modern days few of the women flourish and know about the opportunities available in every field. Even though, they are all educated. In order to create awareness among all the women and also educate the detailed analytical performance of micro finance, the researcher

has attempted to analyse role and impact of microfinance on self help groups in Tirupur city.

OBJECTIVES OF THE STUDY

1. To study the demographic and socio - economic status of SHGs members in Tiruppur city.
2. To analyzes the reason stated by women members for joining SHGs.
3. To critical evaluate impact of micro finance on enhancing saving and asset creation SHGs women in the study area.

METHODOLOGY

The methodology of the study comprises the following:

AREA OF THE STUDY

The area of the study is in Tirupur City.

SAMPLE SIZE

The sample size chosen for the study is 100 respondents.

PERIOD OF THE STUDY

The period of the study covers from July 2013 to July 2014

SOURCES OF DATA

Both primary and secondary data were required for the study. The primary data relating to the SHGs were collected by interviewing them directly by the researcher with the help of an interview schedule.

Secondary data were obtained from the reports, books, journals and magazines and also Tirupur District official website.

TOOLS FOR ANALYSIS

The data has been coded, edited and consolidate and then enter into master table. Next sub-tables are prepared from the master table. For the purpose of analysis and interpretation the following tools are used:

- ⊕ Simple percentage analysis
- ⊕ Proportionate percentage
- ⊕ KS - Test

CONCEPT OF SELFHELP GROUPS

A **self-help group** (SHG) is a village-based financial intermediary committee usually composed of 10-20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. In India, many SHG's are 'linked' to banks for the delivery of micro-credit.

A self-help group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

ANALYSIS AND INTERPRETATION

Table No: 1 Socio Economic Characteristics Of The Respondents

Sl.No.	Variables and Categories	Frequency (No.)	Percentage (%)	
1	Age	Less than 20 years	4	4
		21- 30 years	14	14
		31-40 years	31	31
		41- 50 years	34	34
		Above 50 years	17	17
	Total	100	100	
2	Marital status	Married	84	84
		Unmarried	6	6
		Divorce	2	2
		Widow	8	8
	Total	100	100	
3	Education	Illiterate	16	16
		Higher secondary	48	48
		Degree	36	36
		Diploma	-	-
	Total	100	100	
4	Family type	Joint	34	34
		Nuclear	66	66
	Total	100	100	
5	Occupation	Self-employment	42	42
		Agricultural Labour	4	4
		Non Agricultural labour	54	54
	Total	100	100	

From the above table, it has been observed that majority of the respondent (i.e.) 34 per cent were aged between 41 - 50 years. The education levels of the respondents showed that majority of the respondents (i.e.) 48 per cent were received higher secondary level education. The marital status of respondents

indicated that majority (i.e.) 84 per cent were married. On the other hand, majority 66 per cent of the respondents were nuclear family. Occupations of the respondents revealed that majority (i.e.) 54 per cent were non agricultural labour.

Table:2 Women Members' Opinion On Sources Of Information On Micro Finance

Sl. No	Sources	No.of Respondents (N=128)	Proportionate Percentage
1.	Through friends	38	30
2.	Through women self-help group	58	45
3.	Through family members	4	3
4.	Through NGOs	28	22

It is evident from the above table that, 45 per cent of women members has gained information about microfinance through self help groups. Followed by 30 per cent of the respondents has sourced information from their friends and 22 per cent of sample

populations were motivated by the NGO's. Similarly 3 per cent of respondents had gathered information from their family members.

Hence it has been inferred that majority (i.e.) 45 per cent of women members has gained information about microfinance through the self help groups.

Table : 3 Respondents Opinion To The Statement – “ Impact Of Microfinance In Standard Of Living “ (KS – Test)

Sl.No	Opinion	Observed Number	Observed Proportion	Cumulative observed proportion	Expected proportion	Cumulative expected proportion	O – E
1	Significantly improved	84	0.84	0.84	0.2	0.2	0.64
2	Improved	8	0.08	0.92	0.2	0.4	0.52
3	Moderately improved	4	0.04	0.96	0.2	0.6	0.36
4	No changes	2	0.02	0.98	0.2	0.8	0.18
5	Deterioration	2	0.02	1	0.2	1	0.00

Calculated D value : 0.64 (i.e. the largest difference)

Table vale at 95% confidence level : $1.36/^{100} = 0.136$

As the caluculated value (i.e.0.64) isle value greater than the table (i.e.0.136), the Null hypotheses , “ there is no difference in the rating given by the respondents of the statements – Impact of microfinance in standard of living” is rejected.

As such, there is difference in the rating given by the respondents.

Table : 4 Respondents Opinion To The Statement – “ Impact Of Microfinance In Fulfillment Of The Basic Needs Living “ (KS – Test)

Sl.No	Opinion	Observed Number	Observed Proportion	Cumulative observed proportion	Expected proportion	Cumulative expected proportion	O – E
1	Significantly improved	51	0.51	0.51	0.2	0.2	0.31
2	Improved	37	0.37	0.88	0.2	0.4	0.48
3	Moderately improved	8	0.08	0.96	0.2	0.6	0.36
4	No changes	3	0.03	0.99	0.2	0.8	0.19
5	Deterioration	1	0.01	1	0.2	1	0.00

Calculated D value: 0.48 (i.e. the largest difference)

Table vale at 95% confidence level: $1.36/^{100} = 0.136$

As the calculated value (i.e.0.48) isle value greater than the table (i.e.0.136), the Null hypotheses , “ there is no difference in the rating given by the respondents of the statements – Impact of microfinance in fulfillment of the basic needs living” is rejected.

As such, there is difference in the rating given by the respondents.

Table : 5 Respondents Opinion To The Statement – “ Impact Of Microfinance In Awaiting New Loans To Settle Old Debts “ (KS – Test)

Sl.No	Opinion	Observed Number	Observed Proportion	Cumulative observed proportion	Expected proportion	Cumulative expected proportion	O – E
1	Significantly improved	26	0.26	0.26	0.2	0.2	0.06
2	Improved	36	0.36	0.62	0.2	0.4	0.02
3	Moderately improved	32	0.32	0.94	0.2	0.6	0.34
4	No changes	4	0.04	0.98	0.2	0.8	0.18
5	Deterioration	2	0.02	1	0.2	1	0.00

Calculated D value: 0.34 (i.e. the largest difference)

Table value at 95% confidence level: $1.36/\sqrt{100} = 0.136$

As the calculated value (i.e.0.34) is value greater than the table (i.e.0.136), the Null hypotheses , “ there is no difference in the rating given by the respondents of the statements – Impact of Microfinance in awaiting new loans to settle old debts is rejected.

As such, there is difference in the rating given by the respondents.

Table : 6 Respondents Opinion To The Statement – “ Impact Of Microfinance In Solving The Problem Of Raising Prices” (KS – Test)

Sl.No	Opinion	Observed Number	Observed Proportion	Cumulative observed proportion	Expected proportion	Cumulative expected proportion	O – E
1	Significantly improved	22	0.22	0.22	0.2	0.2	0.02
2	Improved	38	0.38	0.60	0.2	0.4	0.20
3	Moderately improved	28	0.28	0.88	0.2	0.6	0.28
4	No changes	10	0.10	0.98	0.2	0.8	0.18
5	Deterioration	2	0.02	1	0.2	1	0.00

Calculated D value: 0.28 (i.e. the largest difference)

Table value at 95% confidence level: $1.36/\sqrt{100} = 0.136$

As the calculated value (i.e.0.28) is value greater than the table (i.e.0.136), the Null hypotheses , “ there is no difference in the rating given by the respondents of the statements – Impact of Microfinance in solving the problem of raising prices” is rejected.

As such, there is difference in the rating given by the respondents.

Table : 7 Respondents Opinion To The Statement – “ Impact Of Microfinance In Improving Managerial And Personal Skills “ (KS – Test)

Sl.No	Opinion	Observed Number	Observed Proportion	Cumulative observed proportion	Expected proportion	Cumulative expected proportion	O – E
1	Significantly improved	64	0.64	0.64	0.2	0.2	0.44
2	Improved	22	0.22	0.86	0.2	0.4	0.46
3	Moderately improved	10	0.10	0.96	0.2	0.6	0.36
4	No changes	2	0.02	0.98	0.2	0.8	0.18
5	Deterioration	2	0.02	1	0.2	1	0.00

Calculated D value: 0.46 (i.e. the largest difference)

Table value at 95% confidence level: $1.36/\sqrt{100} = 0.136$

As the calculated value (i.e.0.46) is value greater than the table (i.e.0.136), the Null hypotheses , “ there is no difference in the rating given by the respondents of the statements – Impact of Microfinance in improving managerial and personal skills “ is rejected.

As such, there is difference in the rating given by the respondents.

FINDINGS

1. From the above table, it has been observed that majority of the respondent (i.e.) 34 per cent were aged between 41 – 50 years. The education levels of the respondents showed that majority of the respondents (i.e.) 48 per cent were received higher secondary level education. The material status of respondents indicated that majority (i.e.) 84 per cent were married. On the other hand, majority 66 per cent of the respondents were nuclear family. Occupations of the respondents revealed that majority (i.e.) 54 per cent were non agricultural labour.
2. Hence it has been inferred that majority (i.e.) 45 per cent of women members has gained information about microfinance through the self help groups.
3. “Impact of microfinance in standard of living” The calculated D value of KS – test is greater than the table value. The hypothesis is rejected. Hence there is difference in importance rating given by the respondents.
4. “Impact of microfinance in fulfillment of the basic needs living” The calculated D value of KS – test is greater than the table value. The hypothesis is rejected. Hence there is difference in importance rating given by the respondents.
5. “Impact of microfinance in awaiting new loans to settle old debts” The calculated D value of KS – test is greater than the table value. The hypothesis is rejected. Hence there is difference in importance rating given by the respondents.

6. “Impact of microfinance in solving the problem of raising prices” The calculated D value of KS – test is greater than the table value. The hypothesis is rejected. Hence there is difference in importance rating given by the respondents.
7. “Impact of microfinance in improving managerial and personal skills” The calculated D value of KS – test is greater than the table value. The hypothesis is rejected. Hence there is difference in importance rating given by the respondents.

CONCLUSION

Finance is an element which everyone needs. Regular and immediate finance can play an important role for development of socio-economic conditions of the people. Microfinance is expected to play a significant role in poverty alleviation and women empowerment. The potential for growing micro finance institutions in India is very high. Major cross-section can have been benefited if this sector will grow in its fastest pace. From the analysis of data it can be concluded that numbers of members have started savings only after joining the groups while majority of the members have no savings in the pre-SHG era. After joining the groups most of the members solved their problems alone.

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