



IMPACT OF MICRO FINANCE ON PATTERN OF CONSUMPTION EXPENDITURE OF THE SHGS WORKERS OF MIRZAPUR DISTRICT

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ABSTRACT

Now days, microfinance is playing very vital role in the development of rural sector by enhancing the investment expenditure on consumption and on living standard. Many of the research papers and research works have already proved it. This present study is based on SHGs worker's monthly expenditure of their family. All the basic expenditure items are taken for analysing their consumption pattern. This study is based on primary data of rural area of Mirzapur district of U.P. In this study four villages re taken which belongs to Haliya block. One third of all SHGs' workers are taken from each four villages for sample. This present paper discusses about benefits received from microfinance and analysing their effect on family's expenditure of SHGs worker's before joining and after joining SHGs. In this study, impact of microfinance has been seen on food, education, health, entertainment, remaining other items and on all over family's monthly expenditure. In case of food expenditure, expenditure level increase very slightly. But in case of education, entertainment and health expenditure, family's members' expenditure pattern has strong positive sign. And all over pattern of expenditure shows very positive changes.

INTRODUCTION

Microfinance is become a very important tool for inclusive growth. The concept of microfinance have been come basically to tackle the financial problem of those lower income peoples who are unable to access the financial services due to complexity in traditional banking system. The concept of microfinance is firstly initiated by Dr. Mohammad Yunus in Bangladesh after great famine in 1974-75 as 'The Grameen Bank'. The Grameen bank is founded by Dr. Mohammad Yunus, a co-recipient of Nobel Prize. India is witness of microfinance in the era of 1970s in form of 'Self Employed Women's Association' formed in Gujarat state which formed a cooperative bank is known as Shri Mahila SEWA Sahkari Bank.

The microfinance services are a provision of government for those lower sections of people who are unable to access the services of tradition financial system. According to Otero (1999), "Microfinance is the provision of financial services to low-income, poor, and very poor self-employed people". According to Burrit (2006), "Microfinance is the provision of the financial services to those not included in the formal sector based not only on wealth but also social, cultural and gender barriers"

There are two channels of Microfinance

1. **Self Help Groups (SHGs):** SHGs are another channel of microfinance. A group of two or more than two to 10-20 members is called SHGs when the purpose the group to get the services like collective serves of loan, insurance and banking for their small size of business, agriculture and etc.
2. **Microfinance Institution (MFIs):** Microfinance has become more significant tool not for the development of particular individual but for the development of group of families. SHGs promote to collective development and also collective risk. This reduces individual's risk which is the power of SHGs to take more risk. SHGs also promote equality through collective development risk.

Key features of Microfinance

- The customer of microfinance services is basically belonging to low income group.
- The duration of loan is very short.
- The amount of loan which is disbursed to consumers is very small in amount.



- Rate of interest on loan usually very high.
- The main purpose of this loan is to generating the income level at next level.

Types of Microfinance

1. **Micro Loan:** microloan is very important segment of microfinance. Here microloan refers to those lending amount is 50000 are less than these amount are comes under microloan. Microloan is very crucial for small enterprises that are unable to access the loan facility of banking or trade unions.
2. **Micro Saving:** micro saving is also important segment of microfinance like microloan and micro insurance. Microfinance provides the facility to their customer for saving account like traditional bank with very low amount. This also excluded the minimum requirement of deposits and excluded the charges on saving.
3. **Micro Insurance:** micro insurance is a small coverage provided to customers of microfinance. The premium of these

insurance is also very low rather than the traditional insurance company.

OBJECTIVES OF STUDY

1. To analyse the impact of SHGs on pattern of necessity of food expenditure.
2. To study the impact of SHGs on other pattern of items of household expenditure.

RESEARCH METHODOLOGY AND DATA COLLECTION

To find out the solution of objective, the data is collected on primary level. There are four villages are selected for the study. In four villages, it is decided that only one third of SHGs will be taken for the study. In this multistage random sampling method has been used. This study was done in year September, 2019. This study is based on Mirzapur district of Uttar Pradesh. In Mirzapur district, there are 12 blocks and here Haliya block has been taken. Here, four villages have been taken which named are Matwar, Majhigawa, Nadana, and Sagara.

Name of the villages	Total No. of the SHGs in villages	Selected no of the SHG from total SHG
Matwar	15	5
Majhigawa	13	4
Nadana	19	6
Sagara	10	3

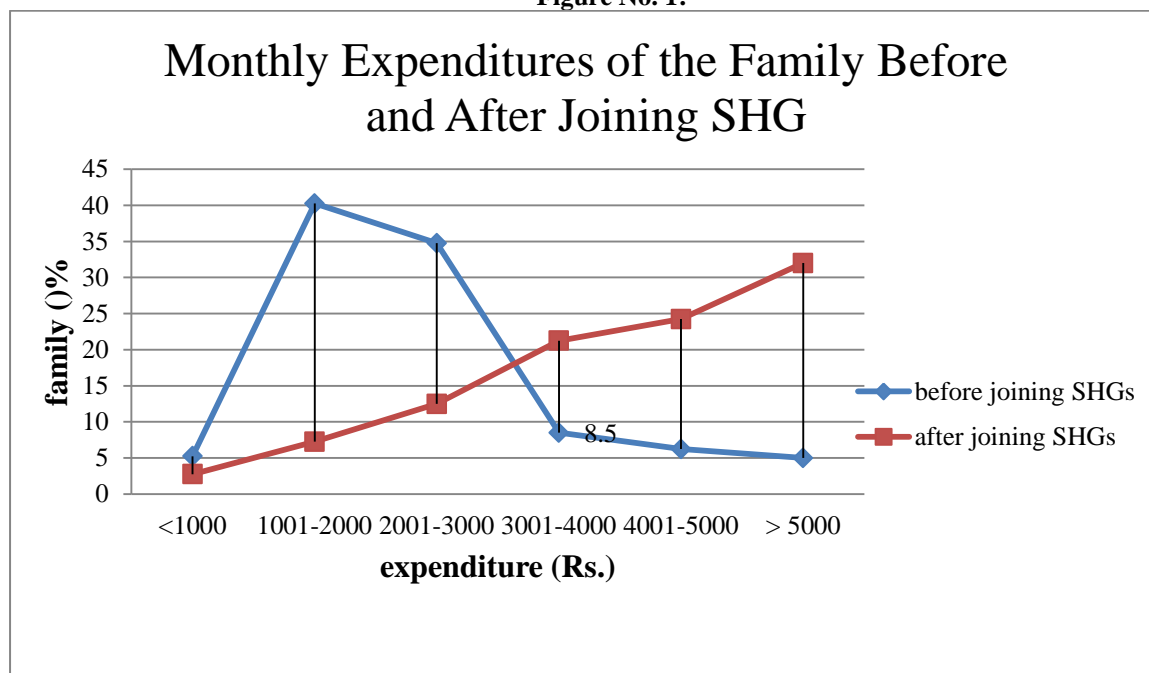
Overview of Mirzapur

This study is based on Mirzapur district which is situated in Uttar Pradesh state. This district has population of 2496970 of which male and female were 1312802 and 1184668 respectively according to census 2011. This is famous for its carpet and brassware industries. There are four tehsil in the Mirzapur district which are following as Mirzaur, Lalganj, Chunar and Marihan. And these four tehsil

have twelve blocks. This district comes under the most backward districts in the list of 250 district of country by ministry of Panchayati Raj in 2006. This district has been selected for study because, this is come under the backward district and there are many prior study reveals that here microfinance company are laying very vital role in development of the life standard.

DATA ANALYSIS AND FINDINGS

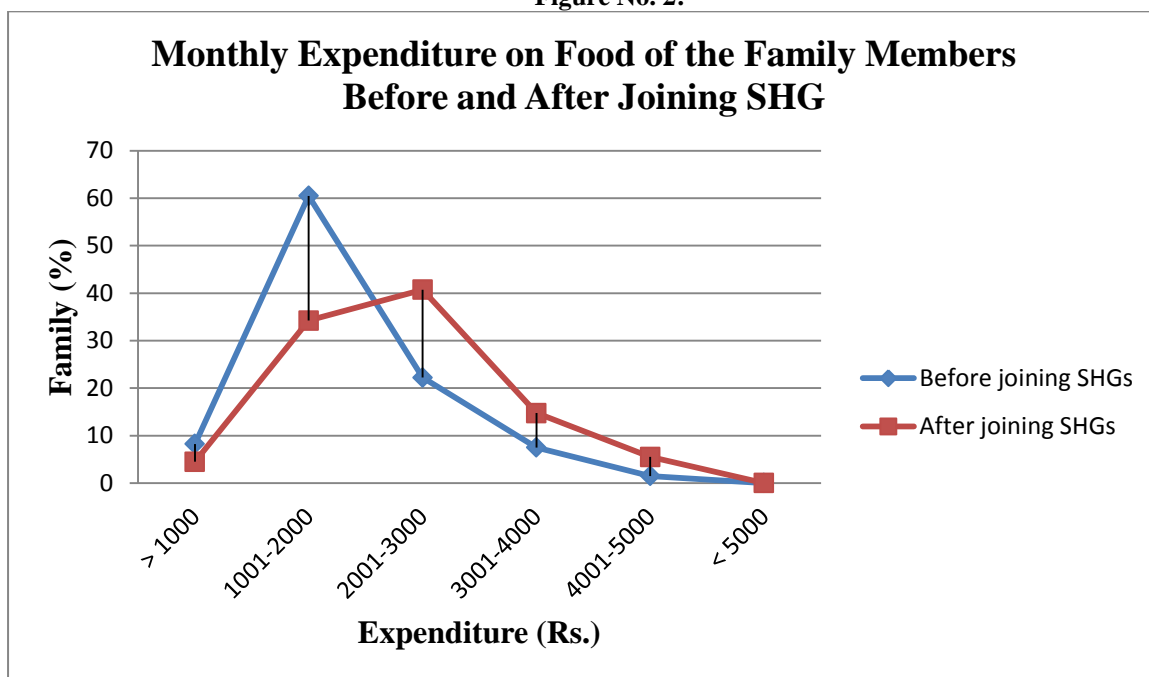
Figure No. 1:



This figure reveals that income of family members has been increase after joining the SHGs and monthly expenditure also. This increment in income also effect positively to the level of saving and expenditure of family. The figure no 1 is show the relation between monthly expenditure of family members before joining SHGs and after joining SHGs. It is noteworthy that the level of expenditure also depends on the size of income. If the family size will be big then the saving will be low and expenditure will be high at given level of income. This figure shows the level of expenditure of families of SHGs members before joining and after joining the SHGs. This figure depicts that before joining the SHGS there are only 5.25 per cent of family whose expenditure is less than or equal to1000. And there are only 5 per cent family while expenditure is more than 500Rs before joining the SHGs. But after joining SHGs by family members their expenditure change in positive direction. After joining SHGs only

2.75 per cent of family are come under the expenditure level of less than 1000 and 32 per cent of family member are come under the level of 5000 or more than 5000 which is positive indicators of SHGs. In the another way, with the help of this figure it can be said that 80.25 per cent of total family have the capacity to expend only at the level of 3000 and remaining only 19.75 per cent of family are able to expend more than 3000 to 5000 or more than 5000 before joining SHGs which is very low. But after joining the SHGs positive indicates are seen on figure. So after joining SHG only 22.5 per cent of family are come under the expenditure level of 3000 or its less and remaining 67.5 per cent of family are able to expend their income on expenditure at the level of more than 3000 to 5000 or more than 5000 which shows that SHGs are able to increase their level of income, expenditure, saving able to enhance the standard of living.

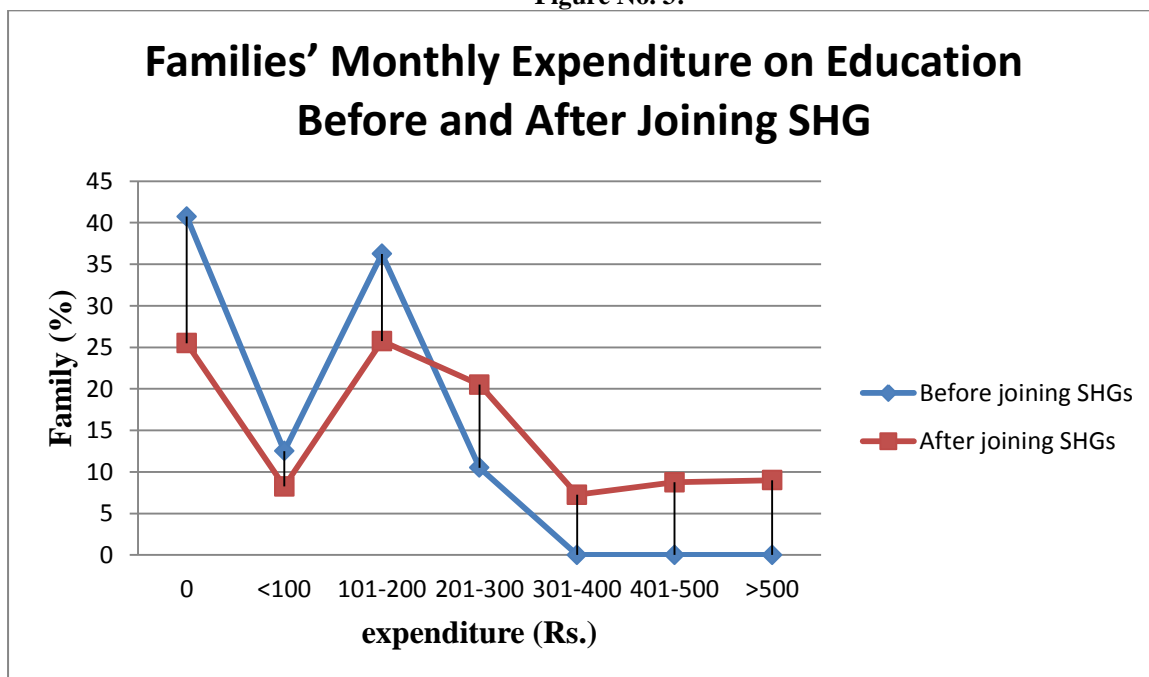
Figure No. 2:



In this figure it has been discussed that how the level of food expenditure of family is effected by the joining SHGs. In this study it is also found that SHGs have also affected positively the level of food expenditure of family. This figure shows monthly food expenditure of SHGs worker's family members expenditure of food before joining and after joining SHGs. Before joining 60 per cent people come under

that food expenditure is 1001 to 2000 but after joining, in this expenditure slab family percentage reduce. Which shows that they shifted to high food expenditure slab 2001to 3000. And last at higher level of slab which is more than 5000 is constant. Here this pattern follow the Engle law where reaching to maximum level of expenditure they move to another good items.

Figure No. 3:

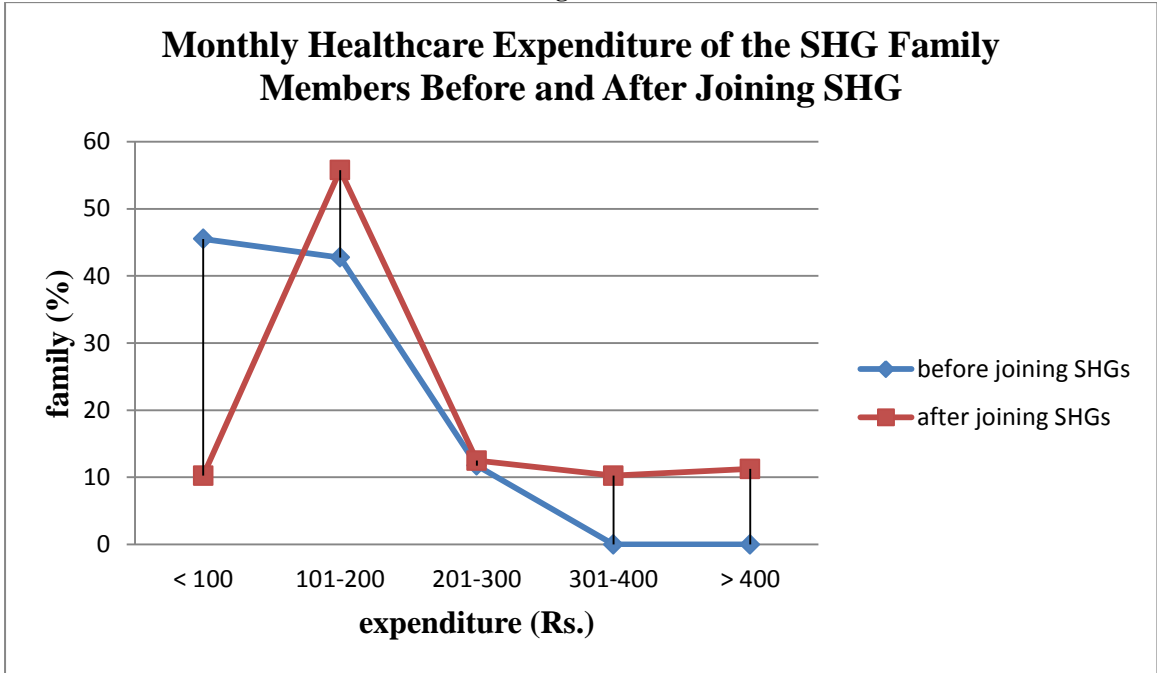




Previously it has been seen the relationship between the effect of microfinance as SHGs and consumption expenditure on food. Now we will see another aspect of expenditure with microfinance as SHGs. This relation can be understood better way with the help of figure 3. Figure 3 shows the monthly expenditure of family on education before and after joining the SHGs. This figure reveals that before joining the SHG 40.75 per cent of family which are unable to expend their expenditure on education and only 36.25 family are come under slab of 101 to 200 and remaining 23 per cent of family come under the less than 100 and 201 to 300 slab. And this figure

also show that there are no any family which education expenditure is more than 300 or 301 that is very crucial for our economy. Seeing this figure it is clear that after joining SHG, the level of education expenditure has increased. Before joining SHGs 40.17 per cent family expenditure is 0 but after joining this level is reduced by the 25.5 per cent. And before joining SHG in the expenditure slab of 301 to 400, 401 to 500 and more than 500 there are no any family are able to reach this level in case of education expenditure but after that in these slab 25 per cent family comes. In the other words in this high slab 25 per cent family are came

Figure No. 4:



SHGs have positively impacted on the expenditure on health also. Before joining the SHGs 45.5 per cent of family expenditure is less than of 100 or equal to 100 but after joining the SHGs the family per cent drop down at the 10.25 per cent of family whose expenditure is less than 100 or equal to 100. At the expenditure level of 101 to 200 before joining SHGs

percentage family increase 42.75 to 55.75 which is an improvement. And the expenditure level 301 to 400 or more than 400 there are 0 per cent family whose expenditure level is that but after joining SHGs the family per cent increase from 0 per cent to 21.50 which is a big positive change on the health expenditure.

Figure No. 5:

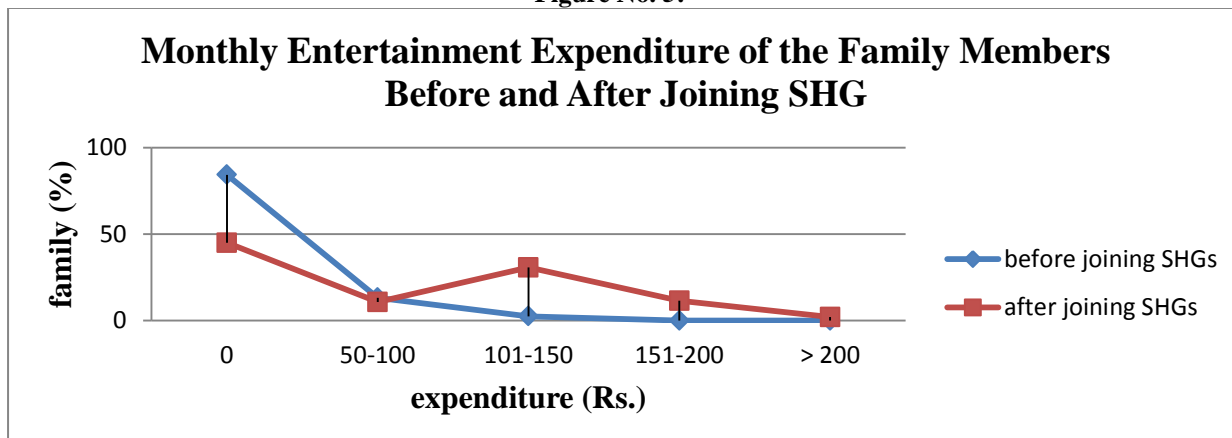
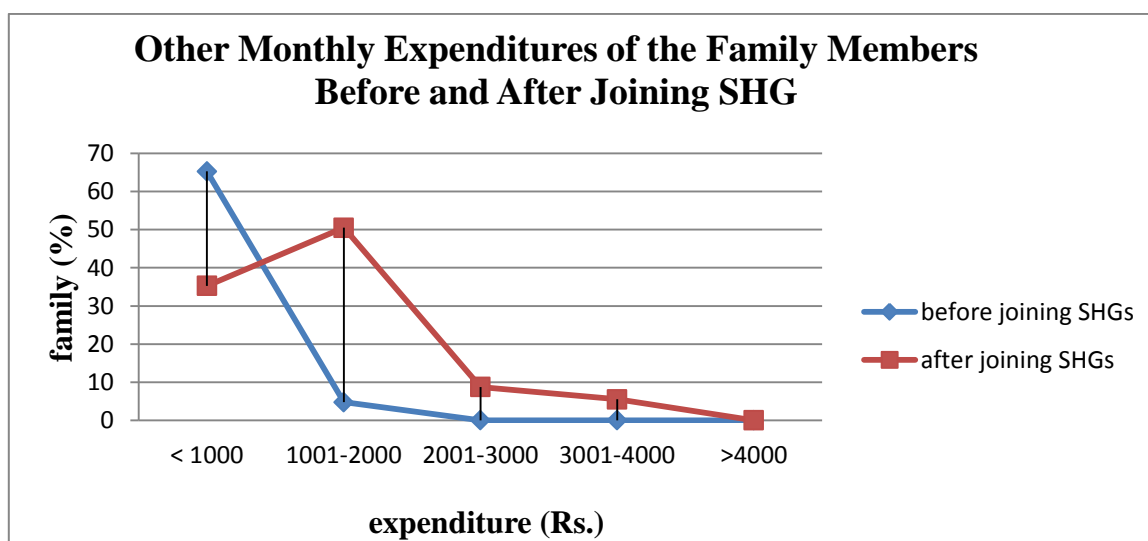


Figure no 5 is associated with the expenditure on entertainment like purchase of movies tickets, purchase of CD, paying for game, expenditure on radio and television, expenditure on tourism and so on... This figure shows the level of expenditure on entertainment increases but not also on the higher

level of expenditure like other expenditure which is discussed above. Before joining the SHGs 84.25 per cent family whose expenditure on entertainment is 0 but after joining the SHGs the family per cent reduce from 84.25 per cent to 45.00 per cent.

Figure No. 6:



This last figure is associated with other expenditure of family members before and after joining SHGs. These "other expenditure" covers social expenses bill of electricity, garment expenditure transportation cost, houses rent, expenditure on cultural activities and so on. At the expenditure level of less than or equal to 1000 65.25 per cent family comes under which level before joining SHGs. But after joining only 35.25 per cent family comes under that level of expenditure.

FINDINGS

- From above analysis, it is proved that overall pattern of consumption

expenditure of family has been increased from lower level of expenditure to higher level of expenditure slab after joining the SHGs.

- After joining the SHGs, the monthly food expenditure increases starting and reaching their peak it goes to downward slope which follow the Eangle Curve.
- The result of the health expenditure, education expenditure and entertainment shows that expenditure growth is growing very fast but after that become near to constant. That indicates basic expenditure is full filled against their income.



CONCLUSION

One of the channels of microfinance, SHGs is playing very important to improve living standard of SHGs members. Here, the present study also reveals that microfinance of SHGs increase the life standard of SHGs member slowly but success to improve their life style. In this study in case of food expenditure, expenditure pattern has very slightly positive change. Which shows the positive expenditure which follow the angle curve which shows that when expenditure increases then the people expenditure shift to another goods and services like education, health, entertainment and on other items after reaching highest level of food consumption. Besides food expenditure, all expenditure has increase on other items but here one thing is notable that expenditure on education and health has not increases much more. These two factors are very important for the growth of socio-economic status for growth of any household or economy. But increments showed. If it is talking about the all over impact of SHGs on these socio-economic factors then it can be saying that SHGs have played a very important role in the positive changeset of the pattern of household expenditure.

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