



SELF HELP GROUPS A RESOURCE FOR RURAL WOMEN IN THE CONTEXT OF MICRO FINANCE – AN EMPIRICAL STUDY

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Abstract:

Microfinance services help to empower women from poor households, especially in rural and sub urban areas while contributing to family well-being. Micro finance – a prerequisite of financial services to the economically backward people in a sustainable manner enables women and downtrodden masses to utilize credit, saving, insurance to manage and mitigate risk cost effectively. The paper focuses on the role played by microfinance in women empowerment is considered from five dimensions – economic, social, psychological, legal and political. The present study has been undertaken in Krishna region by taking a sample of 122 members who are also the members of NGOs. Field survey is the tool used for Primary Data Collection, NGOs reports and data from reliable website form the sources of secondary data. The researcher/s has used the statistical methods like Tabulation, Percentage Method, Simple Correlation Coefficient etc., for analysing the data. It can be inferred that, there is steady increase in all the five dimensions of empowerment. And also, in due course of data analysis it was observed that a few members are not completely aware of the benefits of SHG and MFIs, some other enthusiasts have shown interest to get trained in various income generation activities. Most importantly, it was identified there is a definite improvement in the morale and self- confidence level of members and it is significant to note that the betterment in income level goes, towards welfare of the children and education. Size and homogeneity of group, credibility and trust among the members are the key factors that play a vital role in success of SHG program.

Key Words: Self Help Group (SHG), Non-Government Organization (NGO), Micro Finance Institutions (MFIs), Women Empowerment & Micro finance.

Introduction:

Women's Empowerment is a pre-requisite for development and achievement of economic goals of a nation. Achieving women empowerment is not a quick fix, rather it would obtain a holistic approach, long-standing commitment and well structured policies for the public, from all the sectors of the economy. Women experience hurdles in almost every aspect of their and social and professional roles. Getting back to economic empowerment of women, microfinance works out to be a great tool towards creating and enhancing the financial independence of women.

Microfinance is the cluster of financial services to low-income and low-profile clients, including consumers, self-employed, women and all those who are excluded by the traditional financial service providers like banks and NBFCs. Micro finance is financial intermediation framework for those who are too poor to be offered financial services by the conventional bankers and other related institutions to serve. Micro credit is a boon for those who have the zeal, enthusiasm and entrepreneurial capability, yet lack financial resources. Micro finance services to poorest of the poor enable them to avail the commercial opportunities and become independent.

The basic principle is to inculcate the habit of voluntary savings among the members. They utilize this pooled fund to make small interest bearing loans. This brings in financial discipline and accountability. They will enforce responsibility among the members and in the process of handling the operations of the group, they get enriched with book-keeping and basic accounting knowledge and emerge as effective administrators. Gradually, SHG members start appraising the utility of credit arrangement. When the group attains stability and performs well, displaying credibility; traditional banks are motivated to extend loans to members in multiples of the pooled savings. The rate of interest charged will be encouraging; at the same time no collateral security is demanded. The loan repayment duration would be deciding factor while determining the ROI. The pooled savings remains, it is significant to note that the loan is given not out of the accumulated savings. Each member of the group should extent guarantee to bank for the loan taken. There exists peer pressure among the members to ensure timely payments. In the event of default by the member, the said loan will be joint and several liabilities of the remaining members.

Statement of Problem:

Owing to the social framework ubiquitous in olden days, women were restricted only to family and social rituals. They were refrained from participating in key decisions. But, in contemporary society,

women from all social strata are being part of income generating activities. Although microfinance can contribute dramatically towards women's economic development but it can't be regarded as a magic wand bringing instantaneous results. The main motto of microfinance is to make powerful/empower the weaker sections of the society especially rural women. This greatly motivated the researcher to study the factors responsible for success of SHG.

Objectives of the Study:

- ✓ To understand the benefits accrued to the member of SHG.
- ✓ To identify and analyze the factors of SHG program that fetch freedom of choices to women.
- ✓ To study the program areas in SHG program.
- ✓ To analyze the empowerment of women psychologically, socially and economically.
- ✓ To analyze how improved political and legal framework can lead to the empowerment of women.
- ✓ To offer suggestions for designing SHG program effectively.

Research Design:

This research has been undertaken in the pastoral areas of Krishna Region. Both primary and secondary data is used. Primary data is collected by conducting a field survey with the help of a structured closed ended questionnaire. Secondary data is collected from NGOs report and other documents and web-sites. One NGO and 5 SHGs are taken for study.

Sampling Method: Cluster Sampling and Random Sampling is followed.

Sample Size: 122 Members of 5 SHGs promoted by one NGO are taken for study.

Statistical Tools: Simple Correlation, Percentage Analysis, Cross Tabulation have been selected and used for data analysis

Data Collection Method: Structured Schedule Interview

Research Instrument: Structured questionnaire

Limitations:

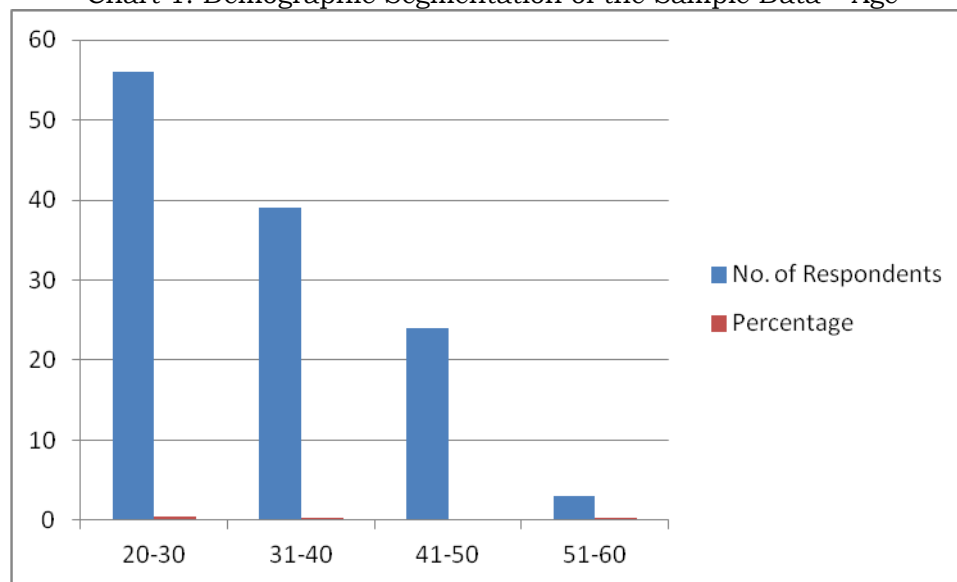
- ✓ The study is confined to Krishna Region only. The outcome may or may not be applied to the whole universe.
- ✓ Data was collected from those members who are engaged in income generating activities.

Results and Discussion:

Table 1: Demographic Segmentation of the Sample Data -Age

| Age | No. of Respondents | Percentage |
|-------|--------------------|------------|
| 20-30 | 56 | 47.00 |
| 31-40 | 39 | 32.00 |
| 41-50 | 24 | 20.00 |
| 51-60 | 3 | 25.00 |

Chart 1: Demographic Segmentation of the Sample Data – Age



Interpretation:

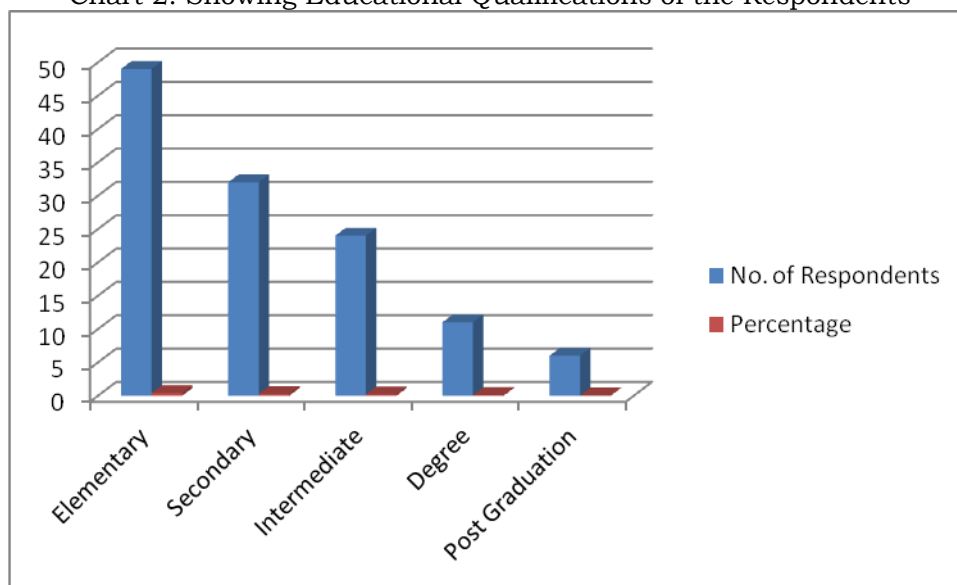
The above table projects that majority of the sample respondent's fall under the age group of 20-30 years i.e., 47%, followed by 31-40 which is equivalent to 32%. The lowest of percentage of the sample respondents fall under the age group of 41-50 years. The educational qualifications of the respondents are explained in the following table 2.

Table 2: Showing Educational Qualifications of the Respondents

| Education Qualification | No. of Respondents | Percentage |
|-------------------------|--------------------|------------|
| Elementary | 49 | 40.00 |
| Secondary | 32 | 26.00 |

| | | |
|-----------------|----|-------|
| Intermediate | 24 | 20.00 |
| Degree | 11 | 9.00 |
| Post Graduation | 06 | 5.00 |

Chart 2: Showing Educational Qualifications of the Respondents

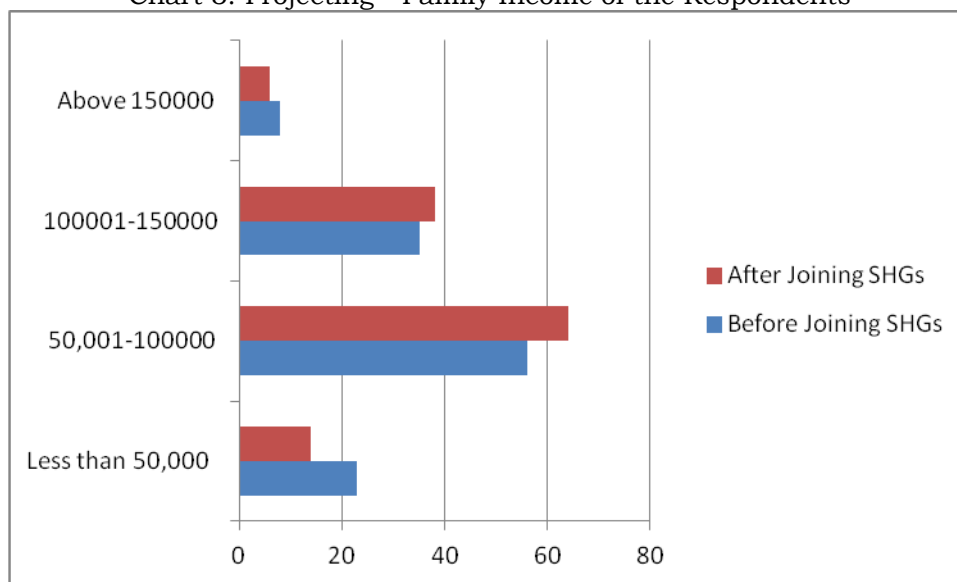
**Interpretation:**

From the above table it is clear that 49 members of the sample respondents are having elementary level of education which constitutes the highest percentage which equals to 40%. 26% of the sample respondents are having secondary education and only 5% of the total respondents are having master degrees. The change of income level of the sample respondents are projected in the table 3.

Table 3: Projecting -Family Income of the Respondents

| Income Slabs (Rs.) | Before Joining SHGs | After Joining SHGs |
|--------------------|---------------------|--------------------|
| Less than 50,000 | 23 | 14 |
| 50,001-100000 | 56 | 64 |
| 100001-150000 | 35 | 38 |
| Above 150000 | 08 | 06 |

Chart 3: Projecting - Family Income of the Respondents

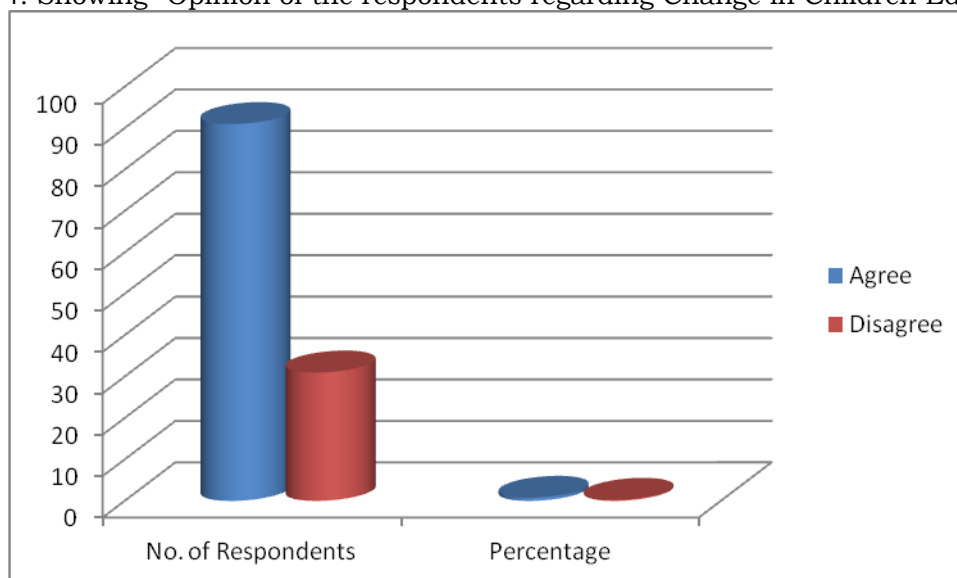
**Interpretation:**

From the above the table it is evident that most of the sample respondents income level has been increased after joining SHGs. It indicates the significance of joining in SHGs by the respondents with regard to their change in their income level. The change in the education of their children of the sample respondents are given in the following table 4.

Table 4: Showing - Opinion of the respondents regarding Change in Children Education

| Opinion | No. of Respondents | Percentage |
|----------|--------------------|------------|
| Agree | 91 | 74.59 |
| Disagree | 31 | 25.40 |

Chart 4: Showing -Opinion of the respondents regarding Change in Children Education

**Interpretation:**

Most of the sample respondents i.e., 74.589% opined that their children education level has been increased after joining in SHGs. Only 25% of the respondents do not agree the same, stating that there is no change in the education level of their children even after joining in SHGs. The following table no.5 clearly projects the purpose of joining in SHGs by the sample respondents.

Table 5: Showing the purpose of the respondents to become a member in SHG

| Purpose | No. of Respondents | Percentage |
|-------------------------------|--------------------|------------|
| Savings | 9 | 7.37 |
| Low Interest Borrowings | 38 | 31.14 |
| Children Welfare | 33 | 27.00 |
| Domestic Needs | 16 | 13.10 |
| Development Existing Business | 26 | 21.00 |

Chart 5: Showing the purpose of the respondents to become a member in SHG

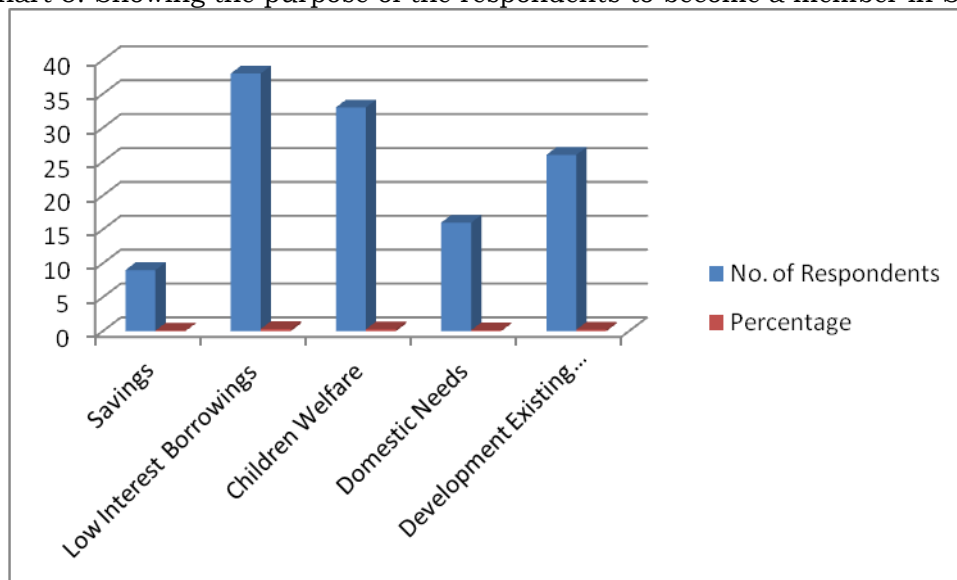
**Interpretation:**

Table No. 5 projects clearly the reason for joining in SHGs by the sample respondents. 31.14% of the respondents opined that they can borrow funds at low rate of interest, 27% of the sample respondents said that they have joined for their children welfare and the rest of the people said that they have joined for savings domestic needs etc. The following table 6 clearly indicates the support needed by the respondents from the SHGs.

Table 6: Showing -Support Requirement

| Requirement | No. of Respondents | Percentage |
|-------------|--------------------|------------|
| Training | 47 | 38.52 |
| Monitoring | 7 | 5.00 |
| Marketing | 22 | 18.00 |
| Information | 46 | 37.70 |

Chart 6: Showing -Support Requirement

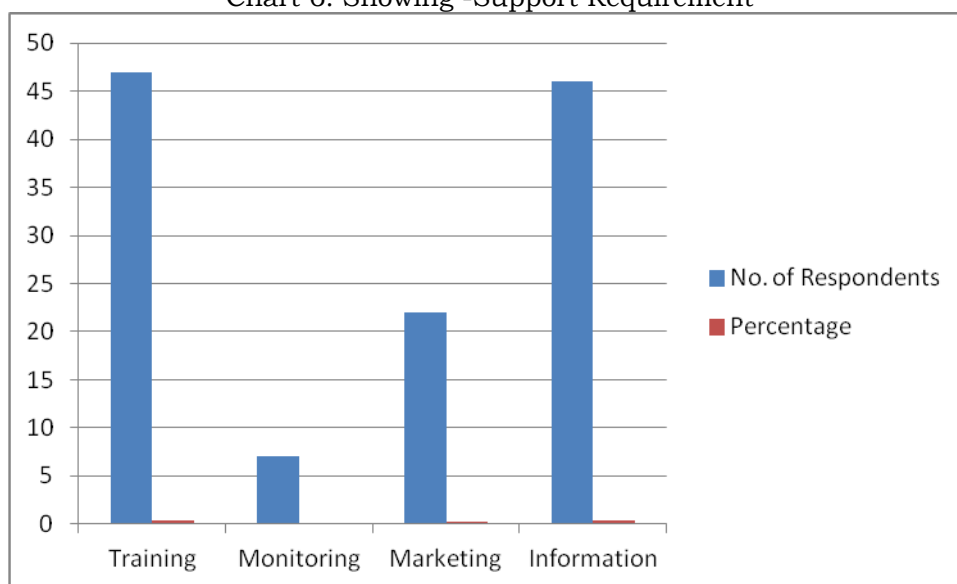
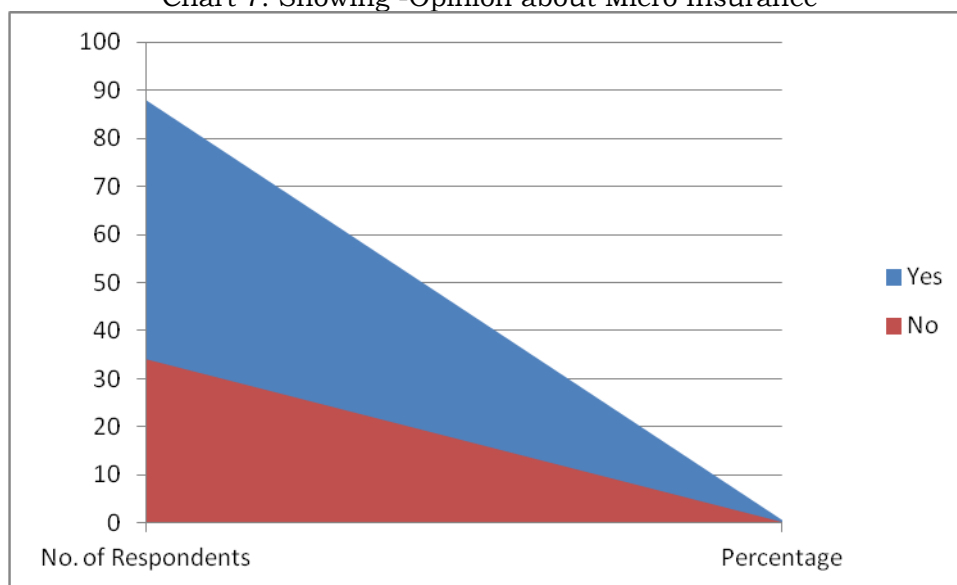
**Interpretation:**

Table No.6 projects that the sample respondents of the study are expecting proper training, monitoring, marketing and information from the SHGs for their improvement in their lives. The government has to take necessary steps to provide the requirements of the members of SHGs in order to bring a change in their living standards. The opinions of the sample respondents regarding the awareness of micro insurance are tabulated in the following table 7.

Table 7: Showing -Opinion about Micro Insurance

| Awareness | No. of Respondents | Percentage |
|-----------|--------------------|------------|
| Yes | 88 | 66.67 |
| No | 34 | 33.33 |

Chart 7: Showing -Opinion about Micro Insurance

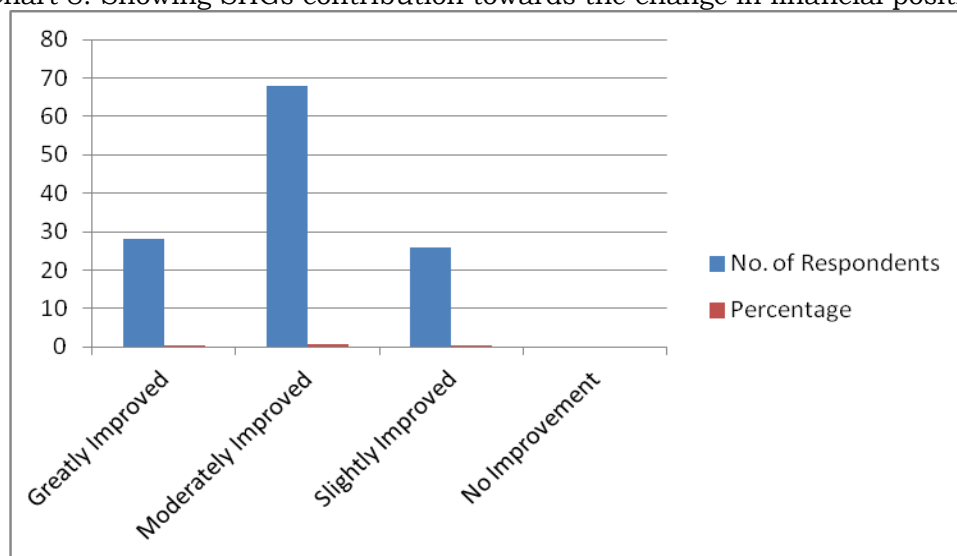
**Interpretation:**

From the above analysis it is evident that nearly two third of the respondents are having awareness about micro insurance and only one third of the members are not having any awareness about micro insurance. From the above data it is suggested that government has to take initiation in order to conduct awareness programmes to the members of SHGs. The following table indicates the SHGs contribution towards the change in the financial position of its members.

Table 8: Showing SHGs contribution towards the change in financial position

| Level of Improvement | No. of Respondents | Percentage |
|----------------------|--------------------|------------|
| Greatly Improved | 28 | 23.00 |
| Moderately Improved | 68 | 55.70 |
| Slightly Improved | 26 | 21.30 |
| No Improvement | 0 | 0.00 |

Chart 8: Showing SHGs contribution towards the change in financial position

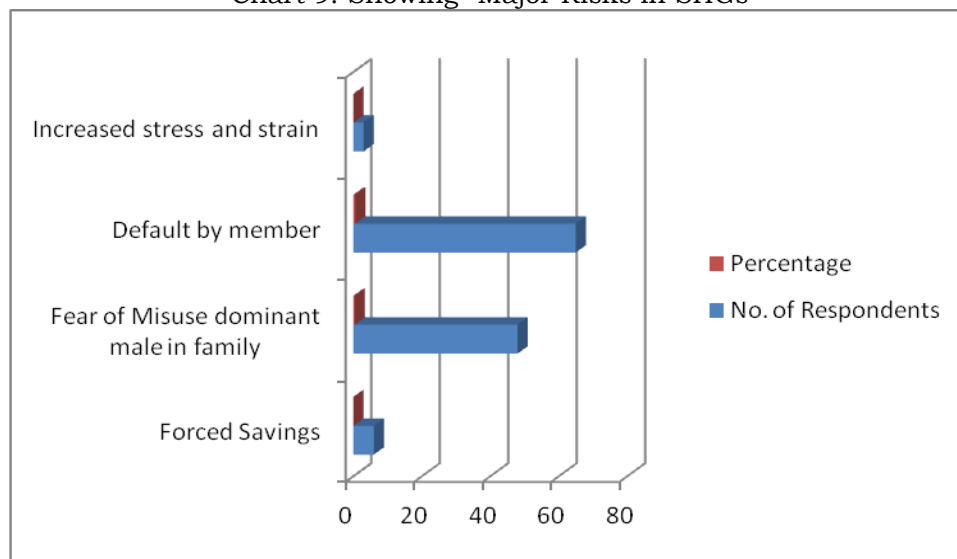
**Interpretation:**

As per above chart it is opined that most of the sample respondents i.e. 55% said that their financial position has been moderately improved after joining in SHGs, 23% of the respondents said that there is huge improvement in their financial position, 21% of the sample opined that their financial position is slightly improved and the rest of the sample said that there is no improvement in their financial position. From the above analysis it is evident that there is an improvement in their financial position after joining in SHGs. The following table 9 reveals the major risks faced by the sample members of SHGs.

Table 9: Showing -Major Risks in SHGs

| Risks | No. of Respondents | Percentage |
|---|--------------------|------------|
| Forced Savings | 06 | 4.90 |
| Fear of Misuse by dominant male in family | 48 | 39.34 |
| Default by member | 65 | 53.20 |
| Increased stress and strain | 03 | 2.45 |

Chart 9: Showing -Major Risks in SHGs

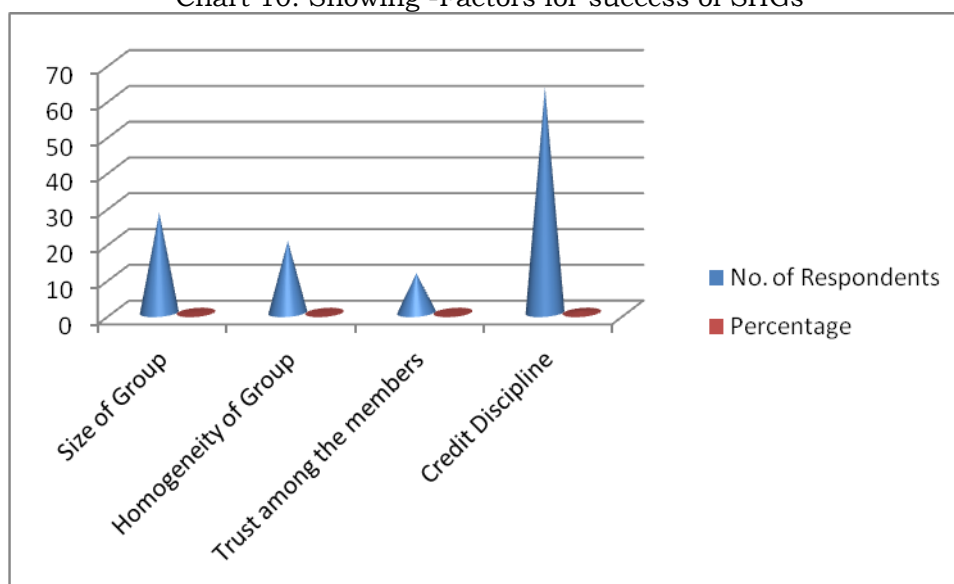
**Interpretation:**

From the above diagram it is clear that the major risks faced by the sample respondents are forced savings, misuse by dominant family member, default by member and increased stress and strain. More than 50% of the sample respondents said that the major risk is default by member, 39% opined that misuse of dominant family members. These are two major risks faced by the respondents of the present study. Table 10 projects the elements pertaining to the factors that lead to the success of their group.

Table 10: Showing -Factors for success of SHGs

| Factors | No. of Respondents | Percentage |
|--------------------------|--------------------|------------|
| Size of the Group | 28 | 22.95 |
| Homogeneity of the Group | 20 | 16.39 |
| Trust among the members | 11 | 9.00 |
| Credit Discipline | 63 | 51.60 |

Chart 10: Showing -Factors for success of SHGs

**Interpretation:**

The above table indicates the factors that lead to the success of SHG of the present research. The members of the group revealed the success factors of their group. They are size of the group, homogeneity of group, trust among the members and credit discipline. Highest sample of the present study i.e. 51% said that credit discipline is the one of the major factor for the success of their group, around 23% opined that size of the group is the another factor for the success of their group, 16% said the homogeneity is the another factor and the rest of the sample opined that trust among the sample members is the another factor which leads to the success of their group.

Table 11: Cross Tabulation Analysis of Psychological Variables

| Variables | Age of Respondents | | | | | | | |
|--|--------------------|----|-------|----|-------|----|-------|----|
| | 20-30 | | 31-40 | | 41-50 | | 51-60 | |
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Self Confidence | 52 | 4 | 27 | 12 | 13 | 11 | 1 | 2 |
| Courage | 37 | 19 | 28 | 11 | 16 | 8 | 0 | 3 |
| Boldness to Communicate with Officials | 46 | 10 | 37 | 2 | 17 | 7 | 1 | 2 |
| Awareness of Children | 27 | 29 | 21 | 18 | 15 | 9 | 0 | 3 |
| Happiness & Peace in family | 50 | 6 | 34 | 5 | 20 | 4 | 3 | 0 |

Calculation of Simple Correlation Coefficient:

Simple Correlation Coefficient – Age of the respondents and perceived risks – 0.026

Simple Correlation Coefficient – Age of Respondents and Perceived Success Factors - -0.59

Simple Correlation Coefficient - Age of Respondents and Perceived Contribution to financial position – 0.59

Simple Correlation Coefficient – Education Qualifications and Perceived Success Factors - -0.524

Simple Correlation Coefficient – Education Qualifications and perceived risks – -0.0782

Findings:

- ✓ It is found that the economic/financial position of the members has improved, as can be inferred from table 3
- ✓ It is observed that women feel that their social image has improved drastically.
- ✓ Being a part of SHGs has strengthened women psychologically, this is vividly understood from the cross tabulation analysis
- ✓ Majority of the women opine that their membership in SHGs has contributed to improvement in children education.
- ✓ It is significant to note that about 28% of the women are unaware of micro-insurance.
- ✓ Timely and appropriate information is all they need to enhance their participation in SHGs
- ✓ It is key to note that nearly 40% of the women opine that “Fear of misuse of funds by dominant male members” as a major risk and hence the NGO needs to pay a vigilant eye on the use of funds.

Summary & Conclusion:

It can be inferred that, there is positive, but mild correlation between the age of respondents and perceived risks of SHG membership. However, there is a negative correlation between the age of the respondents and perceived success factors. This means, elder members perceive that SHG can be successful with credit discipline rather than size or homogeneity of the group. Positive correlation between age of the respondents and their opinion on SHG membership facilitating betterment in financial position

indicates that more matured women are able to realize improvement in financial position. A negative correlation coefficient between educational qualifications and perceived success factors indicates that, members with degree and above qualifications feel that size and homogeneity of group are the factors contributing to success of SHGs, at the same time they appraise their decision of joining the group.

It is concluded that there is a definite improvement in the morale and self- confidence level of members and it is significant to note that the betterment in income level goes, towards welfare of the children and education. Size and homogeneity of group, credibility and trust among the members are the key factors that play a vital role in success of SHG. Encouraging policies and laws valuing the care work of women can further create a plethora of opportunities and thus empower women.

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