



IMPACT OF MICROFINANCE ON WOMEN EMPOWERMENT THROUGH SHGs IN VIRUDHUNAGAR DISTRICT

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1. INTRODUCTION

In India, the gap between the haves and the have-nots is always alarmingly high. Vices like superstition, illiteracy, caste system and the greed of the rich and powerful do not allow the principle of equality to set in. Consequently, India is unable to get rid of poverty and unemployment. It was with the objective of alleviating poverty and generating employment that the role of small finance came into the limelight. The word "micro credit" did not exist before the seventies. Now it has become a buzz-word among the development practitioners. In the process, the word has been imputed to mean everything to everybody. Micro credit creates a huge purchasing power. This, in turn, gives impetus to industrial growth and finally leads to a higher GDP. The contribution of micro credit towards social reforms cannot be overlooked either. Over the past decade, micro finance institutions have adopted innovative ways of providing credit and savings services to the entrepreneurial poor. Several micro finance institutions have succeeded in reaching the poorest of the poor by devising innovative strategies. These include the provision of small loans to poor people, especially in rural areas, at full-cost interest rates, without collateral, that is repayable in frequent installments. Micro finance programmes aimed at the poor women are designed to help them to come out of the clutches of poverty and make a sustainable living. One of the assumptions of the scheme is that loans are the only financing system that can provide sufficient capital to meet the needs of the SHG members. Under this scheme, credit is available for various purposes ranging from urgent consumption needs to accumulation of assets. Also, the credit users are encouraged to initiate small income generating micro-enterprise. It is a fact that self-employment activities bring income, increase consumption levels, lead to a rise in the demand for education of children. This study underlines the impact of microfinance on women resulting in an increase in income and improvement in their standard of living. The present study makes an attempt to analyse the impact of micro-finance aimed at poor and

impoverished rural women in particular, using survey data gathered from members of women SHGs functioning in Virudhunagar district of Tamilnadu.

2. NEED FOR THE STUDY

In the area of sustainable development for women, the focus must be laid on developing the capacity of women through increasing their economic power, social power, participation power and decision making powers. This is being achievable to a large extent through the formulation of SHG.

3. OBJECTIVES OF THE STUDY

The overall objective of the study is to analyses the impact of microfinance on women empowerment through SHG with respect to the SHG members in Virudhunagar district of Tamilnadu.

4. METHODOLOGY

4.1 Primary Data

The present study is based on both primary as well as secondary data. The primary data are those data, which are collected from the SHG women members in virudhunagar district. A separate pre-tested interview schedule was constructed.

4.2 Secondary Data

The secondary data are those data, which are already collected by someone else. The researcher has collected the secondary data from the records of Journals, Books and Internet.

4.3 Sampling Design

The researcher is concerned with the study on impact of microfinance on women empowerment through SHG with respect to the SHG members in Virudhunagar district of Tamilnadu. There are around 450 villages in the Virudhunagar district. They are divided into 11 blocks. They are Aruppukottai, Kariapatti, Narikudi, Rajapalayam, Sattur, Sivakasi, Srivilliputhur, Tiruchuli, Vembakottai, Virudhunagar, and Watrap. Since the members are vast in numbers. So the researcher has selected only 300 members in the study area to follow the convenience sampling method.

4.5 Limitation of the Study

This study is made mainly on the basis of primary data and it's confined to the customers at Virudhunagar District, the researcher has assured that an academic purpose only and its inadequate shortcomings are ignored.

5. MICRO FINANCE AND WOMEN EMPOWERMENT

One of the reasons micro finance institutions deal largely with women is because they (women) typically lack social and economic assets owned by men in those regions. It is no secret that micro credit, along with micro-savings and group solidarity, brings about visible changes in the lives of women. Women empowerment, which is achieved by instilling ideals such as justice, equality and freedom of women, is the central goal of many development institutions (including micro finance institutions). The search for these social virtues is not unique to the field of micro finance, nor is it a recent phenomenon.

Women's status, both in their homes and communities, is improved when they are responsible for microloans and for managing micro-savings (this would enhance the social support offered in the group lending methodology). Micro finance improves access to networks and markets (for women) giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles. Then they generate and control their own income (through micro finance services), women gain a level of power that means they can make decisions independently and command more respect.

6. RESULTS AND DISCUSSION

6.1 Area of the Respondents

In this study the researcher collects responses from various SHG members residing at both rural and urban areas. Virudhunagar district are divided into 11 blocks. In the 11 blocks consist of 987 women SHGs with the membership of 13248 women in association with 13 NGOs. In the 13248 SHG members only 300 respondents were selected. Out of the 300 respondents, 16.3% of the members are in the block of Virudhunagar, 14% of the respondents from Srivilliputhur block, 11% of the respondents from Sivakasi block, 10% of the respondents from Sattur block, 9.3% of the respondents from Aruppukottai block, 8.7% of the respondents from Rajapalayam block, 8.3% of the respondents from Thiruchuli block, 7.3% of the respondents from Kariyapatti block, 6% of the respondents from Watrap block, 5.7% of the respondents from Vembakkotai block and 3.4% of the respondents are from Narikudi block.

Table 1: Block – wise Classifications

Block of the Respondents	Number of Respondents	Percentage of Total
Virudhunagar	49	16.3
Srivilliputhur	42	14.0
Sivakasi	33	11.0
Sattur	30	10.0
Aruppukottai	28	9.3
Rajapalayam	26	8.7
Thiruchuli	25	8.3
Kariyapatti	22	7.3
Watrap	18	6.0
Vembakkottai	17	5.7
Narikudi	10	3.4
Total	300	100.0

Source: Primary Data

In the above table 1 clearly pointed out most (16.3%) of the SHG members belongs to the Virudhunagar block.

6.2 Inspiration

Motivation is the activation of goal-oriented behavior. Motivation is said to be intrinsic or extrinsic in an attempt to depict the inspiration for joining SHGs. It is good factor to note that many of the respondents had joined SHG on their own interest which represents 30% and 28.3% of them joined with the inspiration of SHG members; 16.7% of them joined by the inspiration of officials of NGO; 15% of them joined by the inspiration of their neighbours and few, that is, 10% of the respondents joined because of their friend's inspiration.

Table 2: People Who Motivated the Respondents to Join in SHG

Motivators	Number of respondents	Percentage of Total
Own Interest	90	30.0
SHG members	85	28.3
Officials of NGO	50	16.7
Neighbours	45	15.0
Friends	30	10.0
Total	300	100.0

Source: Primary Data

Table 2 clearly states that most (30%) of the respondents have joined because of their own interest.

6.3 Sangha Loan (Internal Loan)

After saving for a minimum period of 2 to 3 months, the common savings fund should be used by the SHG for lending to its own members. The purpose, terms and conditions for lending to its members, rate of interest etc. may be decided by the group through discussions during its meetings. The survey results that 76% of the respondents were provided sangha loan, remaining 24% of the respondents were not provided with loan.

Table 3: SHG Sangha Loan

Loans	Number of Respondents	Percentage of Total
Provide	228	76
Not Provide	72	24
Total	300	100

Source: Primary Data

The table 3 shows that majority (76%) of the SHGs are provided sangha loan to its members.

6.4 Loan from Banks or Micro finance Institutions

Loan is the main source for running the business for SHG. A Loan from the bank or micro finance institution is the only source for SHGs to invest in their marketing activity. The study reveals that 74.7% of the respondents have borrowed loan from banks or micro finance institutions and the remaining 25.3% of the respondents have not borrowed.

Table 4: Micro Credit from Banks or Micro finance Institutions

Micro credit	Number of Respondents	Percentage of Total
Borrowed	224	74.7
Not Borrowed	76	25.3
Total	300	100.0

Source: Primary Data

The table 4 results that majority (74.7%) of the respondents have borrowed loan from banks or micro finance institutions.

6.5 Utilisation of Micro credit

The survey attempts to find out whether the micro credit is used for income generation purpose or not. It results that 38.3% of the respondents spend the micro credit loan for income generation, and the remaining 61.7% of the respondents were the micro credit loan for other than income generation purpose.

Table 5: Utilization of Micro credit

Using Micro credit	Number of Respondents	Percentage of Total
Income generation	115	38.3
Other than income generation	185	61.7
Total	300	100.0

Source: Primary Data

The table 5 brings to limelight that majority (61.7%) of the respondents utilize the micro loan amount for other than income generation purpose.

6.6 Purpose of Spending the Loan

Out of the 185 respondents, 28.6% of the respondent used the micro credit for education purpose, 22.7% of the respondents used the loan amount for repayment of old loans, 18.9% of the respondents used the loan amount for consumption purpose, 11.9% of the respondents used the loan amount for meeting festival needs, 6.5% of the respondents used the loan amount for meeting marriage expenses, and remaining 5.4% of the respondents used the loan amount for purchase of land/maintenance of house and other assets.

Table 6: Purpose of Spending Micro Credit

Purpose of spending	Number of Respondents	Percentage of Total
Education	53	28.6
Repayment of old loans	42	22.7
Consumption purpose	35	18.9
Festival needs	22	11.9
Illness of household members	12	6.5
Marriage	11	5.9
Purchase of land/Maintenance of house and other assets	10	5.4
Total	185	100.0

Source: Primary Data

The table 6 shows that most (28.6%) of the respondents have used the micro credit loan amount for education purpose.

6.7. Social Development after Becoming SHG Member

Society is in continuous flux. Various factors and forces, as well as external, determine the rate and directions of social change. The factors of self-help groups, which change the root in the physical environment, biological factors are the responsible factors for social changes. The following are the factors of SHGs in social change.

The study reveals that 84.3% of the respondents are free to go out and visit friends and relatives without permission, 96.7% of the respondents have the choice of the dresses they wear, 96% of the respondents' husbands impose their religious beliefs on them and make them accept, 94.7% of the respondents have an association with political parties, 84.3% of the respondents participate in voting and other democratic procedure, 94% of the respondents' husbands impose their political ideas on them and make them accept, 94% of the respondents participate in the meetings of NGO's programs or in other social events, 81.0% of the respondents' husbands prevent them from participating in such programs, 74.0% of the respondents take decisions on the marriage of their son/daughter.

Table 7: Social Development of Women after Becoming SHG Member

Particulars	Number of Respondent		Percentage of Total	
	Yes	No		
Free to go out and visit friends and relatives without permission	253	47	84.3	15.7
Have the choice of the dresses you wear	290	10	96.7	3.3
Husband imposes his religious beliefs and make accept	12	288	4.0	96.0
Association with political parties	16	284	5.3	94.7
Participate in voting and other democratic procedure	253	47	84.3	15.7
Husband imposes political ideas and make accept them	18	282	6.0	94.0
Participate in the meetings of NGO's programs or in other social events	282	18	94.0	6.0
Husband prevention from participating in such programs	57	243	19.0	81.0
Self decisions on the marriage of son/daughter	222	78	74.0	26.0

Source: Primary Data

Out of the table 7 it is clear that majority of the respondents have positive social impact.

6.8. Effect in Social Status of Members after Getting Micro Credit

Factor analysis is used to find the effect in social status of the members after getting micro credit. Factor analysis is executed to identify the prominent factor among the 13 factors that contribute to the social status after getting micro credit.

6.8.1. Cronbach's Alpha Test

This test is used to know the validity of the data. If the output value is more than 0.5 then it is valid. In the present analysis the output value is 0.783 for social status. So the data is valid one.

Table 8: Effect of Social Status Reliability Statistics

Cronbach's Alpha	N of Items
0.783	13

6.8.2 KMO AND BARTLETT'S TEST

Kaiser-Meyar Olkin measure of sampling Adequacy value is 0.591. Bartlett's Test of Sphericity is significant at 0.000

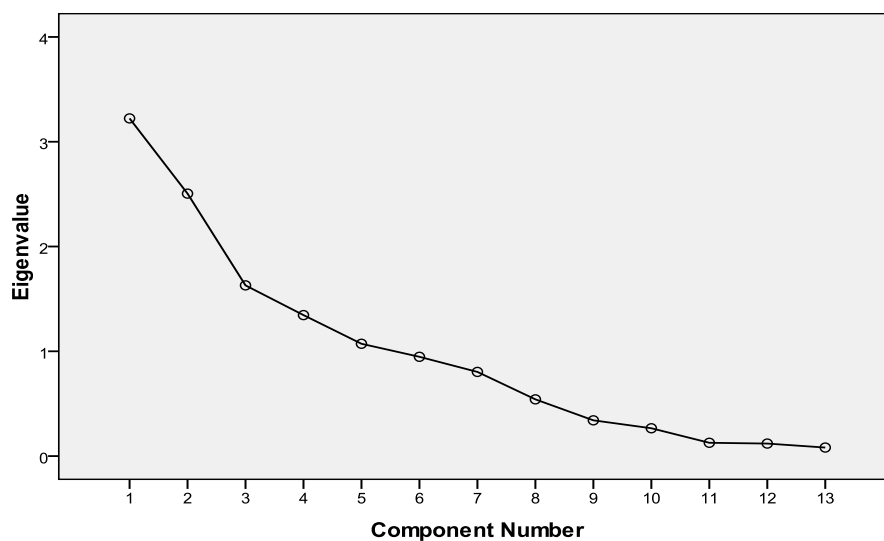
Table 9: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.591
Bartlett's Test of Sphericity	Approx. Chi-Square	2069.889
	Df	78
	Sig.	0.000

6.8.3 Scree Plot

Figure 1

Scree Plot



In the above scree plot, it is clear that components have eigen value of more than one.

6.8.4 Principle Component Analysis

Principle Component Analysis (PCA) involves a mathematical procedure that transforms a number of possibly correlated variables into a smaller number of uncorrelated variables called principle components. The first principle component accounts for as much of the variability in the data as possible, and each succeeding component accounts for as much of the remaining variability as possible. Among the 13 factors, all factors' eigen value more then 1, so all factors are prominent factors.

Table 10: Communalities

Variables	Initial	Extraction
Recognition in society	1.000	.547
Feeling of security	1.000	.858
Standard of living	1.000	.828
Educational level of the family	1.000	.630
Self confidence	1.000	.907
Risk bearing capacity	1.000	.772
Entrepreneurial skill	1.000	.746
Skill of financial management	1.000	.602
Social responsibilities	1.000	.817
Families health	1.000	.722
Birth control	1.000	.702
Family violence	1.000	.792
Equality in the family	1.000	.850

Extraction Method: Principal Component Analysis

From the above Principal Component Analysis, it is clear that the first four prominent factors are Self confidence (.907), Feeling of security (.858), Equality in the family (.850) and Standard of living (.828).

6.9. Sustainable Increase in Income

The SHG members are below the poverty line and normally their financial condition is pathetic. The membership in the SHGs provides the opportunity to borrow from banks. These borrowings made some increase in income. The study focuses that for 73.3% of the respondents the micro credit loan is resulted in sustainable increase in income, and for the remaining 26.7% of the respondents the micro credit is resulted in no difference in income.

Table 11: Sustainable Increase in Income

After availing Loan	Number of Respondents	Percentage of Total
Increased in income	220	73.3
No Difference	80	26.7
Total	300	100.0

Source: Primary Data

The table 11 brings to limelight that for majority (73.3%) of the respondents the micro credit is resulted in sustainable increase in income.

7. CONCLUSION

In India, majority of the population live in rural area. Women have been playing an important role for the socio-economic development of the society. They are considered as the back bone of a family. But women in particular often bear the brunt of poverty and limited access to economic opportunities, including unfavourable financial access. Thus it is very important to empower the women through self-help groups for economic development. From the study, it is found that most of the SHG members joined because of their own interest they are getting sangha loan and the respondents SHGs are organizing social development program. Majority of the respondents used the micro credit loan for the income generation purpose and education purpose, they were feel the micro credit resulted in sustainable increase in income. Micro finance through self-help group is helping the poor and upgrading women empowerment by making them financially strong. SHGs have increased their habit of savings and investment in some developmental activities. Microfinance has profound influence on the economic status, decision making process and level of dependence of women in India. Thus it is concluded that microfinance has the positive impact of women empowerment through SHGs.

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