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Role of Micro Finance through Self-Help Groups (SHGs) On Economic Empowerment of Women

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Abstract: *Half of the population of India consists women and it is very important to empower women for the development of economy. The government of India initiates various programs to empowerment of the women which of the one is micro finance through Self-help groups (SHGs). In SHGs small amount of savings are providing and help each other in a group. The present study mainly focuses on the demographic features of SHGs members and impact of SHGs in promoting economic empowerment. The study based on primary data and collected through Schedule from the rural women members of SHGs in Bhiwani and Hisar district of Haryana state. The study finds that after joining the SHGs income, expenditures and savings are appreciated. So study concludes that SHGs significantly affect the economic empowerment of the women.*

Keywords: *Self Help Groups (SHGs), Empowerment, micro finance etc.*

I. INTRODUCTION

The programs for upliftment and empowerment of the poor especially the rural women depend on rural credit institutions. This leads to the birth of Micro Finance credit scheme. Micro Finance is a better tool for eradication of poverty through the formation of various organizations and enterprises.

The peculiar disadvantages faced by women are due to relative lack of assets such as human, natural, physical, social and financial. Physical strengths are heavily based against women. They work harder but their work is remains undervalued and unrecognized. So there is partiality regarding physical strengths in the comparison with men

In the developing countries, ownership of natural assets such as land has tended to be heavily biased in the favour of the family. Access to physical assets such as infrastructure is restricted by institutional barriers. Social assets such as network of contacts and reciprocal obligations that can be called in times of need and political influence over resources are also low for women. Lack of access to financial assets such as savings and formal credit is another stumbling block to their progress.

The women empowerment and eradication of poverty under Micro finance schemes are made possible through the formation of Self Help Groups, Neighborhood Groups, area development Societies and community development Societies. Micro credit refers to small business. Micro credit fund is a pool or loan capital generated to initiate micro entrepreneurs in their activities, generally with alternative collateral guarantees and monitored repayment system. The loans may serve as working capital to cover day to day expenses as seed capital to start up business or as investment capital to purchase fixed assets.

It may be and independent operation, part of an integrated economic development. It is only the moral guarantee of the SHGs that is provided as a security. Micro Finance plays an important role in the upliftment of women in rural areas. Needless to say that providing Micro Finance to the poor women through an organized asset up has become essential. As many as hundred countries are reported to have adopted the concept of credit.

The percentage of women below poverty line is higher in rural areas than in urban areas; NABARD micro credit programmes correct the imbalance by instituting an overall arrangement provision of a wide range of financial services to women thereby lending to their social, political, psychological and economic empowerment. Micro Finance SHGs have been paving the way for opening up a large number of mini ventures in rural areas, which had not only generated gainful occupation but has also provided scope for the transformation of rural society.

The group formation and the development is not a spontaneous process. NGOs play a crucial role in the formation and promotion of groups. A NGO helps to have close friendly, grass root level familiarity with poor women. It propagates the message of self help among the prospective beneficiaries, motivates and organizes the groups to nurture them and train them in thrift and credit management and income generating activities. Micro credit system for employment serves as an integral part of the SHG mechanism. The directions from the RBI, NABARD and commercial banks have clearly mentioned the need to recognize the SHG as a potential tool of micro finance.

The RBI has launched the programme of linking SHGs with lending institutions like commercial banks so that the credit requirement of the SHG can be properly attended to through the commercial banks. NGOs form good catalysts of Micro Finance, either by guaranteeing loan taken by women SHGs or loans taken by NGOs on behalf of the SHGs. In each phase of SHGs, the NGOs play a different role like initiators, promoter, facilitator, administrator and financial intermediary and also a self help promoting institutions.

During initial stages with guidance of NGOs, the group collects its own funds in the form of compulsory savings. The NGOs at this stage establishes a linkage with the banks and assists the groups to deposit its savings through formal introduction. The credit fund, if it comes from an outside source, is disbursed to individual members according to agreed criteria and the group undertakes joint liability for debts of each members. Thus, the joint liability provides incentives or compels the group to undertake the burden of selection, monitoring and enforcement that would otherwise fall on the lender. As employment opportunities all over the world are decreasing, entrepreneurship is seen as the one way to lift women out of poverty. Experience shows that most of the poor women invest money wisely and make sound decisions to maximize returns. Access to savings and credit facilities helps poor women to make comparatively larger investment and allows to take advantage of profitable business opportunities and to increase their earning potential.

Micro Finance helps the poor women, providing an independent source of income, which reduces their dependency increases their assertiveness. Micro Finance Institutions or programmes have targeted women who live in households with very little or no assets. The MFI/Ps has significantly increased women's security, autonomy, self-confidence and status within the household by providing opportunities of self-employment. Micro credit managed and utilized by women borrowers themselves has greatest impact on poverty reduction.

II. REVIEW OF LITERATURE

Basu (2006) examined the role of micro finance in empowering women with study entitled *Microfinance and Women Empowerment: A study for empowering women with respect to control of savings, safe investment, increase purchasing power, control of income and repayment of loan etc.* For this purpose, the researcher has taken some household of West Bengal district. From the analysis, the researcher observed that various commercial banks & regional rural banks helped a lot in Andhra Pradesh through the formation of SHG's bank linkage programme. Further the researcher found that only 5% women were there who controlled over the money of their own and 56% shared their money with their husband. So with this analysis the researcher came on this point that microfinance programme didn't affect so much in empowering women. So policy should be framed for microfinance program.

Gangaiah et al (2008) have made a study on the impact of Self Help Groups on employment and income, based on the objectives of the savings and banking habits among members. A total of 202 group members from 17 SHGs were selected

randomly in Karakambadi village. These groups mobilize thrift deposits and secure timely matching and revolving funds to generate employment activities to earn their livelihood. The social outlook of the women has undergone beneficial change and has a favourable effect on formal education, self-management, leadership quality, sense of equality in the status of women.

Sreelakshamma (2010), Regarding the political contacts of the sample beneficiaries with the leaders of different political parties, it is found that during the field survey about 35 percent of the sample respondents have close contacts/relations with the party leaders of their area. About 40 percent of the total respondents are approached by the leaders of various political parties for the support and cooperation in various elections. It is observed that the priority is given to the Development of Women and Children in Rural Areas (DWCRA) members in the selection of candidates for contesting various local bodies' elections. Out of the total, 14 sample respondents have contested for different offices in these elections. Of the total, 14 sample respondents have contested for different offices in these elections. Of them five members were elected as the ward members of the Village panchayats. Considerable numbers of the women has come politically active after joining the DWCRA groups and are taking active part in various activities.

III. RESEARCH METHODOLOGY

Objectives of the study:

1. To study the demographic characteristics of the members of self-help groups.
2. To analyze the role of Self-help groups to promoting economic empowerment.

Hypothesis of the study:

1. There is no impact on income of members through joining self- help groups
2. There is no impact on expenditure of members through joining self- help groups
3. There is no impact on savings of members through joining self- help groups

Scope of the study:

The present study based on rural area of Bhiwani and Hisar district of Haryana state to measure the role of SHGs in economic empowerment.

Research Design:

The present study is the descriptive as well as analytical in nature.

Sample and sampling units of the study:

The present study based on members of SHGs. Therefore women members of SHGs are sampling units under present study. The sample size of the study is 100 which is taken from Bhiwani and Hisar district of Haryana.

Method of Data collection:

In India most of the women in rural area are illiterates. So fulfillment of study and convenience of sample units Schedule method is used.

Techniques of data analysis:

For the analysis of data various descriptive statistics and paired t test is applied through SPSS.

IV. ANALYSIS AND INTERPRETATION

Age wise Distribution of Sample Members

The minimum age for becoming a member of SHG has been fixed as 18 years and there is no maximum age limit for

becoming a member. The age of a member helps in the active participation of the member in promoting their economic status. The research categorize age of sample members in three groups and research found the following data regarding age of SHGs members.

Table No. 1: AGE OF SAMPLE MEMBERS

Sr.No.	Age (in years)	Number of Respondents	Percentage
1.	Less than 30	13	13
2.	31-50	54	54.0
3.	Above 50	33	33.0
	Total	100	100

Source: Primary data

It is clear from table no. 1 that, out of 100 respondents, 13 members are in the less than 30 years, 54 members belong to the age group of 31-50 years, and 33 members are more than 50 years old. So most of the members are belongs to 3150 age group.

Marital status of sample members

Table No.2: Marital status of sample members

Marital Status	No. of Respondents
Unmarried	00
Married	100
Total	100

Sources: Primary Data

From table No. 2 it is clear that all Self Help Group members are married. No group member is Unmarried.

Religion of sample members:-

Table No. 3: Religion of sample members

Religion	No. of Respondents
Hindu	93
Muslim	05
Sikh	02
Others	00
Total	100

Sources: Primary Data

The questionnaire consists different religion and It is clear from table no.3 93 women are belongs to Hind religion and 5 group member are belongs to Muslim and 2 belongs to Sikh community. No members are related to other religion category.

Literacy Wise Distribution of Sample Members

The literacy level of a country plays a significant role in the development of the nation and the literacy level of an individual citizen provides ample opportunities of growth and development. Literates have better channels of activities to generate income and support themselves. In the present study, the level of education has been classified into illiterates, up to 10th, up to 12th, graduates, and post graduates. Table 4 exhibits the literacy wise distribution of Self Help Group members.

Table No. 4: LITERACY WISE DISTRIBUTION OF SAMPLE MEMBERS

Sr.No.	Literacy	Number of Respondents	Percentage
1.	Illiterates	15	15.0
2.	Up to 10 th	44	44
3.	Up to 12 th	24	24
4.	Graduates	12	12
5.	Post Graduates	5	5
	Total	100	100.0

Source: Primary data

After collecting the data regarding literacy from SHGs women members, we analysis the data and It is revealed from Table

no. 4 that out of 100 respondents, 15 members are illiterates, 44 members have completed their education up to 10th level, 24 members have finished their education up to 12th, 12 members completed their education up to graduation level, and 5 members belong to 'post graduates' group.

Occupation Wise Distribution of Sample Members

The primary objective of the SHGs is the upliftment of women below the poverty line. Such women usually undertake economic activities such as agriculture labour, self-employment, private job, housewife, and vegetables vendor. In rural Haryana most of the women depends on agriculture. The Micro Finance through the SHGs enables the members to promote and increase their economic activities.

Table 5 depicts the occupation wise distribution of Self Help Group members.

Table No. 5: OCCUPATION WISE DISTRIBUTION OF SAMPLE MEMBERS

Sr.No.	Occupation	Number of Respondents	Percentage
1.	Agricultural labour	53	53.0
2.	Self-employment	11	11
3.	Salary earner	16	16
4.	Housewife	12	12
5.	Vegetable vendor	6	6
6.	Others	2	2
	Total	100	100.0

Source: Primary data

It is understood from Table no. 5 that out of 100 respondents, 53 members are agriculture labour, 16 members are salary agriculture, 11 members are self-employed, 12 members are housewife and 2 members are engaged in other economic activities.

Monthly Family Income of Sample Members

Income determines the purchasing power and standard of living of a person. A change in women's income indicates change in her life and also her family member's life. Table no. 6 furnishes the monthly family income of the sample members.

Table No. 6 : MONTHLY FAMILY INCOME OF SAMPLE MEMBERS

Sr.No.	Family Income (in ₹.)	Number of Respondents	Percentage
1.	Less than 10000	28	28
2.	10,001-15000	48	48
3.	15001-20000	12	12
4.	20001- 30,000	10	10
5.	Above 30000	2	2
	Total	100	100

Source: Primary data

It is evident from Table 6 that out of 100 respondents, 28 women members are belongs to those family whose income is less than 10000, 48 women members are belongs to those family whose income is between 10001-15000, 12 women members are belongs to those family whose income is between 15001-20000, 10 women members are belongs to those family whose income is between 20001-30000 and only 2 members are belongs to those family whose income is above 30000.

Monthly Family Expenditure wise Distribution of Sample Members

Expenses depends on level of income .If any person have more income, than his or her expenses also high and if a person have low income than their level of expenses also low. Engel's law of family expenditure states that when income increases, the percentage of money spent on necessities like food and clothing decreases, but the percentage spent on comfort and luxuries increases. The Engel's law of family expenditure is an indicator of the economic well-being of the people.

Table no. 7 furnishes the monthly expenditure of sample members.

Table No. 7: MONTHLY FAMILY EXPENDITURE OF SAMPLE MEMBERS

Sr.No.	Monthly Expenditure (in ₹.)	Number of Respondents	Percentage
1.	Below 5,000	18	18
2.	5,001-10,000	46	46
3.	10,001-20,000	22	22
4.	Above 20,001	14	14
	Total	100	100

Source: Primary data

It is found from Table 4.7 that out of 100 respondents, 18 members are belongs to whose family whose expenditure is less than 5000, 46 members are belongs to those family whose expenditure is between 5001-10000, 22 members are belongs to those family whose expenditure is between 10001-20000, 14 members are belongs to those family whose expenditure is more than 20000.

Monthly Family Savings of Sample Members

Savings form the backbone of future life of any human being. The savings could be utilized for the further developmental purposes or the purchase of properties and consumables.

Table no. 8 furnishes the monthly savings of sample members.

TABLE no.8: FAMLY MONTHLY SAVINGS OF SAMPLE MEMBERS

Sr.No.	Monthly Savings (in ₹.)	Number of Respondents	Percentage
1.	Below 1000	27	27
2.	1001-2,000	49	49
3.	2,001-3,000	18	18
4.	Above 3,000	6	6
	Total	100	100

Source: Primary data

Table no. 8 describes that out of 100 respondents 27 members are belongs to those family whose monthly savings is less than 1000, 49 members are belongs to those family whose monthly savings is between 1001-2000, 18 members are belongs to those family whose monthly savings is 2001-3000, 6 members are belongs to those family whose monthly savings is above 3000

A woman's ability to secure opportunities and economic activities has led her to live independently. Women find enough opportunities through SHG after which their dependence on men for livelihood has diminished. Earning more income and accessing more resources for survival have enabled the women groups to build economic strength that contributes to their empowerment. If women make adequate economic contribution to the family, they are bound to be treated at par with men.

In India, the trickledown effect of macroeconomic policies has failed to resolve the problem of low economic growth. Women have been the vulnerable section of society and constitute a sizeable segment of poverty struck population. Micro Finance deals with women below the poverty line. Micro loans are available solely and entirely to poor women. The Micro loans are routed to poor women for lifting them from the poverty stricken life. Micro Finance through SHG has been recognized as modern tool to combat poverty. Micro Finance provides women with the financial banking that they need to start an economic activity. Increase of women's control over income improves their contribution to family and access and control over family resources.

Women attain economic empowerment through SHG by their access to employment, credit and market, ownership of assets and representation of local trade.

MONTHLY INCOME OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

Women represent one half of the human population. Hence, national development could be achieved only by utilizing women's resources also. Economic independence is essential for women to ensure their empowerment. 't' test has been applied

to analyze the monthly income of the respondents before and after joining SHGs with the help of SPSS. The null hypothesis framed is that there is no significant difference among the respondents regarding monthly income before and after joining SHGs. Table no 9 shows the monthly income of the respondents before and after joining SHGs.

Table No. 9: MONTHLY INCOME OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

Sr.No.	Monthly Income (in ₹.)	Number of Respondents	
		Before joining SHG	After joining SHG
1.	Less than 5,000	28	10
2.	5,001-10000	30	18
3.	10001-15000	22	58
4.	15001-20000	16	11
5.	Above 20000	4	3
	Paired t-test	23.119	
	Degrees of Freedom	99	
	Level of Significance	.05	

Source: Primary data Significant at 5 per cent level

Calculated value of t test =23.119

Degree of freedom = n-1=100-1=99

Table value of paired t test = 1.987 (v = 99 at 5% level)

Table no. 9 and graph reveals that out of 100 respondents, 28 earned a monthly income of less than 5000, 30 had an income of ₹. 5000– ₹. 10000 per month, 22 had 10001-15000 per month,16 earned a monthly income of 15001-20000 and 4 had above 20000 per month before joining SHGs.

After joining SHG, out of 100 respondents, 10 earn a monthly income of less than 5000, 18 had an income of ₹.5000 – ₹ .10000 per month, 58 have above 10001-15000 per month, 11 earn a monthly income of ₹. 15001-20000 and 3 have above 20000 per month.

The calculated value of paired t-test is 23.119 and it is more than table value which is 1.987 (v = 99 at 5%). Therefore, the null hypothesis is rejected. Hence, there is a significant difference among the respondents regarding monthly income before and after joining SHGs.

MONTHLY EXPENDITURE OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

The members of the SHGs generally belong to the lower income group and hence the amount of expenditure incurred by them is very small. After becoming the members of the SHGs, they are able to generate more income and hence spend more.

't' test has been applied to analyses the monthly expenditure of the respondents before and after joining SHGs with the help of SPSS. The null hypothesis framed is that there is no significant difference among the respondents regarding monthly expenditure before and after joining SHGs. Table 0 shows the monthly expenditure of respondents before and after joining SHGs.

Table No. 10: MONTHLY EXPENDITURE OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

Sr.No.	Monthly Expenditure (in .) ₹	Number of Respondents	
		Before joining SHG	After joining SHG
1.	Below 3,000	12	7
2.	3,001-6,000	38	33
3.	6,001-9,000	35	52
4.	Above 9,001	15	8
	Paired 't' test	13.12	
	Degrees of Freedom	99	

Level of significance	.05
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Source: Primary data

Table no. 10 furnishes that out of 100 respondents, 12 members are spent below 3,000, 38 members are spent between 3,001-6,000, 35 members are spent between 6,001-9,000 per month, and 15 members are spent between spent above ₹ 9000 per month before joining SHGs.

After joining SHG, out of 100 respondents, 7 members are spent below 3,000 per month, 33 members are spent between 3001-6000, 52 members are spent between 6001-9000 and 8 spend above 9000.

The calculated value of t test is 13.12 and it is more than table value ($v=99$ at $5\%=1.987$) Therefore, the null hypothesis is rejected. Hence, there is a significant difference among the respondents regarding monthly expenditure before and after joining SHGs.

MONTHLY SAVINGS OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

In any credit programme, savings is the mainstay as it constitutes the life blood of the all activities of the group. The group based lending programmes insist on regular savings by the members. The unique features of SHG are that the savers and the borrowers being the same, there is a direct relationship between them. Savings serve a wide range of purposes such as

- Savings imposes a discipline on the group members
- Savings develops the habit of thrift and all members become habitual savers.
- Savings enhances self confidence.
- Savings covers normal business risk, seasonal variation in income and natural calamities.
- Group savings of the poor could be demonstrated as great source of strength.
- Savings eliminates dependence on money lenders.
- Savings contributes to the formation of new team perspectives.

't' test has been applied to analyses the monthly savings of the respondents before and after joining SHGs by using SPSS. The null hypothesis framed is that there is no significant difference among the respondents' monthly savings of SHGs members before and after joining SHGs. Table 4.11 shows the monthly savings of respondents before and after joining SHGs.

Table no. 11: MONTHLY SAVINGS OF SAMPLE MEMBERS BEFORE AND AFTER JOINING SHGs

Sr.No.	Monthly Savings (in ₹.)	Number of Respondents	
		Before joining SHG	After joining SHG
1.	Below 500	24	12
2.	501-1,000	35	28
3.	1,001-2,000	33	48
4.	Above 2,000	8	12
	Paired 't' test	16.85	
	Degrees of Freedom	99	
	Level of Significance	.05	

Source: Primary data

From the table no. 11 and graph It is clear that out of 100 respondents, 24 members save Below 500 per month, 35 members save between ₹. 501 – ₹. 1000, 33 members save between 1,001-2,000 per month and 8 save above ₹. 2000 per month before joining SHG.

After joining SHG, out of 100 respondents, 12 save Below 500 per month, 28 save ₹. 501 – ₹. 1000, 48 members save ₹ .1001-2,000 and 12 members save above ₹. 2000 per month.

The calculated value of t-test is 16.85 and it is more than table ($v=99$ at $.05$) 1.987. Therefore, the null hypothesis is

rejected. Hence, there is a significant difference among the respondents regarding monthly savings before and after joining SHGs.

V. CONCLUSION

Self-help groups are empowered the women in various aspects if applications of groups implemented through proper management and cooperation among group members. SHGs are significantly affect the women empowerment in various aspects. The present study finds that after joining the SHGs group members income increased and expenditure and savings also correlated and depending on income. Therefore after increasing income the expenditure and also increased and after expand their money on needs, they save some amount of money. The research shows that savings of members also increased after joining SHGs. So it is clearly shows that SHGs plays a major role in empowerment of women.

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