



A STUDY ON MICROFINANCE & SHGS EFFECT ON RURAL WOMEN EMPOWERMENT

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Abstract:

Rural area of the India is the real India and also rural development is the real development of the India. SHGs is a small economically parallel alliance group of the rural poor voluntarily coming to gather to small amount of money regularly which deposited in a common fund to face members needs and to provide security free loan decided the group the study aimed to analysis the reason for joining SHGs and all woman who member in SHGs them financial condition before and after join SHGs for the analysis primary data collected 100 woman who member of SHGs more than one year of patan district Gujarat

Key words: - Microfinance, SHGs, Empowerment, loan, etc Patan district Gujarat.

Introduction Microfinance

According to international labor organization (ILO), microfinance is an economic development approach that involves providing financial services through institutions to low income clients” In India Microfinance has been defined by “The National Microfinance Taskforce, 1999” as “provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards. Traditionally micro finance was focused on providing a very standardized credit product. The poor, just like anyone else, (in fact need like thirst) need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of micro finance--- our current challenge is to find efficient and reliable ways of providing a richer menu of micro finance products. Micro Finance is not merely extending credit, but extending credit to those who require most for their and family’s survival. It cannot be measured in term of quantity, but due weight age to quality

measurement. How credit availed is used to survive and grow with limited means. Microfinance scene is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism for providing financial services to the “Unreached Poor” which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor ,leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country.

Key principal of microfinance

- 1. The poor need a variety of financial services, not just loans.** Just like everyone else, poor people need a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people need not only credit, but also savings, cash transfers, and insurance.
- 2. Microfinance is a powerful**
- 3. instrument against poverty.** Access to sustainable financial services enables the poor to increase incomes, build assets, and reduce their vulnerability to external shocks. Microfinance allows poor households to move from everyday

survival to planning for the future, investing in better nutrition, improved living conditions, and children's health and education.

4. **Microfinance means building financial systems that serve the poor.** Poor people constitute the vast majority of the population in most developing countries. Yet, an overwhelming number of the poor continue to lack access to basic financial services. In many countries, microfinance continues to be seen as a marginal sector and primarily a development concern for donors, governments, and socially-responsible investors. In order to achieve its full potential of reaching a large number of the poor, microfinance should become an integral part of the financial sector.
5. **Microfinance is about building**
6. **permanent local financial**
7. **institutions.** Building financial systems for the poor means building sound domestic financial intermediaries that can provide financial services to poor people on a permanent basis. Such institutions should be able to mobilize and recycle domestic savings, extend credit, and provide a range of services. Dependence on funding from donors and governments—including government-financed development banks—will gradually diminish as local financial institutions and private capital markets mature.

Activities in Microfinance

Microcredit: It is a small amount of money loaned to a client by a bank or other institution. Microcredit can be offered, often without collateral, to an individual or through group lending.

Micro savings: These are deposit services that allow one to save small amounts of money for future use. Often without Minimum balance requirements, these savings accounts allow Households to save in order to meet unexpected expenses and plan for future expenses.

Micro insurance: It is a system by which people, businesses and other organizations make a payment to share risk. Access to insurance enables entrepreneurs to

concentrate more on developing their businesses while mitigating other risks affecting property, health or the ability to work.

Review of Literature

Hashemi, Schuler, Riley (1996) and Kabeer(1998) reported that micro finance empowered women in Bangladesh, Makumbe et al. (2005) found that microfinance has a positive impact on decision making in Tanzania, Hulme and Mosley (1996) found growth of income of microfinance borrowers in Indonesia, India, Bangladesh and Sri Lanka, Mk Nelly et al. (1996) found positive benefits in Thailand

Rajshekhhar D.(2000) Conducted a study on 'Micro finance program and women empowerment a study of two NGOs From Kerala and found that micro finance program are important institutional devices for providing small credit to the rural poor in order to alleviate poverty.

Manimekalai and Rajeshwari (2001) in their paper highlighted that the provision of micro-finance by the NGO's to women SHG's has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization **Dwarakanath H.D.(2002)**, In this study the researcher found that women group started to educate their own Group member, and they also realize the important of literacy. SHGs have a greater vision for their family, and also aimed to create awareness regarding the socio economic and political condition.

Mahmud, S. (2003) has assessed the effect of micro-credit programme on women's empowerment and has concluded that the programme has only a limited direct effect in increasing women's access to choice enhancing resources but has a much stronger effect in increasing women's ability to participate in household level decisions. It improves women's access to resources like self-

employment and mobility into certain public spaces like the NGO office and health centre, but the impact is small since their access to more remunerative wage employment and mobility into the male dominated public spheres is not increased.

Serajul Hoque (2005). The results of this study found that participation in the BRAC's micro-credit programs increased the ability of women to buy things independently, take part in public protests, and generally made women more empowered.

Shailaja Gajjala(2005) The finding of the study revealed that micro finance gives banks link at the community level, from which financial and non financial benefits accrue to the bank, the borrower and the community. Andhra Pradesh is home to the most profitable micro finance organization, and the maximum number of WSHGs(Women Self Help Group) in the country.

A.B. Nudamatiya, D.Y. Giroh1 & J.F. Shehu (2010) studied micro finance and its impact on poverty reduction by random selection through questionnaires.

I.A.M. Makomb, E.I. Temba and A.R.M. Kihombo (2010) studied the credit scheme contribution and empowerment of women. The study found that there was an improvement in gender relations, increased women involvement in decision making, control over household resources and freedom to use their time.

K.rajendran and Dr. R. P. Raya (2011). Women's role in decision making in children's education had improved. There was negligible social empowerment as a result of participating in microfinance through the SHG programme.

M.V.S.Mahendra(2011) In his study found that all the member of SHGs are not equally educated ,so the NGOs provide basic education& training to them. Repayment of loan among the member of SHGs is quick, there for; the

banks may reduce the interest rate.

Hasan and Cong Lu (2011) studied about effectiveness of micro-credit programmed in reducing poverty and its impact in income generation and improvement in living standard of borrowers.

Objectives

“To Study the Microfinance effect on Women Empowerment in Patan District”

- To know the ability to deal with the financial crisis of the family.
- To identify level of moving undependably.
- To know level of improvement in the saving of the member.
- To know status of member increase in income of member being as part of SHGs
- To know ability to discuss freely with the government officer/Bank/NGO

Methodology

SHGs of Patan District were taken for the study, 20 Self Help Groups were identified from Patan District, and 05 members from each SHG were selected randomly and in total, 100 sample respondents were chosen for the study.The study is conducted at SHGs in Patan District.To test the above hypotheses, respondents were interviewed and data were collected with the pre tested and well structured questionnaire schedule. This study is a descriptive one and the variables are identified from the earlier research studies. Descriptive statistical analysis such as mean, standard deviation, percentage etc. was carried out and ANOVA tests were also used wherever necessary.

Between Income And Empowerment Of Women

H0: There is no significant relation between Family income and Empowerment of Rural Women as a result of participation in Microfinance.

H1: There is significant relation between Family income and Empowerment of Rural Women as a result of participation in Microfinance.

Descriptive

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Economic Empowerment	less than 20000	34	3.0256	.38869	.06666	2.8900	3.1612	2.33	3.78
	20000-40000	16	3.3981	.48628	.12157	3.1390	3.6572	2.33	4.00
	40000-60000	22	3.1573	.85143	.18153	2.7798	3.5348	1.67	4.33
	more than 60000	28	3.2275	.77079	.14567	2.9286	3.5264	1.67	4.33
	Total	100	3.1707	.64695	.06469	3.0423	3.2991	1.67	4.33
Social Empowerment	less than 20000	34	2.9387	.30998	.05316	2.8306	3.0469	2.50	3.42
	20000-40000	16	3.4115	.36447	.09112	3.2172	3.6057	2.58	3.75
	40000-60000	22	2.9053	.42281	.09014	2.7178	3.0928	2.33	3.92
	more than 60000	28	3.0685	.46760	.08837	2.8871	3.2498	2.42	3.92
	Total	100	3.0433	.42401	.04240	2.9592	3.1275	2.33	3.92
Political Empowerment	less than 20000	34	3.7500	.30773	.05278	3.6426	3.8574	3.00	4.00
	20000-40000	15	4.1333	.39940	.10313	3.9122	4.3545	3.50	4.50
	40000-60000	22	3.3864	.84419	.17998	3.0121	3.7607	1.50	4.50
	more than 60000	28	3.9107	.54524	.10304	3.6993	4.1221	3.00	5.00

	Total	99	3.7727	.59020	.05932	3.6550	3.8904	1.50	5.00
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ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Economic Empowerment	Between Groups	1.638	3	.546	1.317	.273
	Within Groups	39.797	96	.415		
	Total	41.435	99			
Social Empowerment	Between Groups	2.977	3	.992	6.428	.001
	Within Groups	14.821	96	.154		
	Total	17.798	99			
Political Empowerment	Between Groups	5.785	3	1.928	6.462	.000
	Within Groups	28.351	95	.298		
	Total	34.136	98			

Interpretation

Economical empowerment: the study states that there is no significant relationship between d

Family income and Economical empowerment of women as null hypothesis will be accepted as $p > 0.05$.

Social empowerment: the study states that there is no significant relationship between Family income and Social empowerment of women as null hypothesis will be rejected as $p < 0.05$.

Political empowerment: the study states that there is no significant relationship

between Family income and Political empowerment of women as null hypothesis will be rejected as $p < 0.05$.

Between Loan Aviled And Empowerment Of Women

H0: There is no significant relation between Loans availed time and Empowerment of Rural Women as a result of participation in Microfinance.

H1: There is significant relation between Loan availed and Empowerment of Rural Women as a result of participation in Microfinance.

Descriptive

		N	Mean	Std. Deviation	Std. Error	Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Economic Empowerment	1time	48	3.3619	.55240	.07973	3.2015	3.5223	2.11	4.33
	2time	35	3.0831	.68840	.11636	2.8467	3.3196	1.67	4.33

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	3time	13	2.8638	.73300	.20330	2.4209	3.3068	1.67	4.33
	4time	4	2.6400	.23123	.11561	2.2721	3.0079	2.33	2.89
	Total	100	3.1707	.64695	.06469	3.0423	3.2991	1.67	4.33
Social Empowerment	1time	48	3.1597	.44157	.06374	3.0315	3.2879	2.50	3.92
	2time	35	2.9571	.38844	.06566	2.8237	3.0906	2.42	3.75
	3time	13	2.8590	.38698	.10733	2.6251	3.0928	2.33	3.42
	4time	4	3.0000	.34021	.17010	2.4587	3.5413	2.58	3.42
	Total	100	3.0433	.42401	.04240	2.9592	3.1275	2.33	3.92
Political Empowerment	1time	48	3.9062	.62447	.09013	3.7249	4.0876	1.50	5.00
	2time	35	3.6429	.57614	.09738	3.4449	3.8408	1.50	5.00
	3time	12	3.6250	.48265	.13933	3.3183	3.9317	2.50	4.00
	4time	4	3.7500	.28868	.14434	3.2907	4.2093	3.50	4.00
	Total	99	3.7727	.59020	.05932	3.6550	3.8904	1.50	5.00

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Economic Empowerment	Between Groups	4.373	3	1.458	3.776	.013
	Within Groups	37.062	96	.386		
	Total	41.435	99			
Social Empowerment	Between Groups	1.360	3	.453	2.647	.053
	Within Groups	16.439	96	.171		
	Total	17.798	99			
Political Empowerment	Between Groups	1.710	3	.570	1.670	.179
	Within Groups	32.426	95	.341		
	Total	34.136	98			

Interpretation:

Economical empowerment: the study states that there is no significant relationship between d

Loan availed time and Economical empowerment of women as null hypothesis will be rejected as $p < 0.05$. Social empowerment: the study states that there is no significant

relationship between Loans availed time and Social empowerment of women as null hypothesis will be accepted as $p > 0.05$.

Political empowerment: the study states that there is no significant relationship between Loans availed time and Political empowerment of women as null hypothesis will be

accepted as $p > 0.05$.

Finding

- The study that 5% member take Loan less than 5000, 39% member take loan 5000- 10000, 21% member take loan less than 10000-15000, 11% member take loan 15000- 20000, 24% member take loan above 20000
- SHGs member's opinion we found that Level of Reduction of poverty in the family in moderate level is 43% and very good level is 10%. So we say that most of member are use loan for reduce the poverty in family.
- The study reports the taluka and women Empowerment has signification relationship.
- Finding of hypothesis testing
- The study states that there is no significant relationship between duration of Age and Economical empowerment of women
- The study report the status of women empowerment and status of Education has significant relationship
- The study states that there is no significant relationship between Family income and empowerment of women
- The study states that there is no significant relationship between Loans availed time and empowerment of women
- The study states that there is no significant relationship between loan amount and Economical empowerment of women

Conclusion

Through, Field Survey we Found That , In patan Dist The Women were not Fully aware of the SHGs and Micro Finance ,They Consider it as an insurance scheme i.e. if They

are in Need of Money, the team will provide them out of their savings. It may be because the education level was very poor 46 % women are illiterate and 42 %women have taken primary education.

We also found that the only group leader were very enthusiastic, initiators, risk taker and ready to work for goodness of village but those leaders were backed up by husband of family. And some of them were widows.

Very few people had used the loan amount for income generating activities like Shop, Purchase of Buffalo, Purchase of sewing machine, Farming seed.

Most of the member taken loan for those things which do not generate any income such as Daughter's marriage, Medical treatment, to pay dept, for children education etc.

Suggestion

- Most of SHG member are illiterate and some of them have taken primary education, so NGOs and Government should undertake programmes to provide basic education and training programmes should be given them.
- They also motivate the rural women to join SHGs & getting finance for self employment. They also publicize the various schemes available to SHGs.
- In order to the competition among the SHGs and to provide motivation, the government should announce financial and non financial benefits.
- They also provide the how to effective use loan for self employment.
- There is lack of entrepreneur abilities in women, so training to

rural women should be providing to emerge entrepreneurship in rural area.

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