



AN IMPACT OF ECONOMIC ENHANCEMENT OF WOMEN SHGS THROUGH MICRO-CREDIT IN PRAMAKUDI TALUK

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Abstract

Microfinance has become a buzzword of the decade, raising the provocative notion that even philanthropy aimed at alleviating poverty can be profitable to institutional and individual investors. Micro Credit is a part of Micro Finance financial services which is defined as provision of thrift, credit and other financial services and product of very small amount to the poor in rural, semi-urban and urban areas. This revolutionary and pro-poor economic activity has been recognized worldwide as an efficient tool to combat poverty, create employment and generate income.

The present study is to examine the impact of economic enhancement of women SHGs through Micro-credit in Paramakudi Taluk. This study based on both primary and secondary source. The primary data has collected through structure interview schedule and secondary data were collected from journal, magazines, annual reports etc. There are 400 members have been selected on the basis of Simple Random Sampling technique. The Researcher has adopted statistical tool of paired t-test for the purpose to analyse the collected data. The success of the micro-credit depends on the further support system viz, the society and the Government. The present study proves that the income, savings, consumption of the SHG women members have improved due to the Micro-Credit Programme.

Key Words: Poverty, Unemployment, Micro Finance, Micro-Credit, Women Self Help Group.

Introduction

Micro-finance as a development initiative has been justified on the grounds that it is beneficial to both micro-finance institutions as well as clients. Since the poor can be banked upon to return loans on time, it is believed that micro-finance and profits are not antithetical to each other. In fact this intervention is being hailed as the one method that will address both development and promote market behavior. On the part of the clients, it is believed that it is possible for micro-finance institutions to instill trust in the poor to give up their savings and to avail of micro-credit so that they can pull themselves out of the poverty trap.

Self Help Group offers Micro Credit to the group members and SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. They have been recognized as useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift. SHG is a media for the development of saving habit as well as to create various Self-Employment activities among the women. SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

In Tamil Nadu the SHGs were started in 1989 at Dharmapuri District. At present 1.40 lakh groups are functioning with 23.83 lakh members. At present, many are eager to form a group. It is clearly understood that the SHGs are tool to promote rural savings and gainful employment. Through this the rural poverty is reduced considerably. Therefore women members are economically independent, socially better and their contribution to household income has also increased. It is in this context, the researcher has identified that there is a scope for research on this aspect to evaluate the economic enhancement through Women SHGs in Paramakudi Taluk.

Review of Literature

Mathew & Kurian (2016), This study highlights the representation of Women in Self Help Groups (WSHGs) and SHG-Bank Linkage programmes undertaken by the Government of India (GOI) and National Bank for Agriculture and Rural Development (NABARD) and tries to establish that these initiatives have improved women's access to finance in India. 2015. The improvement in credit savings of women eventually created a huge impact in the inclusion factor of the country. This study may inspire Non Government Organizations (NGOs) to start more Self Help Groups (SHGs) with the help of commercial banks and government agencies, to provide more credit facilities to women in the country.

Kapila, Singla, & Gupta (2016) the present study makes an attempt to evaluate the impact of microcredit through Self Help Groups on economic empowerment in the rural areas of Punjab State. The study used both primary and secondary data. The primary data was collected from 106 leaders and 318 members of SHGs from the area under study. The secondary data was collected from various published sources of central and state government. The study shows that microcredit has significantly improved the income of the women respondents which in turn has increased their participation in household decisions. This impact is more among large borrowers than small borrowers. Thus, microcredit has strengthened the women empowerment. The results of regression analysis indicate that the impact of microcredit is highly significant and established positive relationship with empowerment index in the rural area of Punjab.

Thus, women mobilization towards Self Help Groups should be encouraged through the process of motivation which will lead to empowerment and is very essential for their upliftment and overall economic development of the country. Moreover, the problems like delay in sanction of loan, inadequate loan size, lack of skill based training and difficulties in marketing the product must be addressed for effective working and sustainability of SHGs in the state of Punjab.

Problem of the Study

Poverty and unemployment are the twin issues of developing countries, to which India is no exception. In India, the percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole (SAARC Development Goals-India country Report-2013). SHGs are at present playing a vital role in empowering women in all respects in India but southern districts of Tamil Nadu, Women SHGs members are still unable grow due to lack financial assistance (micro-credit) from formal institutions and informal sectors, and government support etc. Ramanathapuram district is one of most under developed districts in Tamilnadu. Therefore this study mainly focuses on to evaluate economic enhancement of women SHGs through Micro-Credit Paramakudi Taluk.

Objectives of the Study

The overall objective of the present study is to examine the impact of economic enhancement of women SHGs through Micro-credit in Paramakudi Taluk.

Hypotheses of the Study

The following Hypotheses were formulated for this study.

1. There is no significant change in the Monthly Income of Members before and after joining the Self Help Groups.
2. There is no significant change in the Savings of Members before and after Joining the Self Help Groups.
3. There is no significant change in the Expenditure Pattern of Members before and after joining the Self Help Groups.

Methodology and Research Design

Primary data has been collected by administering structured interview schedule to the SHG members who have joined for a period of not less than three years. Secondary data has been collected from the Mahalir Thittam Office, Journals, Magazines, Internet and Annual Report. Pilot Study was conducted before undertaking the main survey, by administering a tentative Interview Schedule to 30 SHG members, in order to test the reliability and validity of the Interview Schedule. Totally 1851 SHGs are functioning in Paramakudi taluk, from which 100 SHGs have been selected and 4 members from each group have been chosen. Of the four, one is the president, one is the secretary and the other two are members. All together 400 members have been selected on the basis of Simple Random Sampling technique. The Researcher has adopted statistical tool of paired t-test for the purpose to analyse the collected data.

Results and Discussion

Income of Members of Shgs

In order to test the change in the income pattern of members before and after joining the SHG, Paired sample t-test is used.

There Is No Significant Change In The Monthly Income of Members Before And After Joining The Group.

Table No.1 reveals that the monthly income of SHGs members and their family income have increased significantly, like the income from respondents [$t(399) = 36.321, p = 0.000$], income from family [$t(399) = 15.213, p = 0.000$], and income from other sources [$t(399) = 6.127, p = 0.000$] at five per cent level of significance.

Table No.1: Results of Paired T-Test For Monthly Income of Members And Their Households (Before and after joining the group)

Income	Before Mean	After Mean	Change Mean	T-Value	Df	Sig.
Income from Respondent	953.62 (559.81)	2978.04 (1116.81)	2024.42	36.321	399	0.000
Income from Family	3532.88 (2825.76)	7548.50 (6689.35)	4015.62	15.213	399	0.000
Income from other Sources	37.38 (217.14)	1155.00 (3664.98)	1117.62	6.127	399	0.000

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation 'value

From the above analysis, it can be expressed that among the income patterns, the income from respondents has increased significantly. The reason is that, before joining the SHG members were always dependent upon the family income; but after joining the group they were completely independent from family income. Members are now supporting their family because they have undergone many training programmes on money handling, self-decision making, managerial skills, entrepreneurship development programmes. This would help them to establish and manage their enterprises more successfully.

Savings of Members of SHGS

There Is No Significant Change In The Savings of Members Before And After Joining The Group.

Table No.2: Results Of Paired T-Test For Savings Of Members (Before And After Joining The Group)

Kinds of Saving	Before Mean	After Mean	Change Mean	T-Value	Df	Sig.
Bank	449.25 (1956.328)	9115.92 (15014.83)	8666.675	11.881	399	0.000
SHGs	40.00 (528.297)	9446.85 (4131.509)	9406.85	44.214	399	0.000
Own Savings (Others)	2684.88 (2588.402)	1654.95 (3240.737)	1029.925	5.438	399	0.000
Post Office	28.25 (215.044)	868.75 (1835.380)	840.500	9.560	399	0.000
Insurance	3.88 (40.563)	191.40 (267.867)	187.525	13.747	399	0.000
Chit Fund	1.25 (17.656)	289.25 (1695.862)	288.000	3.396	399	0.001

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation 'value

Table No.2 furnishes the saving of members. After joining the group, their level of savings have increased significantly; such as, bank saving [t(399) = 11.881, p = 0.000], SHGs saving [t(399) = 44.214, p = 0.000], own savings [t(399) = 5.438, p = 0.000], insurance [t(399) = 13.747, p = 0.000], post office savings [t(424) = 1.000, p = 0.318] and chit fund savings [t(424) = 1.633, p = 0.103]. The above analysis expressed that the SHGs (internal) level of savings has increased at a highly significant level, the reason of which, is the awareness after joining the group by members that savings is necessary to meet the household expenditure, child's education, purchase of new assets, repaying of old debts etc.

Findings and Conclusion

1. The Paired t-test output shows that the monthly income of SHGs members and their family incomes has increased significantly, like the income from respondents [$t(399) = 36.321$, $p = 0.000$], income from family [$t(399) = 15.213$, $p = 0.000$], and income from other sources [$t(399) = 6.127$, $p = 0.000$] at five per cent level of significance.
2. The consumption/expenditure of members and their family level of consumption has significantly increased, at 5 percent level of significance after join the group through Micro-Credit, as in medical expenditure [$t(399) = 3.648$, $p = 0.000$], children's education [$t(399) = 10.234$, $p = 0.000$], household expenditure (Rice) [$t(399) = 26.689$, $p = 0.000$], vegetables and provision expenses [$t(399) = 19.048$, $p = 0.000$], etc. Marriage expenditure alone [$t(399) = 16.029$, $p = 0.247$] has not been significance even after joining the group through Micro-Credit.
3. After joining the group, their level of savings have increased significantly; such as, bank saving [$t(399) = 11.881$, $p = 0.000$], SHGs saving [$t(399) = 44.214$, $p = 0.000$], own savings [$t(399) = 5.438$, $p = 0.000$], insurance [$t(399) = 13.747$, $p = 0.000$], post office savings [$t(424) = 1.000$, $p = 0.318$] and chit fund savings [$t(424) = 1.633$, $p = 0.103$] at five percent level of significant.

Self Help Group is a suitable powerful weapon for the development of women folk. SHGs have started to play a significant function in the rural and semi-urban progress. Lately, Indian Government and the State Government, Tamilnadu have been promoting microfinance through groups from the Government Agencies and Non-Governmental Organizations and it helps in regional development. Hence, the Self Help Groups help the poor through lending of Micro-Credit, especially women folk, to develop the economic strength of women.

The Micro-credit is the new steam of weapon which can help to solve the problem of poverty, help in the creation of self-employment and earn a livelihood that would enable them. The success of the micro-credit depends on the further support system viz, the society and the Government. The present study proves that the income, savings, consumption of the SHG women members have improved due to the Micro-Credit Programme.

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