



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>
Journal DOI: [10.21474/IJAR01](https://doi.org/10.21474/IJAR01)

INTERNATIONAL JOURNAL
OF ADVANCED RESEARCH

RESEARCH ARTICLE

A STUDY ON ROLE OF MICRO FINANCE IN WOMEN EMPOWERMENT.

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Manuscript Info**Manuscript History:**

Received: 15 May 2016
 Final Accepted: 26 June 2016
 Published Online: July 2016

Key words:

Micro finance, Self Help Groups,
 Women Empowerment.

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Abstract

Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely supply-driven and a recent approach. Micro finance is provided to all unemployed to have self-employment. The SHGs are provided with adequate loan for the development of the SHGs in all possible ways. The members of the self-help groups are given support and advice even for marketing their products. An attempt has been made to study the role of micro finance in women empowerment in Namakkal District. The socio economic status of the members of SHGs and the level of satisfaction of the members in SHGs regarding the support extended by the government and banks through Micro finance in Namakkal district were identified. It was examined from the study that members of SHGs have been empowered after availing micro finance and their skills are improved by getting the training programme.

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Introduction:-

Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely supply-driven and a recent approach. Micro finance scheme has been introduced by the central government initially with the view to promote the income sources of the village people by providing financial support to the weaker section particularly in rural parts of the country. Further it was extended to support the SHGs in all parts of the country for the empowerment of the women and to improve the income level of the individual family. The purpose of the micro finance is to provide financial support to the weaker section who leads their normal life below BPL. Micro finance is provided to all unemployed to have self-employment. The SHGs are provided with adequate loan for the development of the SHGs in all possible ways. The members of the self-help groups are given support and advice even for marketing their products. This paper attempts to study the role of micro finance in women empowerment.

Literature review:-

Kumar (1997)¹ made a case study of Self-Help Group in the Tirupathi block of Andhra Pradesh. A total of 21 SHGs were selected for this study after a detailed description of the profile of groups and group and members, the author came to the following conclusions; the groups were mostly homogeneous in terms of their socio-economic background. This homogeneity contributed to the cohesiveness and solidarity of the members. The saving level was reasonably satisfactory because of low interest rates charged by the banks and the revolving fund. However some

groups become passive and defunct. The reasons for this were irregularity in repayment of loan, non-adherence to the norms set by the group and lack of mutual trust and confidence among group members.

Gautham and Singh (2001)² reported the impact of DWCRA in four districts of Himachal Pradesh. A total of 23 types of different economic activities were being pursued under this scheme, with maximum number of group (126) pursuing milk production activity. In spite of 91 per cent achievement of the target in organizing units of groups under DWCRA, the functional units accounted for only 67.17percent. The reasons for this were improper selection of group activities, lack of co-operation among group members, non-avail ability of raw materials, high cost of raw materials compared to finished product and the lack of local demand and marketing facilities.

Sarangi (2003)³ opined that women-led SHGs in many parts of the country succeeded in bringing the women to the mainstream of decision - making. SHG is also a viable set-up to disburse micro-credit to the rural women and encourage them to enter into entrepreneurial activities. The women-led SHGs in the village of Purushothampur block of Ganjam district of Orissa State have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkage with the banks and enforce financial self-discipline. SHGs in this block are tend in" a helping hand to the district administration in different rural development projects ranging from construction of roads to sanitation programmes.

Raghav Gaiha and Mani Arul Nandhi (2007)⁴ in their study found that most of the members are using loans sanctioned through SHGs for health and education of children and for production-related expenses especially by the disadvantaged. Further, domestic violence was reduced.

Jothi (2010)⁵ opined that SHG plays a pivotal role in improving the both social and economic lives of the members, bring them more respect both domestically and socially. The sample respondents after joining as SHGs member have become very active by becoming full employed in varied activities and thereby earning more. He concluded that the self-help groups contribute substantially in pushing the conditions of the female population up and through that chip in poverty eradication as well.

Objectives of the study:-

The study is focused on the following objectives:

- To draw an understanding on the socio-economic status members of SHGs and their knowledge about micro finance.
- To measure the level of satisfaction of the members in SHGs regarding the support extended by the government and banks through Micro finance.

Research methodology:-

In the present study an extensive use of both primary and secondary data were collected in order to achieve the objectives of the study. For collecting the primary data field survey technique was undertaken in the study area. The primary data were supplemented by a spate of secondary source of data. The secondary data pertaining to the study was obtained from the journals, library sources and net sources. The area selected for the study is Namakkal, 700 women respondents were selected at random by using convenient sampling method from 70 SHGs operating successfully in Namakkal district. For the purpose of the study a well-structured questionnaire was used and data were collected systematically.

Tools used for analysis:-

The data has been coded, edited and consolidated and then entered into master table. Next sub tables are prepared from the master table. For the purpose of analysis and interpretation of data, those following tools are used.

- ✓ Percentage Analysis.
- ✓ Chi-square tests
- ✓ ANOVA

Data analysis and Interpretation:-

Table 1 : Demographic Profile and knowledge about Micro Finance		
Particulars	Number of respondents	Percent
Age		
18-25 years	140	20
26-35 years	230	32.9
36-45 years	235	33.6
46 and above years	95	13.6
Marital Status		
Married	370	52.9
Unmarried	135	19.3
Widow	95	13.6
Divorce	50	7.1
Destitute	50	7.1
Educational Status		
Upto 8 th std	140	20
Up to 10 th std	233	33.3
Up to 12th std	233	33.3
Degree	47	6.7
Other diploma	47	6.7
Monthly income		
Below Rs.4000	50	7.1
Rs.4001-6000	185	26.4
Rs.6001-8000	230	32.9
Rs.8001-10000	145	20.7
Rs.10001-12000	45	6.4
Rs. 12000 and above	45	6.4
Dependents		
One member	46	6.6
Two members	188	26.9
Three members	280	40
Four members	140	20
Above four members	46	6.6
Earning members in the family		
One member	327	46.7
Two member	279	39.9
Three members	94	13.4
Occupational status		
Un employed	70	10
Self employed	175	25
labour	210	30
House wife	140	20
Private employment	105	15
Nature of work		
Labour in construction industry	93	13.3
Farming labour	234	33.4
Labour in Poultry industry	140	20
Supervisor	93	13.3
House wife	140	20
Knowledge about Micro Finance		
Very good	93	13.3
Good	281	40.1

Normal	140	20
Poor	93	13.3
Very poor	93	13.3
Source of knowledge about micro finance		
Through friends	232	33.1
Through SHGs	187	26.7
Through family members	187	26.7
Through NGOs	47	6.7
Through advertisement	47	6.7
Purpose of the loan		
Commencing new business	234	33.4
Developing existing business	374	53.4
For meeting family expenses	46	6.6
Other reasons	46	6.6
Opinion about the subsidy		
Subsidy provided	187	26.7
No subsidy	280	40
For some loan only	93	13.3
No idea	140	20
Repayment period		
Monthly	392	56
Quarterly	196	28
Half yearly	56	8
Whenever possible	56	8
Opinion about Training programme offered		
Yes	504	72
No	196	28
Type of training		
Training to start the business	122	24.2
Training to market the product	262	51.98
Training for managing the workers	40	7.94
Training to minimize the cost	40	7.94
Training to manage the finance	40	7.94

Table:1 shows the demographic characteristics and knowledge of micro finance of the sample.33.6% of the respondents are belonged to the age group of 36-45 years and 32.9% of the respondents belong to the age group between 26-35 years, 52.9 % of the respondents are married, majority of the respondents are studied below or up to 12th standard and 32.9% of the respondents get a monthly income of Rs. 6001-8000. Majority of the respondents have three dependents and one earning member in their family. The table also depicts that 30% of the respondents of the respondents are labour, 25% of the respondents are self-employed, 20% of the respondents are housewife, and 15% of the respondents are getting employment in private sector while 10% of the respondents are unemployed. 33.4% of the respondents are engaged in farming labour. With regard to knowledge about micro finance, 40% of the respondents have good knowledge about micro finance.33% of the respondents have known about micro finance through friends. 53.4% of the respondents were received the bank loan for the purpose of developing existing business and 56% of respondents were used to repay the loan monthly. And 51.98% of the respondents have been trained to market their products.

Null hypothesis:-

There is no association between opinion about the improvement of skills of the respondents due to training and their satisfaction level about the training.

Table 2:- Association between satisfaction about the training and opinion about the improvement of skills.

S.No	Satisfaction about the training	Opinion improvement of skills					Total
		Very good	Good	Normal	Poor	Very poor	
1	Highly satisfied	22 (28.2)	46 (37.9)	26 (37.7)	31 (27.2)	16 (10.1)	141
2	satisfied	60 (50.4)	53 (67.7)	76 (67.3)	48 (48.6)	15 (18)	252
3	Partly satisfied	32 (33.8)	51 (45.4)	46 (45.1)	30 (32.6)	10 (12.1)	169
4	dissatisfied	6 (16.6)	36 (22.3)	25 (22.2)	15 (16)	1 (5.9)	83
5	Highly dissatisfied	20 (11)	2 (14.8)	14 (14.7)	11 (10.6)	8 (3.9)	55
		140	188	187	135	50	700

Source:Primarydata

Figures in the parenthesis shows the expected frequencies

Factor	Calculated value χ^2	Table value	DF	Remarks
Satisfaction about the training	61.145	26.296	16	Significant

As the calculated value of Chi-square (61.145) is greater than the table for 16 degrees of freedom at 5% level of significance, the null hypothesis is rejected and it is concluded that there is an association between opinion about the improvement of skills of the respondents due to training and their satisfaction level about the training.

Alternative Hypothesis:-

There is an association between opinion about the improvement of skills of the respondents due to training and their satisfaction level about the training.

With a view to find the degree of association between the opinion of the respondents regarding the improvement of skills due to training and response regarding the satisfaction about the training provided by the bank to the members of the self-help group a two way table was prepared and illustrated as below.

Table 3:- Improvement of skills due to training and satisfaction regarding the training programme given to the SHG members (two way table).

Sl.No	Opinion about improvement of skill due to training	SATISFACTION LEVEL						Total	
		Low		Medium		High			
		No of Respondents	%	No of Respondents	%	No of Respondents	%	No of Respondents	%
1	Very good	26	18.8	32	18.9	82	20.9	140	20
2	Good	28	27.5	51	30.2	99	25.2	188	26.9
3	Normal	39	28.3	46	27.2	102	26.0	187	26.7
4	Poor	26	18.8	30	17.8	79	20.1	135	19.3
5	Very poor	9	6.5	10	5.9	31	7.9	50	7.1
	Total	138	100	169	100	393	100	700	100

The above table highlights that the percentage of high response regarding the satisfaction about the training provided to members of the SHGs was opined by the respondents who gave good opinion about the improvement of skills due to the training given to the members of the SHGs as the highest (26.9) and the same was lowest (7.1) by the respondents who have given very poor opinion about the improvement of the skills due to the training. The percentage of medium level response on regarding the satisfaction about the training provided to members of the SHGs was opined as the highest (43.8) by the respondents who gave good opinion about the improvement of skills and the lowest (5.9) by the respondents who have given very poor opinion about the improvement of skills due to the training. On the other hand the percentage of low level response regarding the about the training provided to members of the SHGs was opined as the highest (28.3) by the respondents who have given normal opinion about the improvement of skills due to the training and the lowest was (6.5) among the respondents who gave very poor opinion about the improvement of skills due to training.

In order to find the relationship between opinion of the respondents regarding the improvement of skills due to training given to the members of the SHGs and response regarding the satisfaction about the training provided to members of the SHGs, a chi square test was used and the result of the test is shown in the following table

Table 4:- association between improvement of skills due to training and satisfaction regarding the training programme given to the SHGs members

Factor	Calculated value χ^2	Table value	DF	Remarks
Opinion about the improvement of skills due to the training	2.776	15.507	8	Insignificant

It is obvious from the above table that the calculated chi-square value is more than the table value and the result is significant at 5% level of significance. Hence the response regarding the satisfaction about the training provided to members of the SHGs are good.

Conclusion:-

Thus it can be concluded from the above study that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in the study area. Microfinance loan availment and its productive utilization found to be having a profound role and impact on women empowerment. The empirical findings of the study suggest that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of self-help group linkage program in Namakkal district. . It was examined from the study that skills of the members are improved by getting the training programme.

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