



## Women Empowerment Through Micro Finance – A Comparative Study of Rural and Urban Self Help Groups in Madurai District

### KEYWORDS

Representatives, empowerment, income and savings

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**ABSTRACT** *The women SHGs are novel organizations at the grass root level to bring a socio-economic transformation to women of South India. The money lenders (Kandhu vatti and katta panchayath groups) in Madurai charge around 20-24% per month for a given amount. This is huge amount of interest, apart from the principal that was borrowed. Self Help groups charge starting from 2% per month or 24% per annum and that helps a lot of lives in Madurai. In this situation SHGs play a major role in emancipation of women. The article makes an analysis based on the opinion received from representatives of the groups in rural and urban areas to know how the SHG is used as an effective instrument in enhancing the economic position of women, the way in which the members are empowered and to identify the challenges which they meet. From the study it is found that women repretatives Education of children, Self decision, Ready to take risk and Lending capability have improved and there is a high level of participation in their group meeting.*

### INTRODUCTION

Microfinance a financial innovation, originated in Bangladesh where Prof. Mohd. Yunus changed the lives of millions of Bangladeshis by creating the concept of micro loans. The idea came to his mind by involving himself in fighting poverty during the 1974 famine in Bangladesh. Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and Micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households. Financial institutions in the country continued to play a leading role in the microfinance programme for nearly two decades now. Women empowerment is an important tool for social development and this can be achieved when the society recognizes women as one among the social partners, provided them equal rights, facilitated them with equal education, health and out of these allow them to participate equally and effectively. (Narayana Reddy et al, 2005) Though Microfinance has attracted widespread attention in recent years and impacted on the development of poor segment, it too has large number of issues and complications. This research project has adopted a mix of empirical and theoretical approach with the objective to identify a comprehensive range of implementation and impact issues of microfinance and made detailed deliberations on women empowerment.

### Review of literature

SriRam. M.S ,2005 in his study on "Microfinance and the State exploring areas and structures of collaboration" found that since the early 1990s, there have been many significant state initiatives in the institutional and policy spheres to facilitate access to financial services by more poverty-stricken groups to help the state leverage the resources available for the poor, effectively and in a sustainable manner.

Rajasekhar D (2001) conducted a study on "Micro Finance programmes and women's empowerment: A study of two NGOs form Kerala" and found that microfinance programmes are important institutional devices for providing small credit to the rural poor in order to alleviate poverty. There is potential to minimize the problem of inadequate access to banking services to the poor. (Rajasekhar. D).

Suganya. M (2006) in her study "Self-Help Groups and Women Empowerment: A Case Study of Multiple Social Service

in Sivagangai" concluded that considering the vast number of poor, discriminated and underprivileged women and the need of financial services. In order to achieve the objective of poverty eradication, to credit for starting small economic activities based on local resources. WESHGs have been instrumental in promoting women entrepreneurship. (Suganya.M)

Anand Singh Kabalana et al (2011), in their study "Micro Finance through Self Help Group in India: An analytical study" revealed that Self Help Group plays a significant role in poverty alternation. So we should create a large number of self help groups of poor. The self help groups are not only a poverty reduction programme but it also develops the entrepreneurship skill and increase co-operation among poor people SHGs members.

### OBJECTIVES OF THE STUDY

The following are the objectives set forth for the study

- ✓ To analyze the socio-economic profile of the SHG representatives.
- ✓ To make a comparative study on women Empowerment through self help groups in rural and urban areas.
- ✓ To offer suitable suggestions for improvement of activities in the clusters in the study area.

### HYPOTHESIS

The hypotheses are formulated by considering the objectives and the review of relevant literatures pertaining to this study. For the purpose of study the following null hypothesis are set:

1. There is no significant difference in the amount of savings between urban and rural area
2. There is no significant difference in the occupational status of members between urban and rural area
3. There is no significant difference in the family income of members between urban and rural area.

### SCOPE OF THE STUDY

The area selected for the present study had been confined to Madurai District of Tamil Nadu. As per 2011 census Madurai has a population of 3,041,038 of which male and female were 1,528,308 and 1,512,730 respectively. The study is undertaken in two Federations in the southern part of the Madurai district where there are 160 and 195 groups respectively covering 2641 and 3528 families. The study is confined to women self help groups. There are 300 women self help

groups in both federation in Madurai district. The study is undertaken taking sample of 100 self help groups constituting 50 groups in rural area and 50 groups in urban area.

### RESEARCH METHODOLOGY

Both primary and secondary sources of data have been used for the study. The primary data were collected from the representatives of 100 groups of rural and urban each area consisting 50 groups through interview schedule.

### SAMPLING

In the study area, Madurai there are seven clusters located 14 in panchayats and 14 in villages. All the seven clusters constituted with 812 members. The study was conducted on the basis of stratified random sampling technique.

### DATA COLLECTION

The information related to the study was collected using a well-defined and pre-tested questionnaire by the personal interview method. The required data were collected from the identified target group of respondents. The target groups of respondents are the SHG representatives. Primary data was collected with the help of an interview schedule administered to representatives of the groups.

Secondary data were gathered from reports, minutes of the meetings, attendance register, and accounts registers, other relevant documents and registers maintained by the SHGs and annual reports of NGO.

### LIMITATIONS OF THE STUDY

The study is mainly based on the information supplied by the respondent through questionnaires by direct interview method, rather than by direct observation – i.e. the researcher had not physically seen how manners of the groups had been benefited by joining the SHGs.

### DATA ANALYSIS AND INTER PRETATION

#### SOCIO-ECONOMIC PROFILE OF SHG REPRESENTATIVES

This part of the report, profiles the demographic characteristics of self help group's representatives in the study area such as age, education, occupation, marital status, size, type of family, number of family members, monthly income and savings of members.

**Table 1**  
**Socio economic profile of the representatives**

Socio-economic variables	Rural	Percentage	Urban	Percentage
Age(in years)				
20 – 30	18	36	14	28
31 – 40	16	32	18	36
41 – 50	9	18	10	20
Above 50	7	14	8	16
Marital status				
Married	21	42	25	50
Deserted	13	26	14	28
Widow	16	32	11	22
Educational qualification				
Illiterate	12	24	13	26
Primary	9	18	18	36
Secondary	10	20	11	22
Higher secondary	12	24	6	12
Graduate	2	4	1	2
Post graduate	1	2	0	0
Size of the family				
1 – 3	6	12	23	46
1 – 4	27	54	19	38
5 & above	17	34	8	16
Type of family				
Joint family	27	54	21	42
Nuclear family	23	46	29	58

Family monthly income				
10000	5	10	2	4
10001 – 15000	11	22	18	36
15001 – 20000	19	38	20	40
15001 – 20000	9	18	9	18
Above 20001	6	12	1	2
Experience (in years)				
< 1 yrs	6	12	8	16
1 to 4 yrs	9	18	13	26
4 to 6 yrs	14	28	22	44
Above 6 yrs	21	42	7	14

The above Table1 shows that the majority of 36 percent of rural respondents belong to the age group of 20-30 and the same 36 percent of urban respondents belong to the age of 31-40. In rural area 42 percent respondents are married while in urban 50 percent of the respondents are married. The education qualification analysis shows that the 24 percent of the respondents are illiterates and the same percent of the respondents are educated upto higher secondary in rural areas whereas in urban area 36 percent of the respondents have education upto primary level only. A majority of 54 percentage of respondents have their family size 1 to 4 and in urban there are 46 percent of the respondents' family size with 1 – 3 members. 54 percentage of the respondents are in joint family in rural areas while in urban 42 percentage of the respondents are in joint family. A majority of 38 percent of the respondents earn as monthly income ranging from Rs.10001-15000/-, in urban area while same monthly income by 40 percent of the respondents.42 percent of the respondents in rural areas are having above 6 years experience as representatives in SHGs and in urban area 44 percent of the respondents having only 4 to 6 years experience in SHGs.

### TESTING HYPOTHESES

#### Ho 1 There is no significant difference in the amount of savings between urban and rural area

This hypothesis is tested to find out whether there is any difference in savings and the area they are located. Savings is the outcome of the difference between receipt and expenditure. The excess of income may be saved in the form of financial or physical assets. The monthly savings among the women SHGs are calculated by the difference between the monthly income and monthly expenditure of the women SHGs.

In the present study, the amount of savings among the women SHGs are classified as, less than 2000, Rs.2001 to 5000 and above 5000. The amount of savings has been further tested framing the above said hypothesis.

**Table 2**  
**Amount of Savings of Rural and Urban**

Savings	Rural	Urban	Table value	$\chi^2$ (sig.)
<2000	17	21	5.99	0.05
2001-50000	20	18		
Above 5000	13	11		
Total	50	50		

Source: Primary data

The calculated value of  $\chi^2$  is less than the table value. The hypothesis holds true. Hence on the basis of given information there seems to be no significant difference between amount of savings and the rural or urban area where the respondents are located.

#### Ho 2 There is no significant difference in the occupational status of members between urban and rural area

The occupational background represents the occupation of the father or the husband of the women SHGs in the present study. The occupational background is classified as

agricultural and allied work, non-agricultural, other occupation which means members employed as coolly, scavengers, sweepers and so on and no occupation means that are simply idle in their house.

**Table 3**  
**Occupational Status of Members**

Occupation	Rural	Urban	Table value	$\chi^2$ (sig.)
No occupation	191	115	7.81	0.05
Other category	97	454		
Agricultural	382	151		
Non-agricultural	286	37		
Total	956	757		

**Source: primary data**

The calculated value of  $\chi^2$  is much higher than the table value. Hence the hypothesis is rejected and it can be concluded that there is no difference between the member's occupation and the rural or urban area where the respondents are located.

**Ho 2 There is no significant difference in the family income of members between urban and rural area**

Each and every human being work hard to earn their bread. Income is the major determinant of the standard of living of the people as it is their basic needs. Depending earn income. For analysis the family income of respondents for rural and urban the data has been collected and presented in table 4

**Table 4**  
**Family income for Rural & Urban**

Area	<2000	2001-4000	4001-6000	Table value	$\chi^2$ (sig.)
Rural	27	12	11	5.99	0.05
Urban	17	16	17		
Total	44	28	28		

Source: Primary data

The calculated value is  $\chi^2$  is less than the value. The hypothesis holds true. Hence on the basis of given information there

**Table 6 Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.664	13.319	13.319	2.664	13.319	13.319	2.014	10.07	10.07
2	2.098	10.491	23.81	2.098	10.491	23.81	1.88	9.401	19.471
3	1.883	9.415	33.224	1.883	9.415	33.224	1.818	9.092	28.564
4	1.792	8.961	42.186	1.792	8.961	42.186	1.74	8.699	37.263
5	1.518	7.588	49.774	1.518	7.588	49.774	1.625	8.125	45.388
6	1.405	7.027	56.801	1.405	7.027	56.801	1.621	8.103	53.49
7	1.315	6.573	63.374	1.315	6.573	63.374	1.583	7.913	61.404
8	1.169	5.846	69.22	1.169	5.846	69.22	1.563	7.817	69.22
9	0.962	4.812	74.032						
10	0.928	4.64	78.672						
11	0.703	3.513	82.185						
12	0.629	3.145	85.331						
13	0.543	2.714	88.045						
14	0.456	2.28	90.325						
15	0.445	2.223	92.548						
16	0.414	2.068	94.616						
17	0.358	1.792	96.408						
18	0.311	1.555	97.963						
19	0.232	1.161	99.124						
20	0.175	0.876	100						

Source: computed data

These extracted factors are renamed as follows:

**Factor I:** Problem solving attitudes (.864), coordination of others (-0.782), planning of any activities (0.634) are the items with high loading on Factor I, which is characterized as "Managerial empowerment".

seems to be no association between family income and the rural or urban area where the respondents are located.

**FACTORS INFLUENCING EMPOWERMENT OF WOMEN THROUGH SHG IN URBAN AREA**

An attempt has been made to identify the important factors that influence the empowerment of women through SHG. Twenty different factors that contribute to empowerment had been identified during this study and each respondent was asked to rate the factor on a scale from strongly agree (5 points) to strongly disagree (1 point). The factor determines the correlation among the adequacy of the data.

**Table 5 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.565
Bartlett's Test of Sphericity	Approx. Chi- square	219.562
	d.f	190
	Sig.	.040

Source: computed data

Then Kaiser-Meyer Oklin(KMO) test and Bartlett's test of Sphericity were carried out to ensure the adequacy of the data. The value of KMO statistics test was 0.565, which is above 0.5, which was taken as the minimum level for acceptance. The value of Chi-square for Bartlett test of Sphericity was also significant. These tests confirmed that the data were adequate for factor analysis. The results of the adequacy tests are presented in the table below.

**COMMUNALITIES**

The principal factor method with Orthogonal Varimax Rotation was used to extract the factors. The factor loading of all the 20 variables were observed and clubbed into six factors. The criteria for extracting initial factors were Eigen value of over 1, variance explained being 69.220%. These eight factors of 69.220% were considered significant, because variables are reduced to the economy size from 20 to 8 underlying factors by losing 30.78% of the content. For ideal data, the communalities (h<sup>2</sup>) should be at the minimum acceptance value of 0.5. It is observed from the below table that almost all the factors are well accommodated by the extracted factors.

**Factor II:** Education of children (0.796), borrowing decision (0.775) are the items with high loading on Factor II, which is characterized as "Decision-making Empowerment".

**Factor III:** Saving habits (0.829), reduction in debt (0.577), possession of movables (0.523) are the items with high loading on Factor III, which is characterized as "Economic empowerment".

**Factor IV:** Team building (0.873), sharing of knowledge with others (0.653),) are the items with high loading on Factor IV, which is characterized as "Leadership empowerment".

**Factor V:** Effective communications (0.787), self motivation (0.558), ability to listen others (0.515) are the items with high loading on Factor IV, which is characterized as "Leadership empowerment".

**Factor VI:** Self decision (0.787), Health of children (0.633), personal matters (0.529) are the items with high loading on

Factor VII, which is characterized as "decision making empowerment".

**Factor VII:** Ready to take risk (0.731), consumption pattern (-0.567) are the items with high loading on Factor VII, which is characterized as "Managerial empowerment".

**Factor VIII:** Lending capability (0.817), personal income (-0.616) are the items with high loading on Factor VIII, which is characterized as "Economic empowerment".

Variables	Factor	Component								H2	
		1	2	3	4	5	6	7	8		
1	Problem solving attitudes	.864									0.69
2	Coordination of other	-.782									0.59
3	Planning of any activities	.634									0.68
4	Education of children		.796								0.7
5	Borrowing decision		.775								0.64
6	Savings habit			.829							0.75
7	Reduction in debt			.577							0.68
8	Possession of movables			.523							0.63
9	Team building				.873						0.53
10	Sharing of knowledge				.653						0.77
11	Effective communication					.787					0.6
12	Self motivation					.558					0.79
13	Ability to listen others					.515					0.83
14	Self decision						.787				0.77
15	Health of children						.633				0.68
16	Personal matters						.529				0.68
17	Ready to take risk							.731			0.67
18	Consumption pattern							-.567			0.79
19	Lending capability								.817		.615
20	Personal income								-.616		.775
Eigen value		2.664	2.098	1.883	1.792	1.518	1.405	1.315	1.169		
% of variance explained		13.319	10.491	9.415	8.961	7.588	7.027	6.573	5.846		
cumulative % of variance		13.319	23.81	33.224	42.186	49.774	56.801	63.374	69.22		

Source: Computed data SPSS

**Table 8**  
**VARIABLES WITH THE HIGHEST FACTOR LOADING FOR URBAN AREA**

Factor	Newly identified Name	Selected statement	Factor loading
F1	Managerial empowerment	Problem solving attitudes	0.864
F2	Decision-making Empowerment	Education of children	0.796
F3	Economic empowerment	Savings habit	0.829
F4	Decision making empowerment	Team building	0.873
F5	Leadership empowerment	Effective communication	0.787
F6	Decision making empowerment	Self belief	0.787
F7	Managerial empowerment	Ready to take risk	0.731
F8	Economic empowerment	Lending capability	0.817

Source: Computed data

The factor analysis reveals the above eight factors that influence the SHG members towards the empowerment. These eight factors were identified from items loading on specific factors. The reliability scores of these factors were found to lie within acceptable limits.

#### SUGGESTIONS

- All the members of the self help groups are not equally educated, so they may not have the same level of expertise or understanding capacity. Therefore, the NGOs should play a significant role in providing the basic education, and the training for the empowerment of the women.
- The Government should encourage more number of women to join the self help groups.
- The District Rural Development Agencies (DRDA) should organize various campaigns to create awareness of self help groups and should also spread awareness about various schemes available to the members of the self help groups.
- Training to the women entrepreneurs can be provided through SISI or through separate schools for the better performance of their business activities.

- Since the repayment of loan among the members of the self help groups is quick, therefore, the banks may reduce the rate of interest on such a loan.
- Microfinance brought more amount of political empowerment than economic empowerment among rural women and there is negligible social empowerment. The respondents were found to have better economic, social and political empowerment in all aspects of empowerment.
- Family income of the respondents is not having any significant relationship with the area.
- Member's occupation of the respondents is not having any significant relationship with the area.
- Savings of the respondents is not having any significant relationship with the area.

#### CONCLUSION

The study reports that there is an appreciable empowerment in the decision-making space than economic empowerment, and there was negligible managerial empowerment as a result of participating in micro finance through the SHG programme and it is concluded that there is high level of leadership empowerment among women as compared to economic empowerment and there was a poor level of so-

cial empowerment. Similarly, they were able to express their views freely in the family and in groups; they were able to discuss issues freely with bankers, government officials and NGOs. Regarding empowerment, women's role in decision-making in children's education had improved considerably, than their role in savings, expenditure related decision mak-

ing. There was a moderate increase of income, enhanced savings, undertakings income-generating activities, reduced dependency on money lenders, ability to deal with the financial crisis and the women moved independently to other places without the support of male members of the family.

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