Research Paper Commerce

An Impact of Micro Credit on Women Participating in Self Help Group

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ABSTRACT

Self- help groups play today a major role in poverty alleviation in India. A growing number of poor people in various parts of India are members of SHGs and actively engage in savings and credit, as well as in other activities. Significantly, credit is a major factor in boosting economic development if it is effectively utilized. The government's recent initiatives to streamline credit operations and delivery system through micro-finance movement and strengthening and expansion of credit institutions can definitely help in the revival of economy of the poor. Against this backdrop, the present study has been carried out to assess the impact of micro-finance on economic status of women. The present study deals with the SHGs in Coimbatore district. The empirical findings of this study would pave the way for taking certain policy decisions for strengthening the SHGs in economic development.

KEYWORDS

INTRODUCTION

Micro-credit intervention programme has been well-recognized world over as an effective tool for poverty alleviation and improving economic conditions of poor. In India too, micro-credit is making a strong headway in its efforts to reduce poverty and empower the rural poor. The micro-credit system provides for organisation of SHGs consisting of members with homogeneous economic interests. People with limited means join together as an informal group, approach the bank to raise loans individually and the security for the loans is given in the form of a collective guarantee.

Self Help Group (SHGs)-Bank Linkage Programme is emerging 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. The banks are assured of getting back their principal amount with interest since the borrowed funds are being used for undertaking some small economic ventures. The borrowed money is never used extravagantly and so the repayment capacity of the borrowers increases. The success of such micro-credit depends largely on the borrowers economic upliftment.

REVIEW OF LITERATURE

Rekha Goankar(2001)in her study concluded that the movement of SHGs can

significantly contribute towards the reduction of poverty and unemployment in the rural sector of the economy and the SHGs can lead to social transformation in terms of economic development and the social change.

Naila kabeer (2005) in a study apparently concludes that while access to financial services can and does make important contributions to the economic productivity and social wellbeing of poor women and their households, it does not "automatically" empower women – any more than do education, political quotas, access to waged work or any of the other interventions.

STATEMENT OF THE PROBLEM

Several studies indicate that self help group programmes often in the form of credit or micro credit schemes and savings have succeeded in changing the lives of poor women by making way for enhanced income and increased selfesteem. This is evident from the mushrooming growth of self- help groups in the state. A Saying by a NGO Worker depicts the present situation: "Nobody could get bank loan without a middleman earlier. Half the loan would be eaten up because of the corruption. Today the bankers treat the women with respect and give them loans." Hence in this perspective this study is undertaken to analyse the demographic profile and assess the impact of micro credit on the selected Self Help Group members of Coimbatore district, Tamilnadu.

OBJECTIVES OF THE STUDY

- To study the demographic profile of Selected Self Help Group Members
- To assess the impact of microcredit of selected Self Help Group Members

RESEARCH METHODOLOGY

The study is undertaken in Coimbatore district. The primary data is collected through structured interview schedule. The size of the sample for the study is 300 women Self help group members applying simple random sampling technique.

TOOLS USED

- Simple Percentage Analysis
- Descriptive Analysis
- ANOVA

DEMOGRAPHIC PROFILE OF SELF HELP GROUP MEMBERS

Demographic profile of the selected 300 Self help group members have been presented in the below table based on percentage analysis. The profile is sub classified as general and group profile.

DEMOGRAPHIC PROFILE OF RESPONDENTS

Sl.No.	Particulars	No. of Respondents	%
GENERAL PROFILE			
	Age Group		
	Less than 25	51	17.00
1	26-30	92	30.67
	31-35	84	28.00
	>40	73	24.33
2	Educational status		

Sl.No.	Particulars	No. of Respondents	%
3	Illiterate	23	7.67
	Primary Level	142	47.33
	High School	47	15.67
	Higher Secondary	48	16.00
	Graduates	40	13.33
	Monthly Income		
	1000-5000	62	20.67
	5001-10000	157	52.33
	Above 10000	81	27.00
GROUP PROFILE			
4	Position in the Group		
	Animator	78	26.00
	Representative-I	114	38.00
	Member	108	36.00
5	**No. of years in the Group**		
	Less than 2 years	84	28.00
	2-5 years	111	37.00
	Above 5 years	105	35.00
6	Number of Loans taken		
	One	81	27.00
	2 to 4	189	63.00
	More than 4	30	10.00
7	**Size of latest loan taken**		
	Less than Rs.5000	19	6.33
	Rs.5000-10000	92	30.67
	Rs.10000-15000	49	16.33
	Rs.15000-20000	27	9.00
	Above Rs.20000	113	37.67

Source: Primary data

The above table describes the demographic profile of the respondents. 30.67% are in the age group of 26 to 30 years, 47.33% of the total members have completed their primary education, 52.33% have monthly income of 5001 to 10000, 38% of the respondents are in representative-I position in the group, 37% have 2 to 5 years of experience in the group, 63% of the respondents have taken 2 to 4 loans and 37.67% have taken loan above Rs. 20,000.

IMPACT OF MICRO CREDIT

Descriptive analysis has been used to find the mean scores for the impact of micro credit. The impact of the microcredit is measured by 11 items at five point scale given by the respondents.

DESCRIPTIVE ANALYSIS ON IMPACT OF MICRO CREDIT

Impact of Microcredit	N	Minimum	Maximum	Mean	Std. Deviation
Increase in Income Level	184	1.00	5.00	4.6630	.5387
Progress in Business Activities	184	1.00	5.00	4.3043	.6733
Enhanced Savings	184	1.00	5.00	3.9728	.9775
Increased Expenditure	184	1.00	5.00	4.3750	.6576
Change in Life Style	184	1.00	5.00	4.2772	.8897
Social Status upliftment	184	1.00	5.00	4.2174	.8599
Increased house hold assets	184	1.00	5.00	4.2391	.7944
Skill development	184	1.00	5.00	4.3152	.6844
Confidence building	184	1.00	5.00	4.2500	.8380
Bank linkages	184	1.00	5.00	4.1793	.9086
Participation in decision making	184	1.00	5.00	3.9565	1.0546
Impact of micro credit	**184**	**11.00**	**55.00**	**46.75**	**6.8411**

Source: Calculated Data

The above table describes average score for impact of micro credit. The members have given highest mean score for Improvement in Income Level and least score for confidence building. The total average mean score for impact of microcredit is 46.75. It is clear that the impact of microcredit had a positive impact on the respondents.

ANOVA

One way ANOVA have been applied to find significant difference between the independent variables of general and group profile such as age, education, monthly income, position in the group, No. of years in the group, No. of loans taken and Size of the latest loan taken with impact of micro credit.

A) **GENERAL PROFILE AND IMPACT OF MICRO CREDIT**

H_0: There is no significant difference between general profile of the members and impact of micro credit.

ANOVA-GENERAL PROFILE AND IMPACT OF MICRO CREDIT

General profile		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	249.598	3	83.199	1.801	Ns
	Within Groups	8314.902	180	46.194		
	Total	8564.500	183			
Education	Between Groups	419.478	5	83.896	1.833	Ns
	Within Groups	8145.022	178	45.759		
	Total	8664.500	183			
Monthly Income	Between Groups	21.478	2	10.739	.228	Ns
	Within Groups	8543.022	181	47.199		
	Total	8564.500	183			

Source: Calculated Data

The above table depicts the results of ANOVA with the significant value of 5% and 1% level of significance. The hypothesis **has been accepted** in the case of age, education and monthly income indicatingthat the general profile of members with the impact of micro credit do not vary significantly.

B) **GROUP PROFILE AND IMPACT OF MICRO CREDIT**

H_0: There is no significant difference between group profile of the members and impact of micro credit.

ANOVA-GROUP PROFILE AND IMPACT OF MICRO CREDIT

Group Profile		Sum of Squares	df	Mean Square	F	Sig.
Position in the Group	Between Groups	299.351	4	74.838	1.621	Ns
	Within Groups	8265.149	179	46.174		
	Total	8564.500	183			
No. of years in the Group	Between Groups	522.220	4	130.555	2.903	*
	Within Groups	8042.280	179	44.929		
	Total	8564.500	189			
Number of Loans taken	Between Groups	686.247	2	343.123	7.883	**
	Within Groups	7878.253	181	43.526		
	Total	8564.500	183			
Size of latest loan taken	Between Groups	251.180	4	62.795	1.352	Ns
	Within Groups	8313.320	179	46.443		
	Total	8564.500	183			

Source: Calculated Data *Significant at 0.05 leve ** significant at 0.01 level.

The above table has shown the results of ANOVA. The hypothesis has been accepted in the case of position in the group and size of latest loan taken, indicating that the above facts and impact of micro credit do not vary significantly. For Number of loans taken and Number of years in the group differ significantly in respect of impact of micro credit. Hence the hypothesis is rejected for those factors.

FINDINGS AND SUGGESTIONS

- After joining self help groups the members are aware of loan facilities and had availed loan for their development.
- Impact of micro credit on the respondents was maximum in increase in income level.
- Analyzing the General profile of the respondents with impact of micro credit it shown that the factors considered had no significant difference to impact of micro credit
- Analyzing the Group profile, Position in the Group, Size of latest loan taken had no significant difference to impact of micro credit and other two factors i.e., No. of years in the Group, Number of Loans taken showed significant difference.

CONCLUSION

The microcredit programmes aim to provide support to the members to strengthen and sensitize members on their economic issues. The Government and non-Government organizations should take necessary steps to ensure the effectiveness of micro credit programmes. Effective and efficient micro credit programmes are the essential ingredients to gear the members economical status. The study shows that the main reason for joining SHG is not be merely to get just credit, it in an empowerment process After joining the self help group the women are economically and socially empowered.. This empowerment cannot be transformed or delivered it must be self generated such that it enables those who are empowered to take control over their lives.

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