



Impact of Micro Credit of SHG on Women Empowerment With Special Reference to Coimbatore District

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ABSTRACT

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the region. The main aim of microfinance is to empower women. In this study the role played by Microfinance in women's empowerment are considered into five dimensions namely Financial empowerment, Social empowerment, Psychological empowerment, Entrepreneurial empowerment and Political empowerment. The study is undertaken in ten taluks of Coimbatore district areas. Both primary and secondary data are used. Primary data is enumerated from a field survey in the study region. Secondary data is collected from journals and other documents. The tools used in this research are percentage analysis, Weighted Average and paired t test. Analysis showed that there is a gradual increase in all the five factors among rural women's. There is a definite improvement in namely financial empowerment, Social empowerment, Psychological empowerment, Entrepreneurial empowerment and Political empowerment as a result of participating in micro finance through SHG program.

KEYWORDS

Microfinance, women's empowerment, Non-Governmental Organization, Self Help groups.

Introduction to the Topic

Microcredit refers to very small loans for unsalaried borrowers with little or no security, provided by registered institutions. It is meant to help improve people's quality of life by lending them a small amount of money for a short period of time. In recent times Micro Finance has evolved as a major instrument to provide financial facilities. Microcredit is one of the important ingredients in empowering income of poor women. More than 65 million poor people have accessed microcredit schemes and about three quarters of them are women.

SHGs and Micro Credit

The major spin-off of the micro-credit movement at the grass-roots level has been the fact that women have to use this system to come out and join a mainstream activity in the village. In many areas, particularly where there has been support from strong SHGs, women have gained a voice and been able to use this space to come out of their traditional roles into a more 'proactive' male space. Women have been able to mobilize capital, and in the process have acquired skills that have enhanced their economic, social and political power. This positive growth has usually been where SHGs are linked with NGOs that have facilitated training and capacity-building with additional inputs. In India, a number of self-help groups were created in the 1980s to provide credit facilities to the poor, especially women, in both urban and rural areas. These SHGs stumbled upon a surprising finding: by targeting women, repayment rates came in well over 95 per cent, higher than most traditional banks. Impressed by the repayment rates, institutions like National Bank for Rural Development (NABARD) and the Small Industries Development Bank of India (SIDBI) began increasing their lending to SHGs in India.

RESEARCH OBJECTIVES

- To analyze the role of micro credit of SHG in women empowerment with reference to Coimbatore district.
- To study the socio-economic profile of SHG women
- To analyze the empowerment of the women financially, psychologically, entrepreneurially, socially and politically.
- To give suggestions for the improvement of performance of microfinance toward women's empowerment through Self Help Groups

LITERATURE REVIEW

Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicates that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

Ranjula Bali Swain (2007) "Can Microfinance Empower Women? Self-Help Groups in India" concluded many strides have been made in the right direction and women are in the process of empowering themselves and NGOs that provide support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment.

Jain (2003) micro credit helps the women to achieve social and economic status through involvement of SHGs. The SHG is an available tool for rural development and the promotion of community participation in rural development programs as well as a vehicle for disbursing micro-credit to women and encouraging them to enter into entrepreneurial activities. His another finding is that Self Help Groups enhance the equality of the status of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

Thelma Kay (2003) stated in his research paper that women who had generated increased income through SHG schemes have gained greater respect and decision making power within the household, power to command, attention within the community and had self-confidence due to exposure to women's rights, social and political issues.

Malhotra et al. (2002) also noted that women's empowerment is usually measured at three different levels: the household level, the community level and the country level. Usually the legal and political dimensions of empowerment are measured at the community level or higher. The socio-cultural and the familial/interpersonal empowerment dimensions are general-

ly measured on household levels. The psychological dimension (indicated for example by women's sense of self-esteem) proved rarely operationalized in empirical research.

RESEARCH METHODOLOGY:

The study is based on empirical study. Empirical research is based on experimentation or observation such research is conducted to test a hypothesis. The study is analytical based on collection of data from both primary and secondary sources. Primary data is collected from well-structured questionnaire; Secondary data is obtained from various published and un-

published records, books, journals. Cluster sampling and area sampling is followed. Since the members are large in number they are divided into groups and randomly selected for data collection. In this study 250 are to be taken as samples from the self-help group in Coimbatore district. The sample size has been derived from 10 taluks. The taluks are Coimbatore south, Coimbatore north, Annur, madukkarai, Mettupalayam, pollachi, perur, kinathukadavu, sulur and valparai. The statistical tools used for analysis are as follows Percentage Analysis Method, Weighted Average Method, Paired T test.

ANALYSIS WEIGHTED AVERAGE METHOD FOR BASIC OBJECTIVE OF JOINING

Objectives of joining in SHG	R1(8)	R2(7)	R3(6)	R4(5)	R5(4)	R6(3)	R7(2)	R8(1)	Σwx Total	ΣwxΣw Average	Rank
Economic upliftment	40	77	90	116	304	111	74	40	852	23.7	7
Increase income	328	224	162	165	188	120	50	5	1242	34.5	2
Enhance saving/Deposits	520	448	198	140	104	33	30	8	1481	41.1	1
Acquire assets	176	224	246	175	132	117	68	14	1152	32.0	5
Take loan for micro finance	344	154	234	205	132	72	62	12	1215	33.8	3
Increasing family welfare	256	259	300	175	28	63	62	28	1171	32.5	4
Children or family members education/marriage	248	259	216	135	32	165	80	16	1151	32.1	6
Get other benefits	88	42	54	110	80	69	64	127	634	17.6	8

1. Paired Samples Statistics for Income increased

H0= There is no significant difference between income increased before and after access to microfinance

H1= There is significant difference between income increased before and after access to microfinance.

Paired Samples Statistics for increased income

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Bfamily income as increased	2.6920	250	.80481	.05090
	Afamily income as increased	3.6720	250	.77383	.04894

Paired Samples Correlations for increased income

		N	Correlation	Sig.
Pair 1	Bfamily income as increased & Afamily income as increased	250	.695	.000

Paired Samples Test Income as Increased

		Paired Differences					T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Bfamily income has increased - Afamily income has increased	-.98000	.61735	.03904	-1.05690	-.90310	-25.099	249	.000

Paired Samples Correlations for quality to become a leader

		N	Correlation	Sig.
Pair 1	Bquality to become a leader & Aquality to become a leader	250	.777	.000

Paired Samples Test for quality to become a leader

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Bquality to become a leader - Aquality to become a leader	-.81200	.77139	.04879	-.90809	-.71591	-16.644	249	.000

5. Paired Samples Statistics For Awareness About Local State And National Level Politics

H0= There is no significant difference between the level of awareness about local state and national level politics before and after access to microfinance

H1= There is significant difference between the level of awareness about local state and national level politics before and after access to microfinance

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Bawareness about local state and national level politics	2.5840	250	.95003	.06009
	Aawareness about local state and national level politics	3.4000	250	1.05663	.06683

Paired Samples Correlations For Awareness About Local State And National Level Politics				
		N	Correlation	Sig.
Pair 1	Bawarenessaboutlocal state and national level politics & Aawareness about local state and national level politics	250	.755	.000

Paired Samples Test For Awareness About Local State And National Level Politics									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Bawarenessaboutlocal state and national level politics – Aawareness about local state and national level politics	-.81600	.71004	.04491	-.90445	-.72755	-18.171	249	.000

RESULTS & DISCUSSIONS: From the above analysis it is found that majority of the members of SHG are above 40 years, so it would be suggested that women below 30 years of age should be encouraged to join the Self Help Groups in large numbers. It is also found that the participation of married women in SHG activities is more when compared to unmarried. Majority of the respondent’s educational qualification is below or up to schooling, So some educational programmes and campaigns can be conducted to improve their knowledge and educational qualification so that it induces their empowerment .Only few of respondents are involved in micro-entrepreneurial activities whereas others are daily labour and house wives, so they should be motivated to actively take part in entrepreneurial activities. Most of the respondents spouse are working as daily labour and of respondents are in SHG group for 5 to 7 years. It is also found that monthly savings of the respondents are between Rs.101 to Rs.200 so that enhancing saving/deposits is the most first reason of joining SHG. Majority of the respondents are getting loan frequentlyfor domestic/ Household/Family and the amount ranges between 10000 to 15000 . Most of the respondents have repaid the loan regularly and benefited for their social well-being.

social issues, family relationship, ability to solve family related problems, self-confidence, knowledge and skills, and interest to develop leadership qualities. But there are some key issues regarding the utilization of microfinance by the SHG members. Most of the members have the practice of using the loan amount mainly for their domestic/house hold purposes rather than using it for micro-entrepreneurial purpose. Hence initiative should be taken to encourage members of the SHG to involve in entrepreneurial activities which will not only improve the individual empowerment but also to the growth of the country.

From the Paired T test it is found that there is significant difference in the level of income of the members before and after access to microfinance which means their income has increased and they are financial empowered. There is also a significant difference in self-identity in the society before and after access to micro finance which means their self-identity has increased which has led to social empowerment. There is significant difference in mental happiness and peace in the family before and after access to microfinance which means their mental happiness and peace in the family increased and therefore they are psychologically empowered. Hence micro-finance enhances the women to be empowered in familial aspects. The SHG members should be involved group activities which will improve their familial/ interpersonal capability. So the group members should be encouraged to actively take part in various social activities which will bring a definite improvement and change in their social status.

Conclusion

Microfinance has the potential to have a powerful impact on women’s empowerment. Strengthening women’s financial base and economic contribution to their families and communities plays a role in empowering them. This study reveals that the women in Self-help Groups in Coimbatore district Taluk (Coimbatore south, Annur, madukkarai, Mettupalayam, pol-lachi, sulur and valparai) has a considerable improvement in the aspects of financial empowerment, Psychological empowerment, Entrepreneurial empowerment, social empowerment and political empowerment. In specific there is a better improvement in contribution to household income, participation in house hold financial decisions, improvement in standard of living, decision making on family budgeting and purchase of house hold items, change in social status, involvement in