

ECONOMIC EMPOWERMENT THROUGH MICROFINANCE: A COMPARATIVE STUDY

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Abstract: The present study is an attempt to evaluate the level of women economic empowerment income, expenditure and savings of the SHG members after joining microfinance programme. The study has been conducted in two blocks of Nadia district, West Bengal. These two blocks are Ranaghat-II and Chakdah. The study is mainly based on primary data collected through interview and well-structured scheduled. To analysis the data, average, percentage, 'Z' test have been used. The present study reveals that microfinance programme has been able to improve the economic empowerment of women in the study area. It is found that in both the blocks the SHG members' income have increased after joining the microfinance programme. The family expenditure of SHG members' has also increased in both the blocks due to increase in income. After joining the microfinance programme savings of the members have increased. Thus, it can be concluded that microfinance programme plays an important role for economic development of the rural women in the study area.

Keywords: Self-Help Group, Women Empowerment, Microfinance, Self-employment.

I. INTRODUCTION

Economic development plays an important role in the development and growth of any society. The importance of promoting women to engage in economic activities is being increasingly realized in all developing countries. The need is twofold: (i) to empower women by bringing them into the mainstream of development and improving their economic status; and (ii) to provide new employment opportunities by way of income generation, self-employment and entrepreneurship to women from different socio-economic sectors (Raheem2006). Women in India particularly in rural areas perform only their traditional roles in their houses and in agriculture. They do not engage in any of the economic activities without assistance from their men folk due to socio-cultural, traditional practices and conventions and taboos. The development of women entrepreneurship is very low in our country. This is absolutely true in the case of rural women, though the urban women are slightly enjoying better status in the society. The women do not have any economic independence in the society as well as their poor contribution to the economy of our country (Raheem 2006). In order to unshackle the rural women from the deplorable conditions, microfinance through SHGs has been chosen as a mechanism that provides the poor women with a sustainable access to financial services. By providing access to fund for income generating activities, microfinance institution can significantly reduce women's vulnerability to poverty. It can also lead to empowerment if greater financial security allows the women to become more assertive in household and community affairs. So when women are helped to increase their income, not only the welfare of the whole family, but the community is also empowered (Mayoux2001).

II. STATEMENT OF THE PROBLEM

No study was conducted in Nadia district about the impact of microfinance on the economic empowerment of rural women. Hence, the study was undertaken in Nadia district, West Bengal to assess the impact of microfinance on economic empowerment of the rural poor women.

III. OBJECTIVES OF THE STUDY

The objective of the study is to examine the impact of microfinance programme on income, consumption expenditure and saving of the SHGs members of two blocks in Nadia district.

IV. HYPOTHESIS OF THE STUDY

Null Hypothesis (H_0): There is no significance difference between the two blocks in terms of average income, consumption expenditure and savings before and after the participation in the SHGs.

Alternative Hypothesis (H_1): There is significance difference between the two blocks in terms of average income, consumption expenditure and savings before and after the participation in the SHGs.

V. RESEARCH METHODOLOGY

1. Sampling Design:

SHGs of Ranaghat-II block and Chakdah block of Nadia district were taken for the study. From each block 30 SHG members were selected randomly and in total 60 sample respondents have been chosen for the study.

2. Area of the study:

The study is conducted at Ranaghat-II block and Chakdah block in Nadia district of West Bengal.

3. Data Collection:

The study is mainly based on primary data and supplemented by secondary data wherever necessary. The primary data were collected through a structured interview schedule from 60 SHG members of the selected two blocks of the district. The questions were mainly on their household income, household expenditure and savings of the participants and their attitude towards microfinance.

4. Analysis of data:

The collected data have been analyzed by simple statistical tools such as average, percentage, and 'Z' test.

5. Sampling Design:

The study has been conducted purposively in Nadia district of West Bengal. It is a backward and minority concentrated district in West Bengal. It is one of the most successful districts in terms of SHG movement. SHGs under SGSY have been formed in all the 17 blocks of the district. As per the District Rural Development Agency report, it is seen that there are the highest number of project linkage SHGs in Ranaghat-II block and the lowest number of project linkage SHGs in Chackdah block. Hence, for comparative analysis, Ranaghat-II block and Chackdah block have been selected as the study area. Taking 30 respondents from each block in total 60 respondents have been selected; Interview schedule method has been used as the main tool for the data collection.

VI. RESULTS AND DISCUSSION

The study is based on the primary data collected from 60 women members participating in SHG programme in two blocks. The analysis of data in the study covers major aspects like income, expenditure and savings. The respondents' income, expenditure, and savings were discussed below:

1. INCOME

Change in the household's amount of the average monthly income as a result of involvement in SHG is one of the variables that should be examined in this study. Based on the response of the SHG members under the study, data regarding the average monthly income of the household's before and after involving in SHGs was gathered and summarized in table 1.

Table:1 Monthly Household Income of the Members before and after Joining SHGs

Monthly income	Before joining SHGs				After joining SHGs			
	Ranaghat-II	%	Chakdah	%	Ranaghat-II	%	Chakdah	%
Below 2000	8	26.67	11	36.67	3	10	5	16.67
2000-3000	12	40	15	50	6	20	9	30
3000-4000	7	23.33	2	6.67	3	10	8	26.66
4000-5000	2	6.67	1	3.33	12	40	5	16.67
5000 & above	1	3.33	1	3.33	6	20	3	10
Total	30	100	30	100	30	100	30	100

Source: Primary data, 2017

Table1 reveals that the SHG member's income has increased in both blocks after joining the SHGs and Ranaghat-II block shows high income increased as compared to Chakdah block. The highest percentage (40%) of members before the joining SHGs belong to an income of Rs. 1000 to Rs. 1500 but after joining the SHGs, highest percentage of members belong to an income of Rs.4000 to Rs. 5000 in Ranaghat-II blocks. On the other hand, in case of Chakdah block the highest percentage (50%) of members before the joining SHGs belong to an income of Rs. 2000 to Rs. 3000 but after joining the SHGs, the highest percentage belong to an income of Rs.4000 to Rs. 5000. Therefore, after joining the SHGs in both the blocks, women contribute to increase their household income.

2. EXPENDITURE

Change in the household's amount of the average monthly expenditure as a result of involvement in SHG is one of the variables that should be examined in this study. Based on the response of the SHG members under the study, data regarding the average monthly expenditure of the household's before and after involving in SHGs was gathered and summarized in table 2.

Table:2 Monthly Household Expenditure of the Members before and after Joining SHGs

Monthly expenditure	Before joining SHGs				After joining SHGs			
	Ranaghat-II	%	Chakdah	%	Ranaghat-II	%	Chakdah	%
Below 1500	6	20	12	40	3	10	5	16.67
1500-2000	10	33.33	10	33.33	5	16.67	9	30
2000-2500	11	36.67	4	13.34	14	46.66	9	30
2500-3000	2	6.67	3	10	5	16.67	4	13.33
3000 & above	1	3.33	1	3.33	3	10	3	10
Total	30	100	30	100	30	100	30	100

Source: Primary data, 2017

The family expenditure of SHGs members has increased in both blocks due to positive change in the SHG member's income. Before joining the SHGs, highest percentage of the members lie in category of Rs.2000 to Rs. 2500 expenditure in Ranaghat-II block and Rs. 1000 to Rs. 1500 in Chakdah block. But after joining the SHGs, the highest percentage lies in category of Rs.2000 to Rs.2500 in both blocks. Also, there were some improvements in the expenditure category of Rs.3000 to Rs.3500 in both blocks which were showing an increase in percentage from 3.33 to 10 in both blocks. But the ratio of expenditure increased at slow rate compared to income because out of income saving is also done.

3. SAVINGS

Another important point to be considered in an effort to assess the impact of SHG is the saving of the members. Based on the response of the SHG members under the study, data regarding the monthly saving of the household's before and after involving in SHGs are gathered and summarized in table 3.

Table:3 Monthly Saving of the Members before and after Joining SHGs

Monthly saving	Before joining SHGs				After joining SHGs			
	Ranaghat-II	%	Chakdah	%	Ranaghat-II	%	Chakdah	%
Below 500	13	43.34	15	50	3	10	9	30
500-600	10	33.33	11	36.67	7	23.33	8	26.67
600-700	5	16.67	2	6.67	11	36.67	9	30
700-800	1	3.33	1	3.33	8	26.67	3	10
800 & above	1	3.33	1	3.33	1	3.33	1	3.33
Total	30	100	30	100	30	100	30	100

Source: Primary data, 2017

After joining the SHGs saving of group member has increased. Before joining the SHG, 43.34% of the members in Ranaghat-II block and 50% of the members in Chakdah block would have saved Rs. 400 to Rs.500 per month. But after joining the SHGs, saving of member has increased. About 37% of the members in Ranaghat-II block and 30% in Chakdah block belong to Rs. 600 to Rs.700 saving per month. They have realized the importance of saving; whenever they required the credit, they need not depend on money lenders. One can see that before and after joining the SHG saving of the members Ranaghat-II block is comparatively high rather than Chakdah block.

Impact of Microfinance Programme

Here we have taken into account three items like level of income, consumption expenditure and saving among the SHGs members of Ranaghat-II block and Chakdah block in a pre and post SHG position.

Z-test for the difference in income between the blocks (before and after):

Null hypothesis (H₀)–There is no significance difference in the average income between Ranghat-II block and Chakdah block before and after SHGs participation.

Alternative hypothesis(H₁)–There is significance difference in the average income between Ranghat-II block and Chakdah block before and after SHGs participation.

Table:4 Z-test on Monthly Income Difference between the Block (before and after)

Parameter	Value before	Value after
\bar{X}	2700	3900
\bar{Y}	2366.67	3233.33
n_1	30	30
n_2	30	30
$S.D_x$	994.99	1280.62
$S.D_y$	921.90	1207
Calculated value of Z	1.35	2.81
Table value of Z at 5% level of significance	±1.96	±1.96
Nul hypothesis(H₀)	Accepted	Rejected

Source: Primary data, 2017

Where,

\bar{X} =Average income of SHGs members in Ranaghat-II block

\bar{Y} = Average income of SHGs members in Chakdah block

n_1 =Number of members in Ranaghat-II block

n_2 = Number of members in Chakdah block

$S.D_x$ =Standard deviation of income in Ranaghat-II block

$S.D_y$ = Standard deviation of income in Chakdah block

$$Z = \frac{\bar{X} - \bar{Y}}{\sqrt{\frac{S.D_x^2}{n_1} + \frac{S.D_y^2}{n_2}}}$$

Table 4 shows that the calculated value of 'Z' is less than the table value at 5% level of significance before joining the SHGs. Thus the null hypothesis is accepted. It implies the observed difference in average income is not statistically significant. Thus there is no difference in average income earned by the SHG members in both the blocks before joining the SHGs. Again it is found that the calculated value of 'Z' is greater than the table value at 5% level of significance after joining the SHGs. Thus the null hypothesis is rejected. It implies the observed difference in average income is statistically significant. Thus there is difference in average income earned by the SHG members in both the blocks after joining the SHGs.

Table:5 Z-test on Monthly Expenditure Difference between the Block (before and after)

Parameter	Value before	Value after
\bar{X}	1900	2416.67
\bar{Y}	1766.67	2133.34
n_1	30	30
n_2	30	30
S. D_x	578.79	635
S. D_y	555	590
Calculated value of Z	0.91	2.00
Table value of Z at 5% level of significance	± 1.96	± 1.96
Nul hypothesis(H_0)	Accepted	Rejected

Source: Primary data, 2017

Where,

\bar{X} = Average expenditure of SHGs members in Ranaghat-II block

\bar{Y} = Average expenditure of SHGs members in Chakdah block

n_1 =Number of members in Ranaghat-II block

n_2 = Number of members in Chakdah block

S. D_x =Standard deviation of income in Ranaghat-II block

S. D_y = Standard deviation of income in Chakdah block

$$Z = \frac{\bar{X} - \bar{Y}}{\sqrt{\frac{S.D_x^2}{n_1} + \frac{S.D_y^2}{n_2}}}$$

Table 5 shows that the calculated value of ‘Z’ is less than the table value at 5% level of significance before joining the SHGs. Thus the null hypothesis is accepted. It implies the observed difference in expenditure is not statistically significant. Thus there is no difference in average consumption expenditure of the participants in both the blocks before joining the SHGs. Again it is found that the calculated value of ‘Z’ is greater than the table value at 5% level of significance after joining the SHGs. Thus the null hypothesis is rejected. It implies the observed difference in consumption expenditure is statistically significant. Thus there is difference in consumption expenditure of the SHG members in both the blocks after joining the SHGs.

Table: 6 Z-test on Monthly Savings Difference Between the Block (before and after)

Parameter	Value before	Value after
\bar{X}	540	640
\bar{Y}	523.33	580
n_1	30	30
n_2	30	30
S. D_x	100	97
S. D_y	96	121
Calculated value of Z	0.66	2.12
Table value of Z at 5% level of significance	± 1.96	± 1.96
Nul hypothesis(H_0)	Accepted	Rejected

Source: Primary data, 2017

Where,

\bar{X} = Average saving of SHGs members in Ranaghat-II block

\bar{Y} = Average saving of SHGs members in Chakdah block

n_1 =Number of members in Ranaghat-II block

n_2 = Number of members in Chakdah block

S. D_x =Standard deviation of income in Ranaghat-II block

S. D_y = Standard deviation of income in Chakdah block

$$Z = \frac{\bar{X} - \bar{Y}}{\sqrt{\frac{S.D_x^2}{n_1} + \frac{S.D_y^2}{n_2}}}$$

Table 6 shows that the calculated value of ‘Z’ is less than the table value at 5% level of significance before joining the SHGs. Thus the null hypothesis is accepted. It implies the observed difference in savings is not statistically significant. Thus there is no difference in savings of the participants in both the blocks before joining the SHGs. Again it is found that the calculated value of ‘Z’ is greater than the table value at 5% level of significance after joining the SHGs. Thus the null hypothesis is rejected. It implies the observed difference in savings is statistically significant. Thus there is difference in savings of the SHG members in both the blocks after joining the SHGs.

VII. CONCLUSION

From the above discussion it can be concluded that microfinance programme is a successful step in providing access to finance to the rural needy women of Nadia district, West Bengal. The programme, indeed, helped in improving the household conditions of the beneficiaries. The involvements in the SHGs have brought about economic and social changes among the members in the study area. A large number of the members have reported that their family status has increased by becoming a member of the SHGs. The income level of the SHG members has increased and this has caused improvement in their social status in their area and in the society. Thus microfinance through SHGs, no doubt, ensures their economic independence and social status.

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