

IMPACT OF MICROFINANCE AND THE PROBLEMS FACED BY THE WOMEN IN THOOTHUKUDI DISTRICT

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Abstract

Microfinance programs for women are increasingly seen by the development agencies as an effective anti-poverty intervention, financial inclusion and women empowerment tool with a positive impact on economic growth of a nation. High repayment rates are interpreted to mean that women are using loans for productive purpose, and use it for personal benefit. A trade-off between credit extension and recovery interprets that everything is fine with MFIs. It is widely assumed that there is a clear and direct relationship between access to credit and an increase in the status of women within their households and communities. The provision of adequate doses of micro finance in time to the women folk for their personal, familial and business purposes by a dependable agency would naturally generate confidence and zeal among them for the performance of their activities. Microfinance intervention (Constructed) which includes self-help group savings, loan, business activities and training; and women empowerment (Level of Empowerment) like social, economic, political, personal and family empowerment are the two variables which are taken in to account for this study.

Keywords: Microfinance intervention, Self-help group, Empowerment, Business activities, Loan, Savings.

INTRODUCTION

Women's empowerment has become a critical pre-requisite for the socio-economic development of any community. The growth of Self –Help Groups (SHGs) is an evidence of the fact that women are coming out of their shells, shunning their secondary citizen status and are using their potentialities and talents for individual and societal benefits(Shanti & Ganapathi,2012). Microfinance has also gained huge prominence worldwide in the arena of economic development and enhancement. In India microfinance has become an important tool of economic development. (Tiwari and Thakkurul2007). Microfinance is the provision of broad range of financial services such as deposits , loans , payments , Money transfers and insurance to the low income households and their micro enterprises to break out their impoverishment (Lazer,2008)

Women in India constitute about 50% of the total population and comprises of one third of the labour force. It is therefore important that when considering the economic development of this segment of population due

attention is given to their socio-economic empowerment. Microcredit for self -help groups is fast emerging as a promising tool of promoting income generating enterprises for reaching the ‘unreached’ for credit delivery in rural areas, particularly the women who are often considered to have very low net worth for availing any credit facilities from the formal financial institutions, the banks. Microcredit is also considered as the vehicle for achieving empowerment of the women, in all spheres viz., social, cultural, political and economic. It is a way of self- sustenance without looking for financial help or subsidy from ‘elsewhere’.

The first official interest in informal group lending in India took shape during 1986-87 when NABARD supported and funded an active research project on “Savings and credit Management of SHGs” (NABARD 1995) of Mysore Resettlement and Development Agency (MYRDA). In 1988-89, NABARD undertook a survey of 43 NGOs spread over 11 states in India to study the functioning of the SHGs and the possibilities of collaborations between the banks and the SHGs in the mobilization of rural savings and improving the credit delivery to the poor (NABARD ,1995).

The Self Help Groups (SHGs) have become a component of Indian financial system after 1996. They are small, informal and homogeneous groups of not more than 20 members each. The size of 20 has been made mandatory because any group larger than this has to be registered.

STATEMENT OF THE PROBLEM

The Human Development Report (1990) census, despite of enormous productivity and social mark. Women in India suffer by being socially and economically invisible. Economic invisibility stems from the perception that women are not relevant to the wage and market economy. This might be due to the fact that the involvement of women is stronger in informal sectors and small scale businesses, on the top of their household responsibilities. This rampant inequality among citizens caused wealth concentration in a small percentage of people while the rest remain downtrodden and unaffected by any progress. Social invisibility, on the other hand, is the result of the general second-class treatment given to women.

Women empowerment may be understood as a process enabling women to acquire and possess power, resources in order to make decisions on their own and to resist decisions that are made by others which affect them. A person may be said to be powerful when he/she has control over resources in the society. The possession of resources, such as physical and financial wealth, skills, education, information, knowledge, social status, leadership traits, capabilities for mobilization of public determine the degree of decision making power. Women, especially in rural areas, possess the least proportion of these resources and as a result they are rendered powerless and dependent on men. Social mobilization cannot be a spontaneous process. It has to be induced through appropriate policy programmes. The prime objective of the SHGs is to eradicate poverty and give emphasis on region specific problems. Groups formed with an objective of encouraging thrift activities among members have demonstrated that the poor can secure greater access to credit and other

supporting services for enhancing their income levels. The foregoing discussion exemplifies the fact that a careful scanning of the operation and effectiveness of the SHGs that aim at empowerment of women is an important research agenda. It will help the policy makers and the participants understand the effectiveness of the schemes and the ways to improve the impact of such schemes on the socio economic status of women.

OBJECTIVES OF THE STUDY

1. To analyze the impact of microfinance in income generating opportunities.
2. To evaluate the standard of living of women through microfinance.
3. To identify the problems faced by self help group members in Thoothukudi district

METHODOLOGY

Research Design of the Study

A research design is the overall plan or programme of research. It is the general blue print for the collection, measurement and analysis of data. Since the present study aims at describing the current state of women empowerment, it is descriptive in nature. Apart from this, the present study has its confined objectives and framed methodology to fulfill these objectives of the study. This study also describes the relationship among the variables especially profile of the women entrepreneurs and their empowerment and also the increase in empowerment through their SHG membership. Hence it is related to descriptive research design.

COLLECTION OF DATA

The study relied on both the primary and the secondary data.

STATISTICAL TOOLS USED FOR THE STUDY

Data were processed systematically by applying the relevant methods of classification, tabulations and analysis. Appropriate statistical tools were employed in analyzing the data as follows. They are:

Tools for Analysis

In this study the raw data collected are classified, edited and tabulated for analysis. The researcher used the following tools (i) Percentage (ii) Crosstabs and (iii) Garret Ranking in order to analyse the data.

TABLE 1

Classification of the respondents on the basis of Age

Age(in years)	Number of Respondents	Percentage
25-35	34	28.33
35-45	39	32.50

45 and above	47	39.17
Total	120	100

Source : Primary data

It is understood from table 1 that 28.33 per cent of the respondents belong to the age group of '25 -35 Years', 32.50 percent of the respondents belong to the category of '35-45 Years', and 39.17 per cent of the respondents belong to the category of '45 and above'.

NATURE OF FAMILY

TABLE 2

Classification of the respondents on the basis of Nature of Family.

Type of Family	Number of Repondents	Percentage
Joint	56	46.67
Nuclear	64	53.33
Total	120	100

Source: Primary data

It is understood from the table 2 that 46.67 per cent of the respondents belong to the category of 'joint family' and 53.33 percent of the respondents belong to the category of 'nuclear family'.

TABLE 3
Ranking the Sources that Motivated to join the Self Help Groups

Sources	Ranking by the respondents							Total
	1	2	3	4	5	6	7	
Self	8 (6.67)	54 (45.00)	20 (16.67)	19 (15.83)	10 (8.33)	4 (3.33)	5 (4.17)	120 (100)
Friends	25 (20.83)	22 (18.33)	14 (11.67)	16 (13.33)	15 (12.50)	14 (11.67)	14 (11.67)	120 (100)
Relatives	30 (25.00)	10 (8.33)	12 (10.00)	11 (9.17)	29 (24.17)	16 (13.33)	12 (10.00)	120 (100)
Mass media	15 (12.50)	12 (10.00)	11 (9.17)	8 (6.67)	17 (14.17)	14 (11.67)	43 (35.83)	120 (100)
NGOs	5 (4.17)	10 (8.33)	15 (12.50)	12 (10.00)	25 (20.83)	33 (27.50)	20 (16.67)	120 (100)
Government	10 (8.33)	4 (3.33)	20 (16.67)	37 (30.83)	10 (8.33)	25 (20.83)	14 (11.67)	120 (100)
SHG Member	27 (22.50)	8 (6.67)	28 (3.33)	17 (14.17)	14 (11.67)	14 (11.67)	12 (10.00)	120 (100)
Total	120	120	120	120	120	120	120	

Source: Primary data

It is clear from Table 3 that for the motivating source 'self' 6.67 percent of the respondents have given first rank and 45.00 percent of the respondents have given second rank. For 'Friends' 20.83 percent of the respondents have given first rank and 8.33 percent of the respondents have given second rank. For 'Relatives' 25.00 percent of the respondents have given first rank and 8.33 percent of the respondents have given second rank. For the source 'Mass media' 12.50 percent of the respondents have given first rank and 10.00 percent of the respondents have given second rank. For 'NGOs' 4.17 percent of the respondents have given first rank

and 8.33 percent of the respondents have given second rank. 'Government' 8.33 percent of the respondents have given first rank and 3.33 percent of the respondents have given second rank. 'SHG Member' 22.50 percent of the respondents have given first rank and 6.67 percent of the respondents have given second rank.

Ranking the Sources that motivated using Garret Ranking Technique

The various sources of motivation ranked by the respondents are analyzed using Garret ranking technique. Table 4 shows the ranking of sources of information by the respondents using Garret ranking technique.

TABLE 4

Ranking the sources that motivated to join the SHGs using Garret's Ranking

Sources	Total score using Garret's tables value	*Mean score	Rank
Self	6957	57.970	I
Friends	6440	53.660	II
SHG Members	6437	53.640	III
Relatives	6307	52.550	IV
Government	5618	46.810	V
NGOs	5127	42.720	VI
Mass media	5114	42.610	VII

*Total score /No. of. Respondents

Source: Primary data

It is clear from the table 4 'self' is found to be the major source of motivation which is ranked first with the Garret mean score 57.970 followed by 'friends' ranked second with the Garret mean score 53.660 , 'SHG member ' ranked third with the Garret mean score 53.640 . 'Relatives ' ranked fourth with the Garret mean

score 52.550 , ‘Government’ ranked fifth with the Garret mean score 46.810 , ‘NGOs’ ranked sixth with the mean score and ‘ Mass media ‘ ranked with the mean score 42.610.

Table 5

Knowledge and Awareness about the Self Help Groups

Aspects	Fully Aware	Partially Aware	Unaware	Total
	No.of.Respondents	No.of.Respondents	No.of.Respondents	
Objectives of the group	5 (14.17)	37 (30.83)	78 (65.00)	120 (100)
Rules & Regulations	13 (10.83)	60 (50.00)	47 (39.17)	120 (100)
Meetings Calendars	29 (24.17)	38 (31.67)	53 (44.16)	120 (100)
Information in Group records	19 (15.83)	59 (49.17)	42 (35.00)	120 (100)
Total loaning of the group	13 (10.83)	53 (44.17)	54 (45.00)	120 (100)
Number of Members taken loan	9 (7.50)	56 (46.67)	55 (45.83)	120 (100)
Number of members repaid loan	18 (15.00)	33 (27.50)	69 (57.50)	120 (100)
Cash in hand	4 (3.33)	21 (17.50)	95 (79.17)	120 (100)
Balance in hand	4 (3.33)	11 (9.17)	105 (87.50)	120 (100)

Source :Primary data

It is clear that table 5 that regarding the aspect “ Objectives of the group” 65.00 percent of the respondents are unaware and 30.83 percent of the respondents are partially aware Regarding rules and regulations 50.00

percent of the respondents are partially aware and 39.17 percent of the respondents are unaware “Meetings calanders” 44.17 percent of the respondents are unaware and 31.67 percent of the respondents are partially aware “ Information in group records” 49.17 percent of the respondents are partially aware and 35.00 percent of the respondents are unaware “Total loaning of the group” 45.00 percent of the respondents are unaware, “ Total loaning of the groups 45.00 of the respondents are unaware and 44.17 percent of the respondents are partially aware “Number of members taken loan “ 46.67 percent of the respondents are partially aware and 45.83 percent of the respondents are unaware “Number of members repaid loan” 57.50 percent of the respondents are unaware and 27.50 percent of the respondents are partially aware “Cash in hand” 79.17 percent of the respondents are unaware and 17.50 percent of the respondents are partially aware “ Balance in hand “ 87.50 percent of the respondents are unaware and 9.17 percent of the respondents are partially aware.

Review of Literature

Singh (2001) has reviewed the status of women and the initiatives being taken by the various agencies for empowering women. He examined the constraints and inherent obstacles that the system and programmes face in terms operation. The article contains extensive discussions on the implications of various policies and programmes that aim at empowering women. The author also observed that opportunities for women have indeed increased but not proportionate to the rate of increase in female population.

Fernandez, A.P (2001) has argued that the potential benefit of credit to the SHGs as an empowering tool declines if the strategy of credit management, process of savings, lending and repayment are not developed and controlled by the group. It is not credit per se, but the management of credit and the quality of governance of the institutions set up by the people to manage credit that empowers. This study attempted to throw light on whether the credit management is a useful instrument for institutional building. Another issue addressed is whether all the members of the SHGs are empowered or only a few. It assures some impact of groups on village life and on gender relations within families. It has been further documented that the structural constraints in the institutional set up are highly responsible for poverty.

Usha Revelli (2006), revealed that Self-Help Groups in the Chenchu tribal areas of Andhra Pradesh are participating in a community process that was initiated by the UNIFEM. They have been empowered to

market their forest produce thereby earning a good profit. The women of these SHGs have demonstrated women power in the market place. Women, empowered with the solidarity of their collectives, empowered with product and market knowledge, and supported by their own and external financial resources can perform very well in the market place.

Conclusion

The new millennium has thrown many challengers subjecting many nations to undergo transformation cutting across their established tradition and culture. New issues have to be addressed to effect social and economic progress of our nation. The most important one is women's empowerment through Self-help groups. SHGs have undoubtedly begun to make a significant contribution in poverty alleviation and empowerment of poor, especially women in rural areas of our country. Women are the vital infrastructure and their empowerment would hasten the pace of social development. Investing in women are the capabilities and empowering them to achieve their choices and opportunities is the definite way to contribute to economic growth and overall development. The empowerment of rural women leads to benefit not only to individual women and women groups, but also to the families and the community as a whole. The present study is an attempt to analyse the socio-economic development of members and the performance of SHGs in Thoothukudi district. The performance of SHGs was good. The greater percentage of women impacted positively by being members of SHGs. Women participation in SHGs enabled them to discover inner strength, gain self-confidence, social, economic, political and psychological empowerment and capacity building. If the aforesaid suggestions are carried out by the authorities concerned, the SHGs will improve in Thoothukudi District

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