A STUDY ON IMPACT OF MICROFINANCE THROUGH SELF HELP GROUPS IN THENI DISTRICT OF TAMILNADU, INDIA

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Abstract

Microfinance services are mainly facilitated by two models that are Self Help Group - Bank Linkage Programme (SBLP) Model and Micro-Finance Institutions Model (MFI). These both together have about 7 crore clients. The Self Help Groups have been created in rural and urban areas of the country. It generally includes fifteen to twenty members hailing from a positive locality with related socio-economic conditions. The main purpose of the study is to measure the influence of microfinance through SHGs in Theni District . It is concluded that the mean score of Mode of Savings on Banks**,** the mean score of Mode of Savings on the NABARD, the mean score of Household Expenditure on Repayment of Loan by the SHG members in Theni District is higher among the respondents after joining the entrepreneurs schemes.

Key words : Self Help Groups, Bank Linkage Programme, Microfinance Institutions Model.

Introduction

In India, the institutions which facilitate microfinance services are NABARD(National bank for agriculture and rural development), Small Industries Development Bank of India (SIDBI), Rashtriya Mahila Kosh, Commercial Banks, Regional Rural Banks, Co-operative Banks and Non Banking Financial Companies (NBFCs). Microfinance services are mainly facilitated by two models that are Self Help Group - Bank Linkage Programme (SBLP) Model and Micro-Finance Institutions Model (MFI). These both together have about 7 crore clients.

1. Statement of the Problem

The Self Help Groups have been created in rural and urban areas of the country. It generally includes fifteen to twenty members hailing from a positive locality with related socio-economic conditions. The unregistered groups have functioning on the fundamentals of mutual trust, cooperation and inter-dependence. The leaders of SHGs were selected from members. The primary philosophy underlying the perception of the Self Help Group was the belief that the poor are bankable individuals. The saving or the thrift and credit panels are mostly informal, who pool savings and re-lend them within the panel on rotational or commitment basis. These panels have a common concept of need and impulse towards collective action. Many of these panels got formed around production action, improved savings among representative and used the pooled resources to meet the emergent demand of the members including expenditure needs. Sometimes the national savings create were strengthen by external causes loaned/donated by the voluntary agency, which developed the SHGs. Hence, the study has aimed to the study on influence of microfinance on SHGs in Theni District.

2. Objectives of the Study
1. To study the overview of Self Help Group movement in India
2. To measure the influence of microfinance through SHGs in Theni District

3. Methodology and Data Collection

The present study is an empirical research in nature. A structured interview schedule was adopted for collect information. The primary data were gathered directly from SHG Members in Theni District through a well structural interview schedule. The analyst has endorsed the Convenient Sampling Method to identify the sample respondents of 25SHG Members from Theni District. Due representation is given with regards to impact on microfinance indicators of the sample respondents.

4. Overview of SHGs in Inda

In India, Self-Help Group (SHG) movement has emerged as the most successful network of women owned community-based microfinance institution. During the year 2018-19, the Self Help groups have increased by 12.70 lakh with a subsequent increase in the savings by Rs.3732.36 crore as on March 2019. As on 31st March 2019, the SHGs have savings Rs.23324.48 Crore on bank and reached an all-time highest savings. The banks in India have disbursed loans to the SHG Members of Rs.58317.63 crore recording enlarges of Rs.11131.75 crore over the last year. Table 1 shows the details of highlights of SHGs Bank Linkage in India.

table 1: highlight of the shgs bank linkage in india from 2014-15 to 2018-19

(Rs. Lakhs/crores)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Total Number of SHGs	76.97	79.03	85.77	87.44	100.14
2	Total Savings of SHGs (Rs. in Crore)	11059.84	13691.39	16114.23	15992.12	23,324.48
3	Total all Women in SHGs (Lakhs)	66.57	67.63	73.22	73.90	85.31
4	Total Loan Disbursed to SHGs (Crores)	27582.31	37286.90	38781.16	47185.88	58,317.63
5	Total Outstanding to SHGs	51545.46	57119.23	61581.30	75598.45	87,098.15
6	Total Percentage of Women	86.41	85.58	85.36	84.51	85.19
7	Total NRLM/SGSY, Savings with Banks to SHGs	4424.03	6244.97	7552.70	10434.03	12867.18
8	Total NRLM/SGSY, Loan Disbursed to SHGs	94487.69	16785.78	17336.26	25055.18	33398.93
9	Total NRLM/SGSY, Loan Outstanding to SHGs	19752.74	26610.16	29994.43	38225.29	54320.91
10	Total NULM/SJSRY, Loan Disbursed to SHGs	1871.55	2620.22	2675.77	2424.07	3419.58

Source: 1. Status of Micro Finance in India.
    2. Annual Report – NABARD during 2013-14 to 2018-19.

It is clear from Table 1 that Self Help Groups in India and it savings have grown-up year by year.

5. Self Help Groups in Theni District

Table 2 shows the details of Number of Self Help Group Members in Theni District for the Year 2017-18.

table 2number of self help group members in theni district for the year 2017-18

S.No.	Block Name	Total Gram Panchayats	Gram Panchayats SHGs Entry Has Started	Total SHGs	Group Members
1	K Myladumparai	18	18	576	204
2	Andipatti	30	29	1184	58
3	Bodinaickanur	15	15	608	26
4	Theni	18	18	574	24
5	Chinnamanur	14	14	447	2
6	Periyakulam	17	17	1261	2
7	Uthamapalayam	13	13	580	1
8	Cumbum	5	5	177	0
Total		**130**	**129**	**5407**	**317**

Table 2 shows that Number of Self Help Group Members in Theni District for the Year 2017-18, K Myladumparai has maximum Self-Help Group Members (204) and followed by Andipatti has Self-Help Group members (58).

6. Framework of Analysis

A paired samples *t*-test is used to compare two related means. It tests the null hypothesis that the variation between two related means is 0. The variation between the means of two panels divided by the standard error produces a *t*-ratio. Therefore *t* = mean of the differences standard error

$$= {}^{-}d/ \sqrt{s2/(n-1)}$$

7. Findings based on analysis of Impact of microfinance through SHGs in Theni District

7.1. Mode of Savings on Banks by the SHG members in Theni District

H_0:   The mean score of Mode of Savings on Banks by the SHG members in Theni District does not differ significantly with the respondents after period

H_1:   The mean score of Mode of Savings on Banks by the SHG members in Theni District differs significantly with the respondents after period

table 3mode of savings on banks by the shg members in theni district

Period	Mean		't' Value
	Before	After	
Banks	4375.88	9181.22	-42.05*

* Significant at 5% level

The Results from the above Table 3 indicate that the mean score of mode of savings in entrepreneurs on banks after period is 9181.22 (M= 9181.22, SD = 5637.37), whereas the mean score of Mode of Savings on Banks by the SHG members in Theni District prior to period is 4375.88 (M = 4375.88, SD = 2302.18). A two-tailed paired t' test performed on these differences indicates that the difference between these two

means is significant t (899) = -42.05, p < 0.05. Hence the null hypothesis is rejected at five percent level of significance. It is concluded that the mean score of Mode of Savings on Banks by the SHG members in Theni District after the period is higher.

7.2. Impact on Mode of Savings on the NABARD by the SHG members in Theni District

H0: The mean score of Mode of Savings on the NABARD by the SHG members in Theni District does not differ significantly with the respondents after period

H1: The mean score of Mode of Savings on the NABARD by the SHG members in Theni District differs significantly with the respondents after period

table 4mode of savings on the nabard by the shg members in theni district

Variable	Mean		't' Value
	Before	After	
NABARD	1277.00	3788.22	-64.73*

* Significant at 5 % level

The Results from the above Table 4 indicate that the mean score of Mode of Savings on the NABARD by the SHG members in Theni District after period is 3788.22 (M= 3788.22, SD =1347.89), whereas the mean score of Mode of Savings on the NABARD by the SHG members in Theni District that prior to period is 1277.00 (M = 1277.00, SD = 631.41). A two-tailed paired t' test performed on these differences indicates that the difference between these two means is significant t (899) = -64.73, p < 0.05. Hence, the null hypothesis is rejected at five percent level of significance. It is concluded that the mean score of Mode of Savings on the NABARD by the SHG members in Theni District is higher among the respondents after the period.

7.3. Impact of Household Expenditure on Repayment of Loan of the SHG members in Theni District

H0: The mean score of Household Expenditure on Repayment of Loan of the SHG members in Theni District does not differ significantly with the respondents after joining

H1: The mean score of Household Expenditure on Repayment of Loan of the SHG members in Theni District differs significantly with the respondents after joining

table 5impact of household expenditure on repayment of loan of the shg members in theni district

Period	Mean		't' Value
	Before	After	
Repayment of Loan	2623.11	4669.66	-35.88*

* Significant at 5 % level

The Results from the above Table 5 indicate that the mean score of Household Expenditure on Repayment of Loan of the SHG members in Theni District after joining the group is 4669.66 (M= 4669.66, SD = 2326.35), whereas the mean score of Household Expenditure on Repayment of Loan of the SHG members in Theni District to joining is 2623.11 (M = 2623.11, SD = 766.41). A two-tailed paired t' test performed on these differences indicates that the difference between these two means is significant t (899) = -35.88, p < 0.05. Hence the null hypothesis is rejected at five percent level of significance. It is concluded that the mean score of Household Expenditure on Repayment of Loan of the SHG members in Theni District is higher among the respondents after joining the entrepreneur schemes.

8. Conclusion

The present study has found micro finance organisations have played an essential part in the business and have high impact on employment opportunities and also have effective impact on the training programmes given by Mahalir Thittam. The present study has found from the analysis that the microfinance has highly impacted on the economic status of the Self Help Group Members in the selected Districts in Tamilnadu. The important factor is that Micro finance has created greater employment opportunity and Training programmes given by Mahalir Thittam and are very effective throughout. The present study helps in any way to undertake the studies of similar nature in other areas.

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