

FINANCIAL AUGMENTATION OF WOMEN SHGs THROUGH MICRO-CREDIT IN PARAMAKUDI TALUK

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Abstract

Women Empowerment is also about authority, or the power embarked on women sharing indistinguishable rights. Women are known for delivering multiple roles effortlessly per day, and thus they are considered the backbone of every society in the world. Micro Credit is a part of Micro Finance financial services which is defined as provision of thrift, credit and other financial services and product of very small amount to the poor in rural, semi-urban and urban areas. This revolutionary and pro-poor economic activity has been recognized worldwide as an efficient tool to combat poverty, create employment and generate income.

The present study is to examine the status of financial development and augmentation of women SHGs through Micro-credit in Paramakudi Taluk. This study based on both primary and secondary source. The primary data has collected through structure interview schedule and secondary data were collected from journal, magazines, annual reports etc. There are 400 member have been selected on the basis of Simple Random Sampling technique. The Researcher has adopted statistical tool of paired t-test for the purpose to analyse the collected data.

The success of the micro-credit depends on the further support system viz, the society and the Government. The present study proves that the income, consumptions, savings of members of SHG women have improved and also the overall financial augmentation standard of living condition of members have improved in the study area due to the Micro-Credit Programme.

Keywords: Standard of Living index, Micro Finance, Micro-Credit, Self Help Group.

Introduction

Women represent half of the total population of the world, and in poor and developing economies, their contribution is a key variable of development. Unfortunately, they have limited access to positions of influence and power, because gender inequality, discrimination, and social constrains put them at an inferior status in all aspects of life. They have narrower occupational choices and lower income in comparison to men. In addition, they are expected to manage outside activities with their household chores. Therefore, the need for women empowerment in India emerged from this harsh social scenario. As a result, micro credit programmes act as an

effective tool to help the poor, especially women, to take up micro-level self-employment for poverty alleviation and improving their economic conditions (**Rajeswari and Sethurajan -2016**).

According to the Oxfam report, more than 40% of the 400 million women who live in rural India are involved in agriculture and associated activities. However, as women are not recognized as farmers and do not own land, they have limited access to government schemes and credit, which, in turn, restricts their agricultural productivity'. Therefore, women need to obtain the power to raise their voice, to exercise informed choice, and accomplish their potential as equal to that of men in the society (**Z.Bus-2017**).

Self Help Group offers Micro Credit to the group members and SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. They have been recognized as useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift. SHG is a media for the development of saving habit as well as to create various Self-Employment activities among the women. SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

In Tamil Nadu the SHGs were started in 1989 at Dharmapuri District. At present 6.96 lakh groups are functioning with 69.28 lakh members with the saving amount of Rs.8,921 crore. At present, many are eager to form a group. It is clearly understood that the SHGs are tool to promote rural savings and gainful employment. Through this the rural poverty is reduced considerably. Therefore women members are economically independent, socially better and their contribution to household income has also increased.

Review of Literature

Mathew and Kurian (2016) this study highlights the representation of Women in Self Help Groups (WSHG) and SHG-Bank Linkage programmes undertaken by the Government of India (GOI) and National Bank for Agriculture and Rural Development (NABARD) and tries to establish that these initiatives have improved women's access to finance in India 2015. The improvement in credit savings of women eventually created a huge impact in the inclusion factor of the country. This study may inspire Non-Government Organizations (NGOs) to start more Self Help Groups (SHGs) with the help of commercial banks and government agencies, to provide more credit facilities to women in the country.

Esmaeil, Kapil, Pelekh and Nasab (July 2018) in their aim this paper is to know the Does income earned by members of women's SHGs through Micro-Credit Programs empower them? They have selected the sample size of 114 women members of Self Help Groups and used convenience sampling technique in order to select sample size. The collected data have analysed with use of statistical tool of t-test for mean values before and after joining SHGs showed a significant change in levels of women empowerment in the study areas. It becomes apparent from this paper that joining SHGs, and consequently, getting access to financial services

increased the ability of poor women to control their savings and generate income from their occupation. They also experienced a greater decision-making role in their families and in local society, enhanced levels of self-confidence, self-efficacy and self-esteem, and heightened freedom of mobility to increase business and social activities outside home. This study ended that it has a positive impact not just on the physical well-being of a woman, but it also influences her psychological and emotional states. They have suggested that by empowering rural women financially through microcredit based SHGs, we take a step forward in realizing the dream of a holistically developed nation.

Lawenya and Ganesan (2014) their study is try to evaluate the differences in SHGs micro-credit between different years and sites in the Cuddalore district, Tamilnadu in southern India. They have collected data from five sites of SGHs groups from Cuddalore district namely, Annagramam, Cuddalore, Keerapalayam, Kurunjipadi and Panruti during the financial years 2000-2005. We tested the mean differences between number of SHGs, revolving fund and banks loans over six consecutive years 2000-2005 at different sites. Researchers have ANOVA test to find the significant differences between years and sites. From the study, it is identified 3242 SHGs, consisting of 68322 members using 2994 saving accounts and bank loans totaling approximately Rs.14, 29, 890 lakhs. Results also showed that the number of SHGs increased significantly over the studied years, through this effect, revolving fund and bank loans also increased significantly in most years. This study may end that that micro finance programs do provide economic benefits to the people for whom the programs were initiated. These benefits were mainly surrounding the availability of savings and credit facilities, access to credit for consumption and production, and use of credit for undertaking income generation activities.

Problem of the Study

Poverty and unemployment are the twin issues of developing countries, to which India is no exception. In India, the percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole (SAARC Development Goals-India country Report-2013). SHGs are at present playing a vital role in empowering women in all respects in India but southern districts of Tamil Nadu, Women SHGs members are still unable grow due to lack financial assistance (micro-credit) from formal institutions and informal sectors, and government support etc. Ramanathapuram distirct is one of most under developed districts in Tamiladu. Therefore this study mainly focuses on to know the status of financial augmentation of women SHGs through Micro-Credit Paramakudi Taluk.

Objectives of the Study

The overall objective of the present study is to examine the status of financial augmentation of women SHGs through Micro-credit in Paramakudi Taluk.

Hypotheses of the Study

The following Hypotheses were formulated for this study.

- H01.** There is no significant change in the Monthly Income of Members before and after joining the Self Help Groups.
- H02.** There is no significant change in the Expenditure Pattern of Members before and after joining the Self Help Groups.
- H03.** There is no significant change in the Savings of Members before and after Joining the Self Help Groups.
- H04.** There is no change in the standard of living status of members before and after joining the group.

Methodology and Research Design

Primary data has been collected by administering structured interview schedule to the SHG members who have joined for a period of not less than three years. Secondary data has been collected from the Mahalir Thittam Office, District Rural Development Authority Report, Journals, Magazines, Internet and Annual Report. Pilot Study was conducted before undertaking the main survey, by administering a tentative Interview Schedule to 30 SHG members, in order to test the reliability and validity of the Interview Schedule. Totally 1851 SHGs are functioning in Paramakudi taluk, from which 100 SHGs have been selected and 4 members from each group have been chosen. Of the four, one is the president, one is the secretary and the other two are members. All together 400 members have been selected on the basis of Simple Random Sampling technique. The Researcher has adopted statistical tool of paired t-test for the purpose to analyse the collected data and the interpreted based on SPSS output.

Results and Discussion

Income Pattern of Members of SHGs

In order to test the change in the income pattern of members before and after joining the SHG, Paired sample t-test is used.

H₀: There is no significant change in the monthly income of members before and after joining the group.

Table No.1 reveals that the monthly income of SHGs members and their family income have increased significantly, like the income from respondents [$t(399) = 36.321$, $p = 0.000$], income from family [$t(399) = 15.213$, $p = 0.000$], and income from other sources [$t(399) = 6.127$, $p = 0.000$] at five per cent level of significance.

Table No.1

**Results of Paired T-test for Monthly Income of Members and their Households
(Before and after joining the group)**

Income	Before Mean	After Mean	Change Mean	t-value	df	Sig.
Income from Respondent	953.62 (559.81)	2978.04 (1116.81)	2024.42	36.321	399	0.000
Income from Family	3532.88 (2825.76)	7548.50 (6689.35)	4015.62	15.213	399	0.000
Income from other Sources	37.38 (217.14)	1155.00 (3664.98)	1117.62	6.127	399	0.000

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation' value

From the above analysis, it can be expressed that among the income patterns, the income from respondents has increased significantly. The reason is that, before joining the SHG members were always dependent upon the family income; but after joining the group they were completely independent from family income. Members are now supporting their family because they have undergone many training programmes on money handling, self-decision making, managerial skills, entrepreneurship development programmes. This would help them to establish and manage their enterprises more successfully.

Expenditure Pattern of Members of SHG:

H₀: There is no significant change in the consumption of members before and after joining the SHG.

Table No.2

**Results of Paired T-test for Consumption of Members of SHGs
(Before and after join the group)**

Monthly Expenditure	Before Mean	After Mean	Change Mean	t-value	df	Sig.
Medical Expenses	327.60 (303.946)	418.30 (463.801)	90.700	3.648	399	0.000
Children's Education Exp.	792.52 (1038.136)	3395.25 (5448.000)	2602.735	10.234	399	0.000
Marriage Expenses	10.50 (70.727)	97.50 (1506.209)	87.000	1.159	399	0.247
Household Exp. (Rice)	709.38 (430.623)	1514.38 (862.712)	805.000	26.689	399	0.000
Vegetable & Prov. Exp.	601.58 (464.841)	1293.30 (832.282)	690.725	19.048	399	0.000
Mobile/Telephone Exp	34.82 (75.738)	193.20 (156.715)	158.375	25.877	399	0.000

Electricity Exp.	83.49 (82.946)	260.09 (189.852)	176.600	22.077	399	0.000
Festival Exp.	772.00 (601.848)	2868.85 (2517.172)	2096.850	18.865	399	0.000
Travel Expenses	114.01 (85.549)	423.24 (435.804)	309.225	15.202	399	0.000

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation 'value

The table no.2 depicts the consumption/expenditure of members and their family level of consumption has significantly increased, as in medical expenditure [t(399) = 3.648, p = 0.000], children's education [t(399) = 10.234, p = 0.000], , household expenditure (Rice) [t(399) = 26.689, p = 0.000], vegetable and provision expenses [t(399) = 19.048, p = 0.000], mobile/telephone expenses [t(399) = 25.877, p = 0.000], electricity expenses [t(399) = 22.077, p = 0.000], festival expenses [t(399)=18.865 and travel expenses [t(399) = 15.202, p = 0.000] at five per cent level of significance after joining the group through Micro-Finance. Marriage expenditure [t(399) = 16.029, p = 0.247] has not been significant even after joining the group through Micro Finance. From the analysis, it can be revealed that among the consumption patterns, the respondents' consumption level has increased significantly after joining the SHGs. The reason is that, before joining the SHG members always spent lesser amounts due to less or no sources of income; but after joined the group they were involving different kinds of income generating activities. It is true that after the micro finance programme, the members can easily avail of loans with low interest from SHGs and banks as compared to other sources of loans such as NGOs, money lenders, mortgages, friends and relatives.

Savings Pattern of Members of SHGs:

H₀: There is no significant change in the savings of members before and after joining the group.

Table No.3
Results of Paired T-test for Savings of Members
(Before and after joining the group)

Kinds of Saving	Before Mean	After Mean	Change Mean	t-value	df	Sig.
Bank	449.25 (1956.328)	9115.92 (15014.83)	8666.675	11.881	399	0.000
SHGs	40.00 (528.297)	9446.85 (4131.509)	9406.85	44.214	399	0.000

Own Savings (Others)	2684.88 (2588.402)	1654.95 (3240.737)	1029.925	5.438	399	0.000
Post Office	28.25 (215.044)	868.75 (1835.380)	840.500	9.560	399	0.000
Insurance	3.88 (40.563)	191.40 (267.867)	187.525	13.747	399	0.000
Chit Fund	1.25 (17.656)	289.25 (1695.862)	288.000	3.396	399	0.001

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation' value

Table No.2 furnishes the saving of members. After joining the group, their level of savings have increased significantly; such as, bank saving [t(399) = 11.881, p = 0.000], SHGs saving [t(399) = 44.214, p = 0.000], own savings [t(399) = 5.438, p = 0.000], insurance [t(399) = 13.747, p = 0.000], post office savings [t(424) = 1.000, p = 0.318] and chit fund savings [t(424) = 1.633, p = 0.103]. The above analysis expressed that the SHGs (internal) level of savings has increased at a highly significant level, the reason of which, is the awareness after joining the group by members that savings is necessary to meet the household expenditure, child's education, purchase of new assets, repaying of old debts etc.

Financial Standard of Living Index:

The standard of living index, looks at the change in standard of living of before and after the joining the SHGs by members, based on the data collected on various economic factors like separate room for cooking, type of house, source of lighting, fuel for cooking, toilet facility, sources of drinking water, ownership of livestock and ownership goods such as sewing machine, clock watch, sofa set, fan, radio/ transistor, refrigerator, television, VCR/VCD-capital, bicycle, motorcycle/scooter and car. A way to measure the standard of living index based on score range was used by T..K.Roy, Jayachandran and Sushanta K.Banerjee (Economic and Political weekly, Oct, 1999, PP.16-2). In the system of the standard of living status measured through score range, if the score range is 0-7, the standard of living is considered to be low. If the score range is 8-14, it reflects that the standard of living is medium and if the score range is 15 and above, it indicates that the standard of living is high. In order to know the change in the standard of living of members, paired t-test is used.

H₀: There is no change in the standard of living status of members before and after joining the group.

According to the standard of living index result, it is revealed that after joining the group, the standard of living of members and their family has increased. Members' economic development in the form of separate

room for cooking, pucca house, electricity facility, cooking facility, drinking water, toilet facility and ownership of goods such as TV, motorcycle, washing machine, cycle, refrigerator, etc., also increased.

Table No.4
Financial Standard of Living Index of the Sample Respondents

SL.No.	Range of Standard of Living	Before Join	After Join	Paired t- test
1	Low Standard of Living Index	312 (78.00)	01 (0.25)	Mean (7.520) S.D (2.392) t-value (62.864) d.f = 399 Sig. = 0.000
2	Medium Standard of Living Index	86 (21.50)	250 (62.50)	
3	High Standard of Living Index	02 (0.50)	149 (37.25)	
Total Number of Members		400 (100)	400 (100)	

Source: Primary Data, Note: Significant at 5% Level, Economic and Political weekly, Oct, 1999, PP.16-2

The paired t-test value showed that the members of SHGs who promoted micro-enterprises, after joining the groups has increased their living standard ($t(424) = 55.436$, $p = 0.000$) at five percent level of significance. The above index information infers that the members, after joining the SHG has increased their economic status in the following ways: ‘purchasing of durable goods’, ‘building of immovable assets’ and ‘improvement of infrastructure facilities’ like drinking water, electricity, toilet, etc.

Findings and Conclusion

- The Paired t-test output shows that the monthly income of SHGs members and their family incomes has increased significantly, like the income from respondents [$t(399) = 36.321$, $p = 0.000$], income from family [$t(399) = 15.213$, $p = 0.000$], and income from other sources [$t(399) = 6.127$, $p = 0.000$] at five percent level of significance.
- The consumption/expenditure of members and their family level of consumption has significantly increased, at 5 percent level of significance after join the group through Micro-Credit, as in medical expenditure [$t(399) = 3.648$, $p = 0.000$], children’s education [$t(399) = 10.234$, $p = 0.000$], household expenditure (Rice) [$t(399) = 26.689$, $p = 0.000$], vegetables and provision expenses [$t(399) = 19.048$, $p = 0.000$], etc. Marriage expenditure alone [$t(399) = 16.029$, $p = 0.247$] has not been significance even after joining the group through Micro-Credit.

- After joining the group, their level of savings have increased significantly; such as, bank saving [t(399) = 11.881, p = 0.000], SHGs saving [t(399) = 44.214, p = 0.000], own savings [t(399) = 5.438, p = 0.000], insurance [t(399) = 13.747, p = 0.000], post office savings [t(424) = 1.000, p = 0.318] and chit fund savings [t(424) = 1.633, p = 0.103] at five percent level of significant.
- The paired t-test value showed that the members of SHGs who promoted micro-enterprises, after joining the groups has increased their living standard (t (424) = 55.436, p = 0.000) at five percent level of significance. The above index information infers that the members, after joining the SHG has increased their economic status because of members were involved in many income generating activities in the study area.

Self Help Group is a suitable powerful weapon for the development of women folk. SHGs have started to play a significant function in the rural and semi-urban progress. Lately, Indian Government and the State Government, Tamilnadu have been promoting microfinance through groups from the Government Agencies and Non-Governmental Organizations and it helps in regional development. Hence, the Self Help Groups help the poor through lending of Micro-Credit, especially women folk, to develop the economic strength of women.

The Micro-credit is the new steam of weapon which can help to solve the problem of poverty, help in the creation of self-employment and earn a livelihood that would enable them. The success of the micro-credit depends on the further support system viz, the society and the Government. The present study proves that the income, consumptions, savings of members of SHG women have improved and also the overall financial augmentation standard of living condition of members have improved in the study area due to the Micro-Credit Programme.

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