



## **A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS' WOMEN IN KARUR DISTRICT**

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### **Introduction**

In olden days in most of the family male members were meant for earning income to the family where as the female members looked after the house works. In most of the family, it was followed. After some time it was felt that if the female members are involved in some works other than the family affairs it would be the support extended by them to their spouse and family members. So in some family the female members were allowed to work in some industries and agriculture. Most of the women members supported to the family members the work or job involved by the male members of the family. Being India a country having more than 65 percent of its population are residing in rural areas. They depend only on agriculture and allied industries of agriculture. Due to the failure of rainfall and problems of insects and the monsoon nowadays the farmer could not earn even the amount incurred by them to cultivate the produces. But the necessity of the family is going on increasing day by day. Further, the prices of the domestic utilities are also increasing like anything. It is very difficult to run the family with single earning. So it is necessary for both the male and female members in the family to bring income to meet their requirements.

In urban areas, there is more number of industries, which make available employment opportunities to both of the gender. Nevertheless, if consider the position of the village women, they do not have much awareness on industrial work. Further, they have only limited literacy knowledge that paved them to engage only in agriculture labour, which further made them weak in their financial position, as there is only limited scope for income in the agriculture work. Hence, most of the family in the rural parts of the country led a very poor life which worsens the younger generation particularly in education. To minimize the unemployment problems in the rural areas and to generate the income to the family in the rural parts, the central government introduced Micro Finance to encourage the rural public to generate income to their family by way of doing small business or involved in some self-employment activities. As a part of the development of women in the rural areas, self help groups were established in the year 1993-94 in Uthrapradesh. However, the evolution of SHGs commenced in 1990s, Micro finance plays vital role in the empowerment of women particularly in the village areas by providing financial assistance through self help groups in the local areas since 1990. Tamilnadu government emphasizes more on the development of women through self-help groups. The banks are given direction to provide more volume loan to the self-help groups. More number of self-help groups was established in all villages. NGOs and government create awareness among all women in the rural areas to form self-group even for each line and street in all villages of Tamilnadu. We happened to see number of SHGs is being established and functioning well. The self-help group members are involved in various activities like running a canteen, manufacturing pickles and handy crafts and cloth items, etc. The local banks are adopting the particular villages for providing loan to self-help groups. Though the Micro finance extends maximum support to the development of women and the self-help groups, the members in self-help groups have different views about micro finance and face many issues in getting the loan and the repayment of the loan. In many occasions, the members in self-help groups are compelled by family members not to involve in SHGs activities because of various reasons. In some of the SHGs, the income level of the members is very low when compared with the income from other SHGs. What are the actual causes? What is the role of micro finance in empowerment of women? To know all these reasons a thorough study is to be undertaken. By keeping the above views in mind, the researcher selected the above topic "**A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS' WOMEN IN KARUR DISTRICT**"

### **Statement of the Problem**

Micro finance scheme has been introduced by the central government initially with the view to promote the income sources of the village people by providing financial support to the weaker section particularly in rural parts of the country. Further, it was extended to support the SHGs in all parts of the country for the empowerment of the women and to improve the income level of the individual family. In some of the SHGs the financial support provided by the bank through micro finance is not utilized for the productive purpose where as it is used by the female members for the domestic expenses of the family. On the due date the repayable amount is collected by in- charge member from all the members and repaid to the bank on the due date. In some of the SHGs the organizers misuse the funds and made little bit delay in repay the installment amount to the bank. It is reported that there is a part of political involvement in sanctioning the loan to SHGs

### Significance of the Study

The purpose of the micro finance is to provide financial support to the weaker section who leads their normal life below BPL. Micro finance is provided to all unemployed to have self-employment. But the bank managers provide loan to the applicants without considering the repaying capacity of the borrowers. It is reported that only in SHGs the bank managers do not face the collection of outstanding and arrears from the borrowers. The SHGs are provided with adequate loan for the development of the SHGs in all possible ways. The members of the self-help groups are given support and advice even for marketing their products. Till in many villages the numbers SHGs formed is not sufficient when we consider the number of SHGs and the total women population in the village. Many women do not about the micro finance and its support to the development of women.

### Objectives of the Study

1. To evaluate, the role of micro finance in the empowerment of women.
2. To measure the level of satisfaction of the members in SHGs regarding the support extended by the government and banks through Micro finance.
3. To know the procedures for availing micro finance and make awareness to the members of SHGs about micro finance and its uses for the development of women.
4. To analyze the problems faced by the members in availing financial support through micro finance.
5. To find remedial measures to solve the issues in Micro finance and offer recommendations to the authorities concerned to do the needful to avail the micro finance to all the SHGs without any hurdles.

### Research Methodology

**Research Design:** Descriptive research was conducted in this study to make the research effective and useful to the needy.

**Primary Data:** Primary data will be collected from the sample respondents from the population by way preparing a questionnaire. The questionnaire was prepared with the guidance of the experts in the relevant field. Necessary corrections were made in the questionnaire to complete the research work successfully.

**Secondary Data:** Secondary data was collected from the journals and magazine published in the related topics.

### Sample Selection

4,189 women SHGs have so far been formed in the district, of which 361 were in urban limits. Also 3,338 SHGs have been graded and given some form of assistance such as revolving fund, grants and loans. Through the District Rural Development Agency, 818 groups have received revolving funds, and a further 382 have received grants and loans.

The population for the study is members in SHGs formed in Karur district, 100 women respondents were selected at random by using convenient sampling method from 20 SHGs operating successfully in Aravakurichi, Krishnarayapuram, Murudur, Nangavaram and P.J. Cholapuram of Karur District. The sample respondents consist of only female members in all selected SHGs in Karur District. In each SHGs 5, members were selected at random.

Town Panchayats in Karur District Sno.	Town Panchayat	Grade	No. of Wards
1.	Aravakurichi	I	12
2.	Krishnarayapuram	II	18
3.	Marudur	I	18
4.	Nangavaram	I	15
5.	P.J. Cholapuram	II	15
6.	Pallapatti	Selection Grade	18
7.	Puliyur	Selection Grade	15
8.	Punjai Thottakurichi	I	15
9.	Punjaipugalur	Selection Grade	15
10.	TNPL Pugalur	Special Grade	15
11.	Uppidamangalam	I	15

### Study Period

The study period for the research work covers 3-month period starting from August 2016 to October 2016.



### **Study Area**

Karur District is being one of the districts, which are having more acres of cultivable land and depending more on agriculture income in Tamilnadu. Further, the Karur district does not have adequate development in the industrial sectors. The women in Karur district have limited sources for generating income where the role of SHGs and Micro finance will surely help to the empowerment of women and improve the income of the individual family. Hence, the researcher selected Karur district for his research work.

### **Statistical Tools**

The collected data was analyzed and interpreted, properly to find the result of the research work. Further to know the association between two variables in deciding the particular issues statistical tools like simple percentage, chi-square, rank correlation, ANOVA, 't' test and regression were used.

### **Limitation of the Study**

1. The data were collected from the members of the Self Help Groups in Karur District. So the findings of the study may not be considered for other districts.
2. We cannot expect full co-operation from the respondents at the time of questionnaire or interview schedule. So the findings may be based on the information given by the respondents. There may be possibility for bias in the information provided by the respondents.
3. The survey was conducted only with female members of the Self Help Groups in Karur. Hence, the result of the study may not be considered for SHGs groups formed by men in Karur District.

### **Hypothesis**

1. There is no association between members in various self help groups and their level of income
2. There is no association between the opinion of the respondents regarding the awareness about the micro finance and their experience in Self Help Groups.
3. There is no association between the educational qualifications of the members in self-help group and the activities carried out in the SHGs.
4. There is no association between the opinion of the respondents based on experience and their level of satisfaction regarding the income earned from SHGs
5. There is no association between the earning capacity of various SHGs and the activities carried out by the individual SHG.

### **Findings**

This paper attempted to understand the role of microfinance in socio economic empowerment of women in the Karur district of Tamilnadu. No doubt, microfinance has been terms of getting credit for housing repairs, education and marriage of their children and for consumption purpose. The study founds good saving habit among females as maximum number of the respondents was having saving bank accounts (56.9 per cent) and post office savings (28.4 per cent) but still there are so many hurdles, in the way of financial inclusion of women such as, the lack of awareness regarding micro financing services being provided by the banks as 80.7 per cent of the respondents were unaware of the banks opening of zero minimum balance saving bank account. The dissatisfaction from various service activities followed by banks such as requirement of collaterals, inconvenient procedural formalities, loan utilization checks and difficult repayment terms is also one of the major reasons for a significant proportion of the rural women to prefer informal sources of finance (74.1 per cent of the respondents availing credit) instead of the formal ones. They find an ease in getting finance from their personal contacts. This attitude needs to be changed. The banks should introduce some proactive strategies primarily aiming at spreading more awareness of the micro financing services available with the banks and encouraging the use of such services.

More interestingly, despite of the prevailing dominant SHG-Bank linkage model, the study found very negligible use of the SHGs services by the respondents (2.1 per cent in case of savings). These SHGs need to be regulated and supervised in order to keep them actively engaged in the microfinance movement. Moreover, the banks should make provision of more services under the microfinance umbrella as per the requirements of women. Some attitudinal changes are required on part of the finance providers also to break the age-old stigma of the gender discrimination. Women should be encouraged to take up entrepreneurial activities by giving them proper guidance and developing their business skills. Women empowerment largely depends upon the economic empowerment of women and microfinance can prove to be a very powerful instrument of women empowerment in the times to come.

### Chi-Square Test

From the analysis it is concluded that there is a close relationship between the age of the respondents and their response in response regarding the satisfaction about the overall development after joining the SHGs

From the analysis it is concluded that there is a close relationship between the education of the respondents and their response regarding the satisfaction about the overall development after joining the SHGs

From the analysis it is depicted that there is a relationship between the monthly income of the respondents and their response in satisfaction about the overall development after joining SHGs

From the analysis, it is inferred that there is a relationship between the occupation of the respondents and their response in regarding the satisfaction about the overall development after joining the SHGs

### Conclusion

Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity. Thus academic literature shore up and buoyant on microfinance as a tool of development and assures of its potential strengths to make significant difference in lives of hopeless and struggling millions of poor in India as well as world. The finding of the study calls for an extension of the government support and redesigning micro finance programs suited for better and effective execution for achieving full benefits. The study confirms that as an anti poverty tool, microfinance has its own limitations to reach the bottom of the poor. However, it is found effective in graduating the poor, not the poorest, and lower middle class to a higher standard of living. Though different studies at various places and points of time differ in their conclusion, the present study acknowledge that despite of bottlenecks, microfinance is capable of graduating struggling poor from their shackles and helps to upscale them to a better living and playing a significantly positive role in upgrading women empowerment

Therefore, the study enlightens the role of continuous succeeding doses of microfinance loans and ensuring its yield oriented utilization to achieve the targeted objectives of microfinance programs. Among the six factors identified (microfinance related factors, household factors, assets, marital status, personal factors and social factors) through factor analysis, microfinance related factors are found to be having more significant and positive influence on women empowerment.

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