

An Empirical Study on Socio- economic Impact of SHG – Microfinance Initiative**Prof. sunita agrawal, Professor,****Faculty of Management, Pacific University, Udaipur, Raj.****ABSTRACT**

Microfinance through SHGs is an innovative approach to help poor to get better access to credit and to make micro credit savings. In the development paradigm, microfinance has evolved as a need-based policy and programme to cater to the so far neglected target groups (women, poor, rural, deprived, etc.). Microfinance initiative is known as its potential to generate income and employment and improve the socio-economic status of respondents. The present study aims to present the socio-economic conditions of the SHGs members and their families. It tries to find out the impact of SHG members on socio economic improvement. For this purpose 124 sample have been collected from 20 SHG of Udaipur district. In order to determine whether economic empowerment is greater than social empowerment One Way ANOVA was applied between various factors taken under study namely social interaction, health and educational awareness, personal development and economic status. The outcome of the study indicates that the majority of women who constituted as respondents for the present study, being members of SHGs have benefited considerably in terms of social and personal development.

Keywords: SHGs ,Micro credit savings, Neglected target groups, Socio-economic conditions

Introduction

India is the largest democratic country and one of the fastest growing economies in the world. The improving economic conditions and steady rise in Gross Domestic Product (GDP) growth rate have put the country in the center of focus in global business environment with a huge population and an increasing number of the consuming class. The Indian economy was ranked among top 15 economies of the world. However, around 300 million people or about 60 million households, are living below poverty line. It is further estimated that of these households, only about 20 percent have access to credit from the formal sector.

Microfinance emerged as a noble substitute for informal credit and an effective and powerful instrument for poverty reduction among people who are economically active but financially constrained and vulnerable in various countries. Microfinance through SHGs is an innovative approach to help poor to get better access to credit and to make micro credit savings.

In this rapidly shrinking world, developments in the micro credit stage are worth taking note of. Microfinance and micro credit are buzz words which have taken the developing and developed world by storm. It has been documented that nearly 53 developing countries have taken to micro credit on a large scale specialized banks like BRI, BDB of Indonesia Grameen Bank of Bangladesh, etc. have taken up the task of reaching out to the poor in a profitable manner, showing that banking with the poor is sustainable. Micro credit programmes extend small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In most cases, micro credit programmes offer a combination of services and resources to their clients in addition to credit for employment these often include savings facilities, training net working and peer support micro credit is a powerful anti-poverty tool that has demonstrated relevance to people on six continents and in nearly, every country.

Microfinance is one of the practical development strategies and approaches that has been discovered and implemented for sustainable development and has been used as a means to foster inclusive growth in the Indian economy. In the development paradigm, microfinance has evolved as a need-based policy and programme to cater to the so far neglected target groups (women, poor, rural, deprived, etc.). Its evolution is based on the concern of all developing countries for empowerment of the poor and for the alleviation of poverty. Development organizations and policy makers have included access to credit for poor people as a major aspect of many poverty alleviation programmes. Microfinance programmes have, in the recent past, become one of the more promising ways to use scarce development funds to

achieve the objectives of poverty alleviation. Furthermore, certain microfinance programmes have gained prominence in the development field and beyond. The basic idea of microfinance is simple: If poor people are provided access to financial services, including credit, they may very well be able to start or expand a micro-enterprise that will allow them to break out of poverty.

Objectives of the Study

Objectives of the present study are as follows:

- To study the impact of microfinance on the socio-economic status of the poor.
- To suggest policy measures for more effective implementation of the programs.

Hypothesis of the Study

The following hypothesis will be tested through collected data:

- Economic empowerment is greater than social empowerment.

Review of Literature

Cheston and Kuhn (2004) in their study concluded that microfinance programmes have been very successful in reaching women. This gives microfinance institutions an extraordinary opportunity to act intentionally to empower poor women and to minimise the potentially negative impacts some women experiences. Manimekalai (2004) in his article commented that to run the income generating activities successfully the SHGs must get the help of NGOs. The bank officials should counsel and guide the women in selecting and implementing profitable income generating activities. He remarked that the formation of SHGs have boosted the self-image and confidence of rural women. Sahu and Tripathy (2005) in their edited book views that 70 per cent of world's poor are women. Access to poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most vital instrument in the process of participation development and women empowerment.

Scope of the Study

The study covers the micro finance programs run by the Seva Mandir of Udupur district of Rajasthan.

Methodology of the Study

The proposed study is an empirical in nature. Both primary and secondary data have been for the the study.

Data Collection: For collection of primary data a structured questionnaire has been prepared and through direct interview questionnaire was filled. Secondary data have also been collected from available literatures in form of books, journal, magazines, published materials research articles and annual reports of the micro finance agencies under study. The socio-economic conditions of the selected respondents from the sample areas were also personally observed and evaluated on the basis of informal talks with them.

Methodology: The data and information collected from primary and secondary sources have been analyzed using the statistical tools like average, percentage, and Anova test has been used to test the hypothesis.

Findings and Analysis:

Data have been collected through convenient sampling. Total 124 respondents from 20 SHGs have been selected for field study. In each selected SHGs almost five members have been selected as sample respondents. Table 1 presents the Age, education, Marital Status, Type of Family, and Family Members of selected respondents.

Table 1 Demographic Profile of Respondents

1. Age Group	N	%
<= 25 yrs.	24	19.35
26-35 yrs.	37	29.84
36-45 yrs.	45	36.29
> 45 yrs.	18	14.52
2. Education		
Illiterate	43	34.68
Primary	29	23.39

Middle	19	15.32
Secondary	12	9.68
Sr. Secondary	7	5.65
Graduate	8	6.45
Post Graduate	6	4.84
3. Marital Status		
Unmarried	9	7.26
Married	107	86.29
Widow	8	6.45
Divorcee	0	0.00
4. Type of Family		
Joint	47	37.90
Nuclear	77	62.10
5. Family Members		
<= 4	41	33.06
5-8	72	58.06
> 8	11	8.87
Total	124	100.00

Table 1 shows that 26-35 and 36-45 year age groups are actively participated in the SHGs activities. There total percentage comes to 66.13. Most of respondents were found poor in terms of education and literacy development. As 34.68% women respondents were reported to be illiterate. Majority of the women respondents were reported as married representing 86.29%. 62.10% of the members were found living in nuclear families, while 37.9% respondents found living in joint families. Although maximum respondents having nuclear family still family size is large one as depicted in Table 1. Overwhelming majority of respondents reported that family size is large one comprising more than 4 members.

Table 2 presents the occupation and income wise classification of respondents.

Table 2 Occupation and Income wise Distribution of Respondents

1. Employment status	N	%
Housewife	31	25.00
Self Employed	6	4.84
Employed elsewhere	85	68.55
No Response	2	1.61
2. Income		
<= 5000	66	53.23
5001 - 10000	39	31.45
10001-15000	7	5.65
>15000	12	9.68
3. Loan Amount		
<= 5000	19	15.32
5001-10000	42	33.87
10001-15000	28	22.58
15000-20000	15	12.10
> 20000	12	9.68
No Response	8	6.45
Total	124	100.00

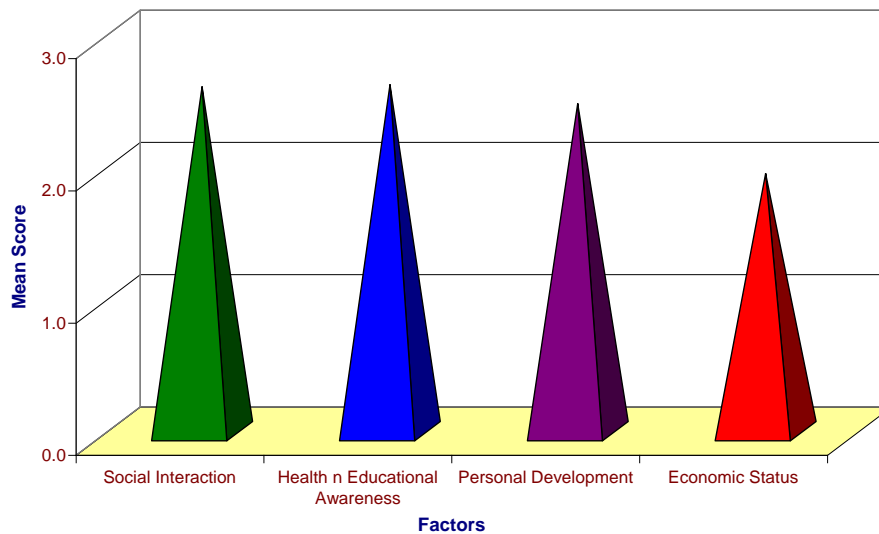
It was found that 25% respondents were housewives, 4.84% were self-employed women and 68.55% respondents were reported as employed elsewhere. Majority of respondents were earning meager income 53.23% (66 out of 124) were earning below Rs. 5000 per month. While 31.45% respondents were earning between 5,001-10,000 per month. Majority of granted loans around 33.87% were within Rs. 5 to 10 thousand.

Hypothesis of the Study:

In order to determine whether economic empowerment is greater than social empowerment One Way ANOVA was applied between various factors taken under study namely social interaction, health and educational awareness, personal development and economic status.

Table 5.18: Factors Compared

Factor	N	Mean	SD	F	df	Result
Social Interaction	124	2.603	0.495	47.88	3, 492	***
Health n Educational Awareness	124	2.619	0.511			
Personal Development	124	2.476	0.537			
Economic Status	124	1.947	0.491			

**Fig. 5.14: Change in Socio-Economic Factors after joining SHGs**

The test results are shown in the table given above.

* = $P < 0.05$

** = $P < 0.01$

*** = $P < 0.001$

NS = Non Significant

The above test result table reveals highly significant difference in the mean value of different factors ($F = 47.88$, $df = 3, 492$, $p < 0.001$), and highest score was obtained by health and educational awareness towards their (respondents' family), then comes social interaction with a very slight difference with health and educational awareness, after that comes personal or self development and in the last comes economic development, which is lowest in the rank among these factors.

The above analysis reveals that social empowerment is greater than economic empowerment, hence we reject our hypothesis that economic empowerment is more than social empowerment.

Conclusion

The outcome of the study indicates that the majority of women who constituted as respondents for the present study, being members of SHGs have benefited considerably in terms of social, and personal development. Women participation in SHG have obviously created tremendous impact upon the life pattern and style of member women and empowered them at various level not only as individual also as member of family, member of community and society as whole. . It can be concluded that the SHGs strategy is undoubtedly a convivial experiment for women empowerment in India as it open up floodgates of opportunities to enhance capacities and capabilities in their development and growth in total perspective.

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