

A Study on Impact of Micro Finance on Self Help Groups (SHGs) – Case of Chennai



ISBN: 978-1-943295-20-3

K. Maran
C. R. Senthilnathan
S. Usha
P. Venkatesh

India realized and initiate the significance of poverty reduction programme through micro finance to attain out the poorest people and enhance their livelihood in the complex world. The Indian Economic statistics indicate about 26% of the entire population in the country belongs to the rural poor and improve their life is very big challenges for the government and the societies. The study has focused on credit facilities to poor, Poverty alleviation, Women empowerment, economic growth, Mobilisation of Savings, Development of Skills, Mutual Help and Co-operation, and Social Welfare. The study shows the SHG finance schemes are successful in India compared with other sectors loan provided by the bankers.

Keywords: Self-Help Group, Micro Finance, Women Welfare

1. Introduction

A self-help group (SHG) is a financial intermediary committee usually composed of 25 to 40 local men and women. . SHG is a group of people who are depended on daily wages, they form a group in which one person collects the money and gives the money to the person who is in need. The origin of self-help group can be traced is from Grameen bank of Bangladesh, which was initiated by Mohamed Yunus. SGHs were started and formed in 1975. The Government of India and a choice of state Governments have been implementing various programmes for rural upliftment. However, rural scarcity and unemployment still continues in the country. This problem is becoming rigorous and acute. The main purpose of this programme is to bring the beneficiaries on top of the poverty line by providing income generating assets to them through bank credit and government subsidy. The Self-Help Groups (SHPs) are the key component of this scheme.

A SHG (self help group) is a community based cluster with 10-20 members. They are usually women from related social and economic backgrounds, all willingly coming together to save small sums of money, on a standard basis. They pool their resources to become financially

1. Director, SIMS, Sri Sairam Engineering College, Chennai
2. Professor, Department of Management Studies, Sri Sairam Institute of Technology, Chennai.
3. Assistant Professor, SA Engineering College, Chennai
4. Associate Professor, SIMS, Sri Sairam Engineering College, Chennai steady, taking loans from their collective savings in times of crisis or financial scarcity, main life events or to purchase assets. The group members use combined wisdom and peer pressure to guarantee proper end-use of credit and timely repayment.

2. Review of Literature

Luke D.A. (1991), this study is conducted to measure the changes in the self-help group and to know the behavioural and social community. There is a positive connection or link between the self help group and social empowerment. This study also stated that women has all the freedom to interact with their officials and other women who joins in their group and women can also solve all the problems and issues related to their business. Quinones, Benjamin (1992), this study is based on the financial intermediaries of self help group which provide credit facilities to women and about the contribution to micro finance. This also help to know the availability if capital to poor rural people to start their business. Rao D.K. (1994), this study is on self help group and credit facilities. Loan facility which is available for the women and the loan amount which can be repaid in short period of time. The groups will develop their own management system to handle the resources generated. Pillai J.K. (1995), this is study on "Women and their empowerment" that women has to realize their full identity and powers. Power is given to achieve their aims. Power has to be owned and it has to be implemented and to maintain.

Problem Statement

India realized the significance of poverty reduction programme of micro funding to attain out the poorest people. Micro-finance becomes the most efficient tools for economic empowerment of the poor women. Still most of the Indian rural yet to develop, level of the women living conditions has to be improved for which the role of micro finance play a vital role. In this respect, how the micro finance facilitates and motivates to lead the self help group for uplifting society and also sustaining the poor women SHG members in the complex life system. Hence, the present study is attempted to identify the impact of micro finance on self help group performance in different dimensions which includes Poverty reduction in society among the poor women, strengthen the women

empowerment in biased society, developing the economic growth, increase the mobilisation of savings among poor women, development of women skills in self help group and Social Welfare.

Objective of the Study To analyse the problems of self help group members for sustaining their position in socio-economical conditions.

3. Methodology

The research study used stratified random sampling technique, in which each of the Chennai Corporation zones were considered as a strata, the samples were chosen from each strata using random table method for selection of registered self help groups. Moreover respondents were selected randomly during the regular meetings held by the self help groups. In case of non-willingness of the respondent, replacement was adopted, so the researcher was able to collect the filled questionnaires. The total sample size for the current study is 1126. The dimensions identified are credit to poor, poverty alleviation, women empowerment, economic growth, mobilisation of savings, development of skill, mutual help and cooperation, and social welfare

Data Analysis and Interpretation

Demographic measure	Details	Frequency	Percentage
Age group	18-26	235	21
	27-36	484	43
	37-46	305	27
	Above 46	102	9
	Total	1126	100
Education	Schooling/Diploma	648	58
	Under Graduation	403	36
	Post Graduation	56	5
	Professional Degree	19	1
	Total	1126	100
Community	FC	57	5
	BC	381	34
	MBC	247	22
	SC	329	29
	ST	112	10
	Total	1126	100
Family type	Nuclear	747	66
	Joint	379	34
	Total	1126	100

Source: Primary Data

From the above Table it is found that nearly 484 (43%) of the selected SHG respondents are in the aged group 27 - 36 years and around 305 (27%) of them are under the age group of 37 - 46 years, whereas slightly less about 235 (21%) of them are the young SHG respondents with the age group of 18 - 26 years and around 102 (9%) of them are the age group of above 46 years. The age profile of sampled SHG respondents in Chennai indicate that majority of the sample population are in middle age groups, i.e. age groups 18 – 26 and 37 – 46.

From the above Table it is found that majority 648 (58%) of the selected SHG respondents are School/Diploma and around 403 (36%) of the respondents are under graduates. In the selected SHG respondents in Chennai city, very few about 56 (5%) of the SHF respondents are post graduate and finally very few of the respondents of SHG around 19 (1%) are of professional degree. It is generally observed that more than 90% of the respondents are either schooling/diploma completed or graduates.

It is inferred from the above table, that majority 381 (34%) of the selected respondents of SHG belong to backward community, and next majority of the respondents 329 (29%) belong to scheduled community. Also a sizable amount of respondents around 247 (22%) of the SHG respondents in Chennai city belong to most backward community, around 112 (10%) of the respondents of SHG belong to schedule tribe and 57 (5%) of the respondents belong to forward community.

It is observed from the table .7 that majority 747 (66%) of the selected SHG respondents live in nuclear family type i.e. they live as a single family whereas around 379 (34%) of the selected respondents live in a joint family type i.e. 34% of the selected SHG respondents live with other than family members like father, mother brother or sister etc

Null Hypothesis H₀: There is no significant mean difference between the family type of the selected SHG respondents and the dimensions of the micro finance impact on the SHGs

Table 16 Table showing T Test for Family Type and Dimensions of Micro Finance Impact on SHGs

Dimensions	Family type	N	Mean	T Test	
				t value	Sig.
Credit to Poor	Nuclear	747	2.64	3.337	0.001**
	Joint	379	2.10		
Poverty Alleviation	Nuclear	747	2.61	2.427	0.016*
	Joint	379	2.41		
Women Empowerment	Nuclear	747	2.91	2.143	0.032*
	Joint	379	2.06		
Economic Growth	Nuclear	747	2.46	1.277	0.002**
	Joint	379	2.55		
Mobilisation of Savings	Nuclear	747	2.36	2.648	0.008**
	Joint	379	2.46		
Development of Skills	Nuclear	747	2.83	4.12	0.000**
	Joint	379	2.09		
Mutual Help and Co-operation	Nuclear	747	2.43	1.67	0.000**
	Joint	379	2.59		
Social Welfare	Nuclear	747	2.57	3.27	0.000**
	Joint	379	2.67		

Source: Primary Data

Note: **, and * means significance at 0.01, and 0.05 level respectively.

Table summarizes the results of Testing of mean differences of family type of the selected SHG respondents with dimensions of the micro finance impact on the SHGs. The p value of Credit to Rural Poor, Economic Growth, Mobilisation of Savings, Development of Skills, Mutual Help and Co-operation and Social Welfare are significant at 0.01 level, whereas other dimensions of impact of micro finance on SHGs such as Poverty Alleviation and Women Empowerment are significant at 0.05 level, hence the Null hypothesis (H_0) is rejected. Consequently, it is accepted that a noteworthy mean difference persists between nuclear and joint family towards the impact of the micro finance towards SHGs in Chennai city.

Table showing ANOVA between for community of the Respondent and impact of micro finance to SHG

Dimensions	Community of the Respondents					ANOVA (F Value)	Sig (Degrees of Freedom)
	FC	BC	MBC	SC	ST		
Credit to Poor	2.56	2.16	2.33	2.46	2.88	2.112	.000*
Poverty Alleviation	2.67	2.45	2.49	2.56	2.39	2.247	.000*
Women Empowerment	2.56	2.16	2.82	2.32	2.49	2.951	.000*
Economic Growth	2.55	2.35	2.69	2.39	2.19	3.512	.000* (2,1126)
Mobilisation of Savings	2.45	2.71	2.49	2.37	2.56	2.465	.020*
Development of Skills	2.73	2.56	2.19	2.49	2.55	3.208	.000*
Mutual Help and Co-operation	2.88	2.75	2.55	2.08	2.45	3.394	.000*
Social Welfare	2.91	2.17	2.67	2.69	2.79	2.247	.000*
Impact of micro finance	2.42	2.72	2.55	2.31	2.13	3.125	.000*

Note: * Denotes Significance at 1% level, ** Denotes Significance at 5% level

Source: Primary Data

The above table shows the result of one-way ANOVA for the community of the SHG respondents and the dimensions of the micro finance to SHGs in Chennai city. The p values of all the dimensions of micro finance poverty alleviation, women empowerment, economic growth, development of skill, mutual help and cooperation, and social welfare are less than 0.01, which proves that the alternative hypothesis is significant level at 1%. Hence, it shows that there is a significant mean difference occurs among the selected SHG respondents in Chennai city based on their community which they belong with regards to the micro finance to the SHGs. However, the p value of mobilisation of savings is less than 0.05 and more than 0.01, which indicates that the alternate hypothesis is significant at 5% level. Hence, there is a significant mean difference between the community of the SHG respondents and the impact of micro finance to SHG in Chennai city.

4. Conclusion

Self Help Group is an important functionary which helps the rural as well as urban women to acquire power for their self-supportive life. SHG Programme clearly plays a central role in the lives of the poor. Empowering women is not just for meeting their economic needs but also more holistic social development. There is evidence of increased household income. Standard of living for the

program participants have increased and also the food security is much more for the program clients. Microfinance is playing a significant role in alleviate poverty and rural development. Since women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards and economic independence of the rural women. The impact on their lives is not just an economic one -gaining more self-confidence is often a more lasting achievement that forms the basis for social and economic improvements.

5. References

1. Albert Park, Changing Ren (2001), 'Microfinance with Chinese Characteristics', *World Development*, 29(1):39-62.
2. APMAS (2005), 'Self-Help Groups: A Keystone of Microfinance in India - Women empowerment and social security', CS Reddy, APMAS CEO, Sandeep Manak, APMAS Intern, Mahila Abhivruddhi Society, Andhra Pradesh.
3. Barbara, S and Mahanta, R (2001), 'Micro Finance through Self Help Groups and its impact: A Case of Rashtriya Gramina Vikas Nidhi - Credit and Saving Programme in Assam', *Indian Journal of Agricultural Economics*, Vol.56(3) July-Sept., 2001.
4. Basu, Priya and Srivastava Pradeep (2005), 'Scaling of Micro Finance for India's Rural Poor, World Bank (WPS 3646), Delhi.
5. Bislev, A (2003), 'Women's Networks and Microcredit in Yunnan', Department of East Asian Studies, Aarhus University, Denmark.
6. Hashemi S.M, Schuler S.R, and Riley A.P, (1996), 'Rural Credit Programs and Women's Empowerment in Bangladesh', *World Development*, Vol. 24, No. 4, pp.635-653.
7. Holvoet, N (2005), 'the Impact of Micro Finance on Decision-making Agency: Evidence from South India', *Development and Change*, Vol. 36, No. 1, pp. 712-715.
8. Ismawan, B (2002), 'Micro – Finance, Poverty, and Social Capital – A Case study on the Impact of Economic Intervention', Rajendrapur, Bangladesh.
9. Jayaraman, R (2005), 'Performance analysis of Fisherwomen Self-help groups in Tamil Nadu', Final report submitted to NABARD, Department of Fisheries Resources & Economics, Fisheries College and Research Institute, Tamilnadu Veterinary and Animal sciences University, Thoothukkudi.
10. K. Maran (2009), "A study on Mapping Core Competencies and development of Employees for Excellence with reference to HCL Technologies, *Journal of Contemporary Research in Management* 7 (2), 11-23.
11. K. Maran (2012), "Advertisement Pressure and Its Impact on Body dissatisfaction And Body Image Perception of Women in India, *Global Media Journal: Indian Edition* 3 (1).
12. K. Maran (2014), "Work Life Balance of Women Employees Satisfaction-A Study With Reference to IT Sector in India, *Asia Pacific Journal of Research* 1.
13. Laxmi R. Kulshresta and Archana Gupta (2001): "Self Help Groups – Innovations in financing the poor" – Kurukshetra – November 2001.
14. NABARD (2001): "Empowerment of Women – Enriching the Endeavour" – Published by NABARD, Mumbai, July 2001.
15. Puhazhendi, V and Satyasai, K.J.S (2000), 'Microfinance for Rural People: An impact evaluation', Mumbai, India.
16. Satish, P (2001), 'Some Issues in the formation of SHGs', *Indian Journal of Agricultural Economics*, Vol. 56(3), 410.
17. Thorat, Y.S.P (2005), 'Microfinance in India: Perspective and Challenges', (monograph), Conference on Microfinance India, Mumbai.
18. Venkatesh. P (2013) "Viral Marketing of Digital Products Using Social Media" PEZZOTTAITE JOURNALS, ISSN: 2319-9016, online ISSN No: 2319-9024, Volume. 2, PP. 120-125.
19. Venkatesh. P (2018) "A Study On Customer Perception towards Mugi Ultra Liquid Detergent" *International Journal of Mechanical and Production Engineering Research and Development (IJMPERD)*, ISSN (P): 2249- 6890; ISSN (E): 2249-8001 Vol. 8, Special Issue 3, PP: 978-984.
20. Venkatesh. P (2020), "A Study And Analysis On Impact Of Brand Equity With Reference To Air India", *Studies In Indian Place Name*, ISSN: 2394-3114, Vol 40 issue 40 (s1) March 2020, PP: 304