

Impact of Micro-Credit on the Level of Income, Employment, Expenditure, Savings and Indebtedness of the Women of the Women Self-Help Groups in Ramanathapuram District, Tamilnadu

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Abstract - Nowadays women are flourishing in all fields. Recently rural poor women are also motivated and associated for mutual help. They have started to improve their status, standard of living and personality. Since Self Help Groups are ready to mobilize savings from the poor who don't seem to be expected to possess any savings and will also recycle effectively the pooled savings among members, they succeeded in performing and providing banking services to their members, is also during a primitive way, but during a manner which the cost effective in simple, flexible at the doorstep of the members and in particular with none defaults in repayment by borrowers. The impact of micro-credit scheme on the extent of income, employment, expenditure, savings and indebtedness of the sample women of Self-Help Groups. Micro-credit scheme has reduced the agricultural poverty to some extent in terms of generating employment, income, savings and increase in overall assets. Micro-credit has empowered the women beneficiaries both economically and socially. It's improved the capacity building of the women to unravel their day-to-day problems.

Index Terms - Micro-credit, Women Empowerment, Economic Status, Per capita Income.

INTRODUCTION

Development of women has been recognized as a sine-qua-non for national development and social welfare. In order to bring women into the main streams of economy and society, Government of India has launched several development programs for women. Various Five-Year Plans gave special emphasis to employment and income generating activities for women with the ultimate objective of making women economically independent and self-reliant. In spite of

the efforts of the Government, women's needs are more and more marginalized in their struggle for existence and excellence. The credit requirements of the poor and particularly women are not met by the formal banking. The women on many occasions need emergency credit which the formal credit system and the Government poverty alleviation schemes could not cater to. Denied access to credit, which is one of the most productive of the resources, women are pushed to the status of recipient, beneficiary and consumer, despite their ability as a giver, benefactor and producer. In this circumstance, evolved the concept of Self Help Group.

Self Help Group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination, etc) to support each other and to work together to change the disadvantages affecting them. It is a self-governed, peer controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common village problems and plan solution, share information, and make efforts to improve their health and literacy skills.

STATEMENT OF THE PROBLEM

Nowadays women are flourishing in all fields. Recently rural poor women are also motivated and associated for mutual help. They have started to improve their status, standard of living and

personality. No more women are dependent. They are finding their own way of generating income. They not only improve themselves but they associate other poor women with them and jointly work to improve their status. Self Help Group is such an association started among the poorest women for mutual help. Self Help Groups (SHGs) are mostly informal groups whose members pool savings and re-lend within the group on rotational or need basis. Sometimes the internal savings generated were supplemented by external resources loaned/donated by the Voluntary Agency / Banks, which promoted the SHGs. Since SHGs are able to mobilize savings from the poor who are not expected to have any savings and could also recycle effectively the pooled savings among members, they succeeded in performing / providing banking services to their members, may be in a primitive way, but in a manner which the cost effective in simple, flexible at the door step of the members and above all without any defaults in repayment by borrowers. The Government of India and State Governments recognize such activities and announce many incentives, subsidies, micro finance and offer more opportunities to develop SHGs. The researcher has undertaken the task of analyzing the development of women empowerment through SHG in Ramanathapuram District.

SCOPE OF THE STUDY

The current study, which is basically a research, study, provided an opportunity to bring awareness among women about their situation, discrimination of rights and opportunities as a step towards gender equality. Collective awareness building provides a sense of group identity and the power of working as a group. Collectivization implies cohesion of the group. Cohesion enables the members of the group to perceive common interests and act collectively. It facilitates:

- Participation and greater control and decision making power in the home, community and society.
- Creation of favourable policy environment for SHGs to easily open their bank account.
- Constitution of high powered task force to make recommendations with regard to policy and regulation of the micro finance sector.

OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the impact of micro finance on women members in SHGs in Ramanathapuram District. The specific objectives of the study are:

- To review the theoretical aspects of Micro Credit and Self Help Groups.
- To examine the socio-economic profile of members of Self Help Groups.
- To study the impact of micro-credit scheme on the level of income, employment, expenditure, savings and indebtedness of the sample women of Self Help Groups.
- To offer valuable suggestions on the basis of findings of this study for the successful implementation of micro finance activities through SHGs.

SAMPLING DESIGN

The Present study proposes to cover the Women Self Help Groups in Ramanathapuram District, Tamilnadu. As census method is not feasible, the researcher has proposed to follow sampling. The sample respondents are selected by following Cluster Sampling Method.

SOURCES OF DATA

The present study is based on both primary data and secondary data. The main source of the primary data has been collected from SHG members. To elicit information from the members a schedule was designed and administered. The schedule was pre-tested and suitable modifications were carried out. The schedule has been used for collecting information relating to the socio economic conditions and the impact of micro finance on SHG members. The schedule also contains questions relating to the various special features of SHGs. The secondary data are collected from the books, journals, records of Project Officer, and Department of Statistics, Ramanathapuram.

FIELD WORK AND COLLECTION OF DATA

The fieldwork for the study was conducted during the period between July 2015 and February 2016.

Personal interview by the researcher was the major tool of data collection. Interview schedule was used during the interviews. Before the interview, proper rapport was established. The data were recorded by the researcher in the interview schedule. The schedules thus filled up were thoroughly checked to ensure accuracy, consistency and completeness. On an average each interview took about 40 minutes. The data thus collected were categorized and posted in the master table for further processing.

DATA PROCESSING

After the collection of data, the filled up interview schedules were edited properly. A master table was prepared to sum up all the information. With the help of the master table, classification tables were prepared and they were taken directly for analysis.

TOOLS OF ANALYSIS

The general plan of analysis ranges from simple descriptive statistics to 'F' test. The extent and variation of economic status achieved by the members were measured through scale and analysis on the basis of the scores of components.

The factor wise analysis was made. The dependent variable 'economic status' was related to independent factors influencing the same. The women members were grouped according to these factors and accordingly their mean and range of 'economic status scores' for each factor group was calculated. In order to find out the significance of the difference between the average, analysis of variance, 'F' test, co-efficient of correlation analysis and partial regression analysis have been applied.

THE IMPACT OF MICRO-CREDIT ON THE LEVEL OF INCOME, EMPLOYMENT, EXPENDITURE, SAVINGS AND INDEBTEDNESS OF THE SAMPLE WOMEN OF SELF HELP GROUPS

Micro-credit has become one of the more promising ways to use scarce development funds to achieve the objectives of poverty alleviation in the recent past. The basic idea of micro-finance is simple. If the poor people are provided access to financial services, including credit, they may very well be able to start

and expand a micro-enterprise that will allow them to improve their employment status and income. Increase in income leads to increase in expenditure as well as in savings. This chapter deals with the impact of microcredit on selected economic variables like income, employment, savings, consumer durable goods, indebtedness, expenditure and housing.

IMPACT ON INCOME

Several grass root level programmes in India have been actively involved in the task of influencing poor women's income by strengthening their economic activities. The provision of micro-credit has led to an increase in the income of the beneficiaries. It has enabled the beneficiaries to supplement their family income to a certain extent. Details of the income of the beneficiaries before and after availing of micro-credit are given in Table

1. Table 1

Income level (in Rs.)	Number of Beneficiaries	
	Before Assistance	After Assistance
Up to 50000	427 (71.17)	165 (27.50)
50001-60000	122 (20.33)	183 (30.50)
60001-100000	51 (8.50)	84 (14.00)
100000-150000	-	101 (16.83)
Above 150000	-	67 (11.17)
Total	600 (100.00)	600 (100.00)

Income of the Sample Women Beneficiaries before and after Availing of Micro-credit (per annum)

Source: Primary Data

Figures in the parentheses are percentages.

Table 1.1 reveals that the micro-credit scheme has decisive impact on generating additional income for the beneficiaries after availing of the assistance. The overall figures suggest that the percentage of beneficiaries who earn up to Rs. 50000 per annum has declined from 71.17 percent to 27.50 percent and those earning Rs. 60001-100000 per annum has increased from 8.50 per cent to 14 percent. The reason is that the beneficiaries were mostly underemployed and unemployed in the pre-loan period and micro-credit programmes have helped in the generation of additional income by creating income earning sources to the beneficiaries. Jumani (1997), Puhazhendhi and Jayaraman (1999), Sundari and Geetha (2015), Lakshmikantan (2000), Manimekalai and Rajeswari

(2004) and Kulshereshta and Archna (2015) have also obtained similar results in their studies and reported the increase in income of the beneficiaries after availing of micro credit.

The difference in the average income before and after availing of micro credit is presented in Table 2.

In the category of micro-credit up to Rs.30001, the percentage of women beneficiaries in lowest income category (up to Rs.50000) have been reduced to a great extent.

MICRO-CREDIT AND INCOME

Table 2-Micro-credit and Income of the Sample Women Beneficiaries

Microcredit	Number of Beneficiaries							
	Before Assistance				After Assistance			
	Upto 50000	50000-60000	Above 60000	Total	Upto 50000	50000-60000	Above 60000	Total
Upto 10000	94 (76.42)	19 (15.45)	10 (8.13)	123 (100.00)	46 (37.40)	48 (39.02)	29 (23.53)	123 (100.00)
10001-20000	105 (75.54)	22 (15.83)	12 (8.63)	139 (100.00)	39 (28.05)	46 (33.09)	54 (38.86)	139 (100.00)
20001-30000	60 (74.07)	16 (19.75)	5 (6.18)	81 (100.00)	33 (40.74)	34 (41.98)	14 (17.28)	81 (100.00)
30001-40000	81 (69.23)	28 (23.93)	8 (6.84)	117 (100.00)	26 (22.22)	31 (26.49)	60 (51.29)	117 (100.00)

Source: Primary Data

Figures in the parentheses are percentages. In the Rs.30001-40000 and Rs.40001-50000 micro-credit category, all women beneficiaries who were in the lowest income group are able to move out of the lowest group whereas the percentage of women beneficiaries in the income above Rs. 40000 has increased with the increase in the micro-credit.

figures suggest that the percentage of per capita household income up to Rs. 10000 per annum has declined from 50.33 per cent to 6.00 percent and those with earnings of Rs. 40001-50000 per annum and above have increased from 6.83 percent to 44 percent.

PER CAPITA INCOME OF THE HOUSEHOLD

The per capital household income of the beneficiaries before and after availing of micro-credit is given in Table 3.

Table 3 Per capita Income of the Household before and after Availing of Micro-credit (Per annum)

Income level (in Rs.)	Number of Beneficiaries	
	Before Assistance	After Assistance
Upto 10000	302 (50.33)	36 (6.00)
10001-20000	106 (17.67)	120 (20.00)
20001-30000	96 (16.00)	108 (18.00)
30001-40000	55 (9.17)	72 (12.00)
40001-50000	41 (6.83)	264 (44.00)
Total	600	

Source: Primary Data.

Figures in the parentheses are percentages. Table 3 reveals that the micro-credit scheme has decisive impact on per capita household income of the beneficiaries after availing of assistance. The overall

Business Undertaken by the Sample Women Beneficiaries
Access to credit encourages the women to realize their potential as entrepreneurs. Women’s skills, abilities, talents and a compelling desire to do something positive to improve their standard of living make them to undertake small businesses, which could be managed by them. The micro enterprises undertaken by the women beneficiaries are categorized into petty business, processing, production and service units. The petty business consists of tiffin center, tea stall, retailing of milk, vegetable vending, selling of cloth, readymade garments and the like. The processing units are mainly concerned with masala powder and pickle making. The production units are indulged mainly in handicraft and making of household articles such as basket making, mat making and the like. Service units include tailoring and shops and job typing. Most of the women after getting micro-credit started their own businesses. The following Table 4 gives the nature of businesses undertaken by the sample women beneficiaries after getting micro-credit.

Table 4 Businesses Undertaken by the Sample Women Beneficiaries before and after Availing of Micro-credit

Business Undertaken	Number of Beneficiaries		Increase in Business (in percentage)
	Before Assistance	After Assistance	
Petty Business	104	310	198.08*
Processing Units	53	70	32.08*
Production Units	58	99	70.69*
Service Units	64	121	89.06*
Overall	279	600	115.05*

Source: Primary Data.

*Percentage increase in the number of beneficiaries.

The women who have undertaken petty business have increased by 198.08 per cent after availing of micro-credit. Given the smallness of their loan and educational level of the women beneficiaries, most of them took up petty business as an avowed occupation. The next preferred income generating source is service units, which has increased by 89.06 per cent after availing of micro-credit. Tailoring can be learnt easily, if proper training is given. Many self-help groups are

conducting free tailoring courses for their members. Those who underwent the training established tailoring shops of their own. Some of the beneficiaries who have passed typewriting examinations are doing job typing at fixed rates of two rupees per page.

After availing of micro-credit, 58 women beneficiaries in addition to the existing number have started production units of several kinds, especially on small scale. Self-help groups motivate the beneficiaries to make use of locally available wood to make small household articles like chappathy makers, curd churners, stools of very small size and dolls. Reeds that are locally available are used for mat making by sample women beneficiaries who are already trained in this vocation. Hence, the sample women beneficiaries who are undertaking the production units have increased by 70.69 percent. Processing units are taken up by lesser number of beneficiaries.

The average income before and after the availing of micro-credit on the basis of business undertaken are presented in Table 5 along with the 'Z' test value.

Table 5 'Z' Test for the Mean Income of the Sample Women Beneficiaries before and after Availing of Micro-credit

Income (Category)	Before Assistance			After Assistance			Z
	N	X (in Rs.)	S.D	N	X (in Rs.)	S.D	
Petty business	104	6283.05	1952.32	310	13589.05 (115.30)	6475.98	22.95*
Processing units	53	9039.22	2049.12	70	22994.64 (154.71)	10554.99	14.12*
Production units	58	14610.38	4021.73	99	23046.04 (57.64)	10668.59	6.08*
Service units	64	16455.80	3530.60	121	25242.09 (53.50)	9018.68	12.43*
Total	279	10835.95	5139.09	600	18580.90 (71.21)	9806.91	20.04*

*Significant at 5 per cent level.

Figures in the parentheses represent the percentage increase in the average income after availing of micro-credit.

In could be observed from Table 4.5 that the average income has increased from Rs.9039.22 to Rs.22994.64 showing an increase of 154.74 per cent. In petty businesses, the average income has increased from Rs.6283.05 to Rs.13589.05, revealing an increase of 115.30 percent. Income has been increased by 57.64 percent and 53.50 percent in production and service units. Processing units and petty business have enabled the sample women beneficiaries to improve their income to a greater level compared to production and service units.

The Z-test values are significant at 5 per cent level. Hence, it can be concluded that there is a significant difference in the mean income irrespective of the

business undertaken by the sample women beneficiaries after availing of micro-credit.

NGOs AND INCOME EARNED

The Non-Governmental Organizations have been playing a vital role with the launching of micro-credit schemes. The Non-Governmental Organizations have promote the initiatives and programmes at the grass root level to organize potential for organizing people in the form of self-help groups. They continuously monitor the self-help groups and design programmes for giving training to self-help groups. Table 6 gives the average income of the sample women beneficiaries belonging to different Non-Governmental Organizations before and after availing of micro-credit.

Table 6 NGO-wise Income before and after Availing of Micro-credit

NGO	Before Assistance			After Assistance			't' values
	N	X (in Rs.)	S.D	N	X (in Rs.)	S.D	
CRED	74	281.56	2167.77	74	7888.26 (173.75)	4288.83	18.28*
ICCW	259	7273.27	5675.08	259	18792.70 (158.38)	7853.22	62.74*
SHEPHERD	45	3554.74	3321.73	45	16808.43 (307.20)	3734.72	68.43*
SEWA	62	9462.65	8581.44	62	22254.93 (135.19)	12919.52	68.04*
ASSEFA	160	9126.30	8351.08	160	22170.89 (142.93)	11052.36	50.19*
Total	600	7187.76	6619.70	600	18580.90 (158.51)	9806.91	82.94*

*'t' values are significant at 5 per cent level.

Figures in the parentheses represent the percentage increase in the average income after availing of micro-credit.

SHEPHERD is having limited number of self-help groups in the study area and the average income of the beneficiaries belonging to this Non-Governmental Organisation has increased from Rs.3554.74 to Rs.16808.43, an increase of 307.2 percent. It is interesting to note that CRED has been working among the lowest average income group of the sample women beneficiaries, but sample women beneficiaries belonging to this Non-Governmental Organizations have experienced an increase of 173.75 per cent in average income.

The paired 't' test results have proved that there was a significant increase in income of the sample women beneficiaries of all the Non-Governmental Organizations after availing of micro-credit.

SUMMARY OF FINDINGS

Programmes for development of women are a recent phenomenon in India. Traditionally women were dependent and were allowed to perform only restricted activities. But in modern days they flourish in every field and come out with innovations for women development. Only a few educated women are participating in such activities and through many institutions is bringing awareness among women only few know about the opportunities available. In order to bring awareness to the women and to give a detailed analytical performance of micro finance, the researcher has attempted to analyze the impact of micro finance in Ramanathapuram District. This district has a large agricultural community and the womenfolk are involved in various SHG's. This study has been undertaken to study the impact of micro

finance and the role of SHG in the development of women empowerment.

The main objective of the study is to analyze the impact of micro finance on women members in SHG in Ramanathapuram District. The specific objectives of the study are to review the concept of Micro Finance and SHG women empowerment, to study the socioeconomic conditions of members of Self Help Groups and to assess the women empowerment of SHG members in terms of special features of SHG.

Age and Women beneficiaries: the survey revealed that out of the 600 sample women beneficiaries 375 (62.5%) of the beneficiaries belong to the middle aged group of 31 to 50.

Marital status and women beneficiaries: out of the 600 sample women beneficiaries, 455(75.83%) were married and the remaining were unmarried.

Family size and women beneficiaries: the survey showed that the family size of the majority 378 (63%) of sample women beneficiaries was between 4 and 7 members. Community and women beneficiaries: it was found that 298 (49.67%) of the sample women beneficiaries belong to the backward class and most backward class. Scheduled caste and scheduled tribes constituted 30 per cent of the total number of sample women beneficiaries.

Education and women beneficiaries: Regarding the literacy level of the sample women beneficiaries, 61 per cent of them were under the category of primary level school of education and 30 per cent belonged to the category of secondary level of education. About 9.17 per cent of the sample women beneficiaries were illiterates. Monthly income and women beneficiaries: It was found that 27.50 percent of the sample women beneficiaries earned a monthly income of Rs.5,000, whereas about 30 per cent earned an income up to Rs.10,000 per cent month. Forty two per cent of the

women beneficiaries were earning above Rs.10,000 per month.

SUGGESTIONS FOR IMPROVEMENT OF SHG

In the light of the findings made in this study, the following suggestions are offered to improve the functions of the Self Help Group at the grass-root level. The government should come forward to provide minimum entrepreneurship program through District Industries Centre. This may pave the way for practical and technical training in new areas. Natural talents, aptitudes, capabilities can be multiplied through training programmes to develop self confidence, self-esteem, assertiveness, courage and risk. Training programmes should be designed in such manners that members can benefit out of their strengths and overcome their weakness; and should provide special assistance for selection of procedure/service so that members can be in a position to perceive and respond to various profitable opportunities. National Bank for Agricultural and Rural Development (NABARD), in collaboration with Reserve Bank of India (RBI), should publish on a regular basis more comprehensive data on the working of all Non-Governmental Organizations and self-help groups.

Micro credit should be used to meet the current demands of the poor women, whether these are for health, education or consumption purposes. This will lead to a gradual improvement in the quality of their life and will enable them to identify activities for economic betterment. In this process they will learn fiscal discipline and be ready to take on market oriented economic activities.

In any credit facility, loan repayment is important. SHGs borrow funds mainly from the financial agencies. Such agencies should guide them about repayment. The mounting over-dues are the biggest problem for the co-operatives and this should not happen in the case of SHGs. As most of the SHGs depend on revolving credit, repayment is also important to them. Proper guide and advice will enhance the ability of repayment for SHGs.

CONCLUSION

It could be concluded from the study that, micro-credit scheme has reduced the rural poverty to some extent in terms of generating employment, income, savings

and increase in overall assets. Micro-credit has empowered the women beneficiaries both economically and socially. It has improved the capacity building of the women to solve their day-to-day problems. Thus, micro-credit has a positive impact on the lives of the women beneficiaries. The researcher presents this study with the fervent hope that this will draw the attention of the authorities, departments and organizations concerned with Micro Finance and SHGs on various issues in respect of the development of women empowerment. The researcher humbly states that this study is not a fascinating one to strengthen the academic value. If the study helps the women towards their empowerment in any way, the researcher will feel that he is amply rewarded.

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