

Impact of Micro-Finance on Socio-Economic Status of SHG Women: A Study in Ranchi District, Jharkhand

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Abstract— *Microfinance in India began in the early 1980s with informal self-help groups (SHGs) aimed at providing access to savings and credit services. Since then, the sector has grown significantly, highlighting the importance of microfinance in improving the livelihoods of the poor and vulnerable. The core function of microfinance is to provide financial services, giving poor women and men access to savings and credit. This paper aims to examine the impact of microfinance on the socio-economic status of SHG women. For this study, 200 SHG women were randomly selected from five mandals in Ranchi district, Jharkhand. The potential of microcredit extends beyond just providing financial services to the poor and vulnerable. This distinction is crucial for designing effective microcredit programs. While microfinance depends on stable economic institutions like banks, its potential relies on the health of social institutions such as norms, patriarchy, and education. Since women play a central role in microfinance, understanding this difference is essential.*

Index Terms- *Microfinance, Self-Help Groups, social status, economic status.*

I. INTRODUCTION

Women make up about 50% of India's population but are often poorer and more underprivileged than men due to various socio-economic constraints (Mustard and Etches, 2003). The situation is more critical in rural areas, where prioritizing women's development is essential for poverty eradication, economic growth, and improved living standards. The Micro-Finance through Self-Help Group Bank Linkage Programme has proven effective in meeting the financial needs of rural poor women and enhancing their collective self-help capacities, thus promoting their empowerment (Lipishree Das, 2012). The rapid growth in SHG formation and investment in women has sparked an empowerment movement nationwide, creating a multiplier effect (Pranab Kumar Saikia, 2014).

Success stories of women show that they are not only economically better off due to financial services but

also more empowered. Providing cash to women as working capital boosts their self-esteem, confidence, and empowerment by enhancing their economic independence. This financial security enables them to contribute to their households and communities, as women typically invest their resources in their families' well-being (Susy Cheston and Lisa Kuhn, 2002). SHGs, through thrift and credit activities, have fostered economic self-reliance and improved women's social status in their families and communities. These groups, typically consisting of 15 to 20 members, pool their savings regularly and provide loans to members. They have become a key strategy in women's development activities (Anjugam and Ramaswamy, 2007). People from similar social backgrounds and occupations voluntarily form groups to pool their savings for mutual benefit. External financial support from Microfinance Institutions (MFIs) or banks enhances the group's resources. Saving precedes borrowing, and NABARD has promoted direct bank lending to SHGs instead of bulk loans to MFIs (Lipishree Das, 2012).

II. REVIEW OF LITERATURE

The study reviewed various sources, including Rekha Goankar (2001), who concluded that SHGs can significantly reduce poverty and unemployment in rural areas and drive social transformation through economic development and social change.

Naila Kabeer (2005) concludes that while access to financial services can enhance the economic productivity and social well-being of poor women, it does not automatically empower them, similar to how education, political quotas, and other interventions do not guarantee empowerment.

Anjugam and Ramasamy (2007) observed that socially backward, landless, and marginal farm households are more likely to participate in self-help

groups, while those with livestock and consumer goods are less inclined to join.

Studies show that self-help group programs, through credit and savings schemes, have improved the lives of poor women by boosting income and self-esteem, as seen in the rapid growth of SHGs. This study aims to analyze the impact of microfinance on the socio-economic status of SHG women, focusing on Ranchi district.

III. OBJECTIVES

- 1.To analyze the impact of microfinance on the social status of SHG women.
- 2.To analyze the impact of microfinance on the economic status of SHG women.
- 3.To examine the differences in social and economic status among various demographic groups of SHG women.

IV. METHODOLOGY

The study is analytical, using both primary data from structured questionnaires and secondary data from published books, journals, and research papers on microfinance and self-help groups.The study focuses on East Godavari district, sampling 200 SHG women from five selected mandals who are engaged in personal development through SHGs. The sample focuses on married women SHG members who benefit from microfinance, covering five mandals in Ranchi district: Pithoria (rural), Ormanji (rural), Bukru, Thakurgao, and Konki.

V. DATA COLLECTION AND ANALYSIS

Data collected via questionnaire was processed using SPSS software, where average and percentage analyses were performed. Frequency, percentage analysis, and ANOVA tests were used, with results presented in tables and findings summarized at the end.

Table 1: Distribution of Sample Respondents by Demographic Variables

Demographic variables	Demographic groups	Frequency	Percent
Age of the respondents	< 25 years	16	8
	26-35 years	85	42.5
	36-45 years	60	30
	> 45 years	39	19.5
Education qualification	Illiterate	36	18
	Primary	29	14.5
	Secondary	48	24
	Intermediate	29	14.5
	Graduation	32	16
	Post Graduation	26	13
Occupation of the respondents	Housewife	105	52.5
	Govt. Employee	12	6
	Private Employee	40	20
	Self Employee	10	5
	Wage labor	28	14
	Business	5	2.5
	Total	200	100

Table 1 shows the demographic distribution of respondents. Most are aged 26-35 years, followed by

42.5% in the 36-45 age group. A smaller percentage, 19.5%, are above 45, and 8% are below 25. This indicates that the majority of respondents are in the active middle-age group.

Education is a valuable asset, and the literacy levels among SHG women show that most have at least a secondary education (24%), followed by graduates (16%), those with intermediate (18%), primary (14.5%), and postgraduate (13%) education. However, 18% are illiterate. This literacy trend is positive for the success of SHGs. Occupationally, 52.5% of the women are housewives, followed by 20% in private jobs and 14% as wage laborers. A smaller percentage are government employees (6%) and entrepreneurs (2.5%), indicating that most respondents are housewives.

3.1 Impact of Micro-Finance on Social status of SHG women

Self-help groups (SHGs) have significantly contributed to women's training, infrastructure and communication development, self-confidence, resistance to family violence, and greater social interaction. They have also influenced savings patterns, political involvement, social harmony, and community activities. There is growing interest among women in forming SHGs to mobilize savings and promote social empowerment locally. The researcher conducted a household survey to assess the social impact of SHGs, finding that female empowerment increased in program areas regardless of participation. Nutritional benefits were more evident among new participants than long-standing members. Table 2 explains the varied impacts on social status.

Table 2: Impact of SHG Membership on Social Status

Sl. No.	Social Status	Increased	No change	Decreased	Total
1.	Public relations	150 (75)	50 (25)	-	200 (100)
2.	Active	132	63	5	200

	participation in decision making matters	(66)	(31.5)	(2.5)	(100)
3.	Girl child development awareness	59 (29.5)	136 (68)	5 (2.5)	200 (100) 200 (100)
4.	Participation in Development Programmes	144 (72)	50 (25)	6 (3)	200 (100)
5.	Mobility	132 (66)	68 (34)	-	200 (100)
6.	Recognition in family	128 (64)	72 (36)	-	200 (100)
7.	Recognition in community	131 (65.5)	66 (33)	3 (1.5)	200 (100)
8.	Social status	120 (60)	78 (39)	2	200 (100)
9.	Interaction with outsiders	109 (54.5)	78 (39)	13 (6.5)	200 (100)
10.	Levels of Literacy / education	132 (66)	63 (31.5)	5 (2.5)	200 (100)

Table 2 shows the impact of microfinance on the social status of SHG women in the study area. Most respondents reported significant benefits from SHG membership, including improved public relations (75%), active participation in decision-making (66%), participation in development programs (72%), family recognition (64%), societal recognition (65.5%), social status (60%), interaction with outsiders (54.5%), and improved literacy (66%). However, 25% to 39% of respondents felt no impact on certain social issues. Overall, SHG membership positively influenced social status.

Impact of Microfinance on the Economic Status of SHG Women

Microfinance has significantly advanced the development of poor women across the country, becoming popular due to its varied benefits. Self-Help Groups (SHGs) have become a key development tool, helping members strengthen both their social and economic aspects.

Table 3: Impact of Microfinance on the Economic Status of SHG Women

Sl. No	Economic Status	Increased	No change	Decreased	Total
1.	Income levels	171 (85.5)	29 (14.5)	-	200 (100)
2.	Economic status	82 (41)	117 (58.5)	1 (0.5)	200 (100)
3.	Individual properties	79 (39.5)	120 (60)	1 (0.5)	200 (100)
4.	Bank balance	162 (81)	74 (37)	-	200 (100)

5.	Possessing of household goods	89 (44.5)	109 (54.5)	2 (1)	200 (100)
6.	Possessing of ornaments	86 (43)	112 (56)	2 (1)	200 (100)
7.	Access to credit sources	97 (48.5)	100 (50)	3 (1.5)	200 (100)
8.	Asset Building	123 (61.5)	77 (38.5)	-	200 (100)

Table 3 highlights the impact of microfinance on the economic status of SHG women in the study area. A majority (85.5%) reported improved income, 81% saw increased bank balances, and 61.5% bought assets after joining an SHG. Additionally, 41% felt their overall economic status improved, while 39.5% purchased properties, 44.5% acquired household goods, 43% obtained ornaments, and 48.5% gained better access to credit. However, some respondents (14.5% to 60%) reported no improvement. Overall, most respondents experienced economic benefits from SHG membership.

Differences in Social Status Among Demographic Groups of SHG Women

The following tables show the differences in social status among various demographic groups of SHG women in relation to the impact of microfinance.

Table 4: Significant Differences in Social Status Among Respondents of Different Age Groups

Age	N	Mean	Std. Dev	Std. Error	f-value	p-value
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			iation	r	e	e
< 25 years	16	17.45	1.710	0.307	**22.604	0.000
26-35 years	85	16.26	1.582	0.122		
36-45 years	60	15.31	1.463	0.115		
> 45 years	39	16.26	1.229	0.197		
Total	200	15.97	1.633	0.082		
**Significant at 1% level.						

The mean social status score for respondents under 25 years (17.45) is significantly higher than for those in the 26-35 years (16.26), 36-45 years (15.31), and above 45 years age groups (16.26). The F-value of 22.604 is significant at the 1% level (p-value = 0.00), indicating that younger respondents experience a greater impact from SHG membership compared to older age groups.

Table 5: Significant Differences in Social Status Among Respondents with Different Educational Backgrounds

Educational Qualification	N	Mean	Std. Deviation	Std. Error	f-value	p-value
Illiterate	36	15.33	1.644	0.194	**9.584	0.000

Primary	29	15.34	1.384	0.182		
Secondary	48	16.05	1.644	0.168		
Intermediate	29	16.00	1.488	0.197		
Graduation	32	16.23	1.779	0.222		
Post Graduation	26	17.02	1.135	0.156		
Total	200	15.97	1.633	0.082		
**Significant at 1% level.						

The average social status score is highest for postgraduates (17.02), compared to graduates (16.23), those with secondary education (16.05), intermediate (16.00), primary education (15.34), and illiterates (15.33). The F-value of 9.584 is significant at the 1% level (p-value = 0.00), indicating that postgraduate SHG members perceive a more positive impact on social status than those with lower educational backgrounds.

Table 6: Significant Differences in Social Status Among Respondents with Different Occupational Backgrounds

Occupation	N	Mean	Std. Deviation	Std. Error	f-value	p-value
Housewife	105	16.09	1.596	0.110	**4.351	0.001
Govt. Employee	12	16.64	0.757	0.151		

Private Employee	40	16.04	1.864	0.210		
Self Employee	10	14.74	1.240	0.285		
Wage labor	28	15.50	1.668	0.227		
Business	5	16.15	1.144	0.317		
Total	200	15.97	1.633	0.082		
**Significant at 1% level						

< 25 years	16	16.26	1.264	0.227	**10.161	0.000
26-35 years	85	16.17	1.889	0.145		
36-45 years	60	15.15	1.765	0.139		
> 45 years	39	16.10	2.023	0.324		
Total	200	15.76	1.874	0.094		
**Significant at 1% level.						

The table shows that respondents under 25 years have a higher average perception of economic status (16.26) compared to those in the 26-35 years (16.17), 36-45 years (15.15), and above 45 years (16.10) age groups. The F-value of 10.161 is significant at the 1% level, indicating that younger age groups experience a greater impact of SHG membership on economic status.

Government employees report a higher average perception of social issues (16.64) compared to business people (16.15), housewives (16.09), private employees (16.04), wage laborers (15.50), and self-employed individuals (14.74). The F-value of 4.351 is significant at the 1% level (p-value = 0.001), indicating that government employees have a significantly more positive perception of social issues than other occupational groups.

Difference in demographic groups of the SHG women towards their Economical status

The following tables show differences in economic status among various demographic groups of SHG women in relation to the impact of microfinance.

Table 7: Significant Differences in Economic Status Among Respondents of Different Age Groups

Age	N	Mean	Std. Deviation	Std. Error	f-value	p-value
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Table 8: Significant Differences in Economic Status Among Respondents with Different Educational Backgrounds

Education Qualification	N	Mean	Std. Deviation	Std. Error	f-value	p-value
Illiterate	36	15.00	2.283	0.269	**4.824	0.000
Primary	29	15.52	1.709	0.224		
Secondary	48	16.08	1.614	0.165		

Intermediate	29	15.70	2.244	0.297		
Graduation	32	15.81	1.246	0.156		
Post Graduation	36	16.45	1.738	0.239		
Total	200	15.76	1.874	0.094		
**Significant at 1% level.						

Postgraduates have a higher average perception of economic status (16.45) compared to those with secondary education (16.08), graduates (15.81), intermediate (15.70), primary education (15.52), and illiterates (15.00). The F-value of 4.824 is significant at the 1% level (p-value = 0.00), indicating that postgraduate SHG members perceive a greater impact on economic status compared to those with lower educational levels.

Table 9: Significant Differences in Economic Status Among Respondents with Different Occupational Backgrounds

Occupation	N	Mean	Std. Deviation	Std. Error	f-value	p-value
Housewife	105	15.98	1.871	0.129	*2.992	0.012
Govt. Employee	12	15.84	1.313	0.263		
Private Empl	40	15.24	1.936	0.218		

oyee						
Self Empl oyee	10	14.79	1.619	0.371		
Wage labor	28	15.89	1.997	0.272		
Busin ess	5	16.00	1.472	0.408		
Total	200	15.76	1.874	0.094		
*Significant at 5% level.						

The table shows that SHG members involved in business have the highest average perception of economic status (16.00), compared to housewives (15.98), wage laborers (15.89), government employees (15.84), private employees (15.24), and self-employed individuals (15.24). The F-value of 2.992 is significant at the 5% level (p-value = 0.012), indicating that business people perceive a greater impact on economic status than other occupational groups.

VI. RESULT & DISCUSSION

6.1 Over fifty percent of SHG members have used loans for productive purposes or self-empowerment, and most have repaid their loans. This indicates that the majority of women SHG members are effectively utilizing their loans for productive activities and generating revenue through self-employment.

6.2 The data indicates that SHG members who took loans through bank linkages for productive purposes or self-empowerment mostly repaid their loans. This suggests that these women effectively use their loans for productive activities, generating revenue through self-employment. Their performance in repaying both group and bank loans is commendable.

6.3 The data analysis reveals significant differences in social status impacts among SHG members based on age, education, and occupation. Younger members, postgraduates, and those working in government

sectors experience a greater impact from SHGs on their social status compared to other groups.

6.4 Respondents indicate significant differences in perceptions of the economic impact of SHGs based on age, education, and occupation. Younger members, postgraduates, and businesspersons perceive a greater economic impact compared to other groups.

6.5 There is a need to develop microfinance services for very disadvantaged women, despite higher costs. Such services can empower these groups by providing savings facilities to manage income fluctuations and loans for labor-saving technology or improved housing. This support is crucial for women facing challenges like seasonal income changes, illness, or educational expenses.

CONCLUSION

Microfinance in India began in the early 1980s with informal self-help groups aimed at providing savings and credit services. Over time, the sector has expanded significantly. Microfinance's core function is to offer financial services to the poor, but its potential extends beyond this, affecting social and socio-economic institutions. Effective microcredit programs require not only stable economic institutions but also healthy social norms and educational frameworks, with women playing a crucial role in this dynamic.

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