



A STUDY ON THE EFFECTIVENESS OF MICRO FINANCE THROUGH SELF HELP GROUP- A SURVEY IN TIRUPUR TOWN

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INTRODUCTION

In the development paradigm, micro-finance has evolved as a need-based programme for empowerment and alleviation of poverty to the so far neglected target groups (women, poor, deprived etc.) and micro-finance has become one of the most effective interventions for economic empowerment of the poor. The experience across India and other countries has shown a robust potential of Microfinance to integrate with the development issues thereby significantly impacting the lives of poor. This paper critically reviews the various empirical studies carried out in India and it will help the researchers in the field of SHG and microfinance.

SELF HELP GROUPS

Self Help Groups are voluntarily formed informal groups. A SHG consists of 10-20 members. The members are encouraged to save on regular basis. They use the pooled resources to meet the credit needs of the group members. The groups are democratic in nature and collectively make decisions. Since the members are neighbours and have common interest, the group is a homogenous one and cohesiveness is one of the characteristic features of the group. Regular savings, periodic meetings, compulsory attendance, proper repayment and systematic training are the salient features of the SHG. Evidences from various developing countries throughout the world have shown that the poor can be helped by organizing themselves into Self Help Groups.

Self Help Groups have the following advantages:

1. They encourage the poor to save. The poor become creditworthy and bankable customers and are not seen as beneficiaries. They reduce the transaction cost of lenders and borrowers.
2. Women are trained in new skills and technologies and the wage earning workers become micro entrepreneurs.
3. They help the poor to gain economic and social empowerment. Increased asset creation and savings, higher employment and improved social lives of members are the benefits to the members.

MICRO FINANCE

Micro-finance Even though the terms micro credit and micro finance are interchangeably used, the term micro finance connotes broader activity. Now, there is a shift from micro credit (small loans) to micro finance, in which in addition to credit, mobilization of savings, insurance, training and support services like assistance in marketing of client's products are provided which are otherwise known as 'credit plus'. Micro finance is considered as a development tool to alleviate poverty in Asian, African and South American countries. Micro finance gives quick and tangible results to the poor people especially women. Micro finance is required by the poor people to invest in income generating activities which will break their vicious cycle of poverty. NABARD has defined micro finance as follows: "Micro finance is all about provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi urban and urban areas for enabling them to raise their standard of living." UN declared the year 2005 as year of micro credit since the policy makers of UN supported the view that micro finance is an instrument to fight against poverty. According to Nobel Committee, micro finance can help the people to break poverty, which in turn is seen as an important prerequisite to establish long last peace.

STATEMENT OF THE PROBLEM

The self help group members involve in various activities to generate the income. Some of them involved running a canteen, while others involved in making ready garments, whereas few members get the loan from the bank and utilize the same amount for their family expenses. The micro finance is provided to the women members to improve the economic conditions and standard of living of the women members. The women member in the study area faces number of issues while they approach the bank for getting loan and also to market their produces. It is reported that there is more involvement of politicians in getting loan or getting micro credit. Further the coordinators of SHGs take more part of the loan amount borrowed from the Bank than other members in SHGs. There should not be any discrimination in distributing the loan to the SHGs members. This situation should be changed.



SIGNIFICANCE OF THE STUDY

The study focuses on knowing the problems of the women self-help group members. The discrimination in sanctioning the loan should at any cost be eliminated. The members should feel easy and convenient to market their products. An awareness programme should be organized to the members of the SHGs through the authorities concerned and also through NGOs. Hence the study on the above topic is inevitable in nature and through this study the researcher should identify the causes for the problems and find out the remedial measures to solve the problems faced by the women members while they approach the bank for getting microfinance.

RESEARCH METHODOLOGY

DATA COLLECTION

Both primary and secondary data have been collected for the research work.

Primary Data

Primary data have been collected by framing questionnaire and interview schedule with the sample respondents. Necessary corrections, additions and deletions have been made in the questionnaire with the help of the experts and supervisor to make the research as an effective and useful to the society.

Secondary data

Secondary data was collected from the books and records maintained by the organization and the journals and magazines published in the relevant topic.

SAMPLING METHOD

In this research work respondents were selected from the total population at random by using convenient sampling method

Sample Size

The population for the research work in the study area is the self help group members in Tiruppur Town. As the population is numerous, 300 respondents were selected at random by using convenient sampling method

RESEARCH DESIGN

Descriptive research was undertaken in the research for making the study effective and useful analysis of data and also for finding the result in the research.

PERIOD OF STUDY

The research work was carried out for the period of 6 month starting from October, 2014 to March 2015.

STATISTICAL TOOLS

To make the research work effective and find the result of the research statistical tools like chi-square test was applied to interpret the data and to know the association between two variables in deciding the particular matter and issues related to the matters related to SHGs and Micro finance.

REVIEW OF LITERATURE

Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without." (Gert van Maanen, Microcredit: Sound Business or Development Instrument, Oikocredit, 2004) "(Microcredit) is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor....charity is not the answer to poverty. It only helps poverty to continue. It creates dependency and takes away the individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty." (Muhammad Yunus, Expanding Microcredit Outreach to Reach the Millennium Development Goals, International Seminar on Attacking Poverty with Microcredit, Dhaka, Bangladesh, January, 2003)



Table No: 1, Table Showing the Age Group of the Respondents

Serial no	AGE	TOTAL	Percentage
1	Below 25 years	037	12.33
2	26 to 35	157	52.33
3	36 to 45	74	24.67
4	46 and above	032	10.67
	Total	300	100

Source: Primary data

Interpretation

From the above table it is inferred that 12.33% of the respondents belong to the age group of below 25 years and 52.33% of the respondents belong to the age group 26 to 35 years, 24.67% of the respondents belong to the age group of 36 to 45 years where as 10.67% of the respondents belong to the age group of 46 years and above.

Table No.2, Table Showing The Marital Status Of The Respondents

Serial no	Marital status	Total no of Respondents	% of the respondents
1	Married	192	64.00
2	Unmarried	097	32.33
3	Divorce	011	03.67
	Total	300	100

Source: Primary data

Interpretation

A survey was undertaken to know the marital status of the respondents. The survey reveals that among 100 respondents 64% of the respondents are married, 32.33% of the respondents are unmarried, while the remaining 3.67 % of the respondents are part with their spouse.

Table No.3, Table Showing the Monthly Income of the Respondents Based on Sex

MONTHLY INCOME (RS)	No of respondents	Percentage of the respondents
Below 2000	36	12.00
2000-3000	107	35.67
3000-4000	90	30.00
4000-5000	47	15.67
5000 and above	20	06.66
Total	300	100

Source: Primary data

Interpretation

The above table shows that among 300 respondents 12% of the respondents draw wages below Rs.2000 as wages, 35.67% of the respondents draw Rs.2000-3000 as monthly income, 30 % of the respondents get an income of Rs. 3000 to 4000, 15.67 % of the respondents get an income of Rs.4000 to 5000 while the remaining 6.66% of the employees draw Rs. 5000 and above per month as income.

FINDINGS

- Majority of the respondents (64%) are married
- Majority of the members get an income between E 2000-3000 from Self- help group
- Majority of the members are in the age group between 26 to 35 years.
- Most of the respondents (71%) have studied up to 12th standard
- Most of the respondents (68%) have 3 dependents in their family
- Majority of the members (47%) use the micro finance for the family expenses.



- Most of the respondents (69%) are house wives
- There is no association between the age of the respondents and their income
- There is no relationship between education of the respondents and the occupation held by the respondents.
- There is an association between the educational qualifications of the respondents and their opinion regarding the compiling formalities to avail micro finance.
- There is an association between the education of the respondents and their knowledge level to market the products prepared through SHGs

SUGGESTIONS

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.

CONCLUSION

The impact of micro finance was relatively more pronounced on social aspects than economic aspects. SHGs showed a positive impact in respect of building of self-confidence, social development, skill formation and social empowerment. Group approach has brought many operative values like group support, thrift, group action and sustainability of women SHGs. SHGs has helped the groups to achieve economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization. There is an increase in net income and social conditions of the members. Women members' income increased and increased opportunities of employment in non-farm and off farm employment in addition to social empowerment.

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