

A STUDY ON MICROFINANCE AND WOMEN EMPOWERMENT IN TUTICORIN DISTRICT

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Abstract

Microfinance programs for women are increasingly seen by the development agencies as an effective anti-poverty intervention, financial inclusion and women empowerment tool with a positive impact on economic growth of a nation. High repayment rates are interpreted to mean that women are using loans for productive purpose, and use it for personal benefit. A trade-off between credit extension and recovery interprets that everything is fine with MFIs. It is widely assumed that there is a clear and direct relationship between access to credit and an increase in the status of women within their households and communities. The provision of adequate doses of micro finance in time to the women folk for their personal, familial and business purposes by a dependable agency would naturally generate confidence and zeal among them for the performance of their activities. Microfinance intervention (Constructed) which includes self help group savings, loan, business activities and training; and women empowerment (Level of Empowerment) like social, economic, political, personal and family empowerment are the two variables which are taken in to account for this study.

Keywords: Microfinance intervention, Self help group, Empowerment, Business activities, Loan, Savings.

Introduction

The Government of India declared the year 2001¹ as “Women’s Empowerment Year” to focus on a vision of ‘Women are Equal Partners like Men’. Further, equal participation of poor women in economic activities was given precedence and scope under the microfinance program, initiated by NABARD in 1992². Empowerment would become more relevant if women are educated, economically independent, better informed and can call for rational decisions. Empowerment of women could only be achieved if their economic and social status is improved. This could be possible merely by adopting definite social and economic policies with which women can manipulate her life and hold control over productive resources. Provision of micro finance is an important means for attaining women empowerment.

At the mainstay of all development, poverty abolition and progress lies women. Women are core part of every economy. All round development and harmonious enlargement of a nation would be possible only when women are considered as equal

¹ Gender Issues, Panchayat Raj Institutions, Public Private Partnership, Innovative Finance and Micro Finance in Agriculture, Report of Working Group, For the Eleventh Five Year Plan (2007 - 2012), Volume One, p.no 60.

² www.NABARD.org.

partners in progress with men. Empowerment of women is essential to harness the women labour in the main stream of economic development. It is believed that the women empowerment can bring about the optimistic change in society. Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers economic, political, social/cultural, personal and familial aspects.

Review of Literature

Sukumar Basu (2000)³, observes that women at present contribute in the promotion of economic development of the country in various capacities as they perform not only non-market activities through which they produce goods having greater “use values” but also various market activities in fields, factories, offices and elsewhere outside home. One as a contributor to production in a country and the other, as a reproducer of human race has been emphasized in our literature.

Narasimha Rao (2015)⁴ in his article that microfinance has garnered significant worldwide attention as being a successful tool to meet financial requirements by low-income micro entrepreneurs. Continuous monitoring of SHGs should be done by the banks in order to maintain the quality of the groups. The Reserve Bank of India should look in to the supervision and regulation aspects of the sector. There is a need to encourage more number of women to start micro enterprises to achieve 11 - 12 percent per year growth rate in manufacturing sector as per the basic objective of the twelfth five year plan of the Government of India (2012 - 2017).

Statement of the Problem

SHGs play a major role in transforming rural economy. Micro-finance helps the rural poor to improve their living standard and fulfill their credit needs. SHGs are a new innovation in the field of rural economic development, to finance the rural people and also to satisfy their credit needs. This in turn will help to transform the rural economy to improve the economic status of each and every individual member of the SHG in the rural areas apart from providing scope for women empowerment.

The Government of Tamil Nadu has been facilitating the formation of SHGs through NGOs. Tamil Nadu Women Development Project (Mahalir Thittam) is a State Government sponsored poverty eradication project that targets the poor women by assisting them to promote their income generation activities by providing loans those who are in need for it.

³ Sukumar Basu women and economic development, Deep & Deep public pvt.,ltd., NewDelhi PageNo:100

⁴ Narasimha Rao, V., “Economic, Social and Psychological impact of Microfinance by women’s Self Help Groups: An Empirical Analysis”, Finance India, Indian Institute of Finance, Vol. XXIX No.1, March 2015 pp.55-88.

Objectives of the Study

- To know the role of self help group in women empowerment through micro financing.
- To study the socio economic conditions of sample women beneficiaries in the study area.
- To evaluate the impact of microfinance on business activities of sample women beneficiaries in self help group.

Methodology of the Study

Collection of data:

Primary data were collected from the survey conducted by the researcher. Secondary data were collected from Mahalir Thittam Office, Tuticorin, Tamil Nadu Women Development Corporation, Chennai, Non - Governmental Organizations, Annual Report of NABARD, Journals, books, etc.

Sampling Design

In Tuticorin district, there are 7 Taluk which are adopted the Mahalir Thittam. 4719 sample beneficiaries were selected from 321 active self help groups are administrated properly. Using multistage sampling 370⁵ sample beneficiaries were selected for the study.

Hypothesis of the Study

Ho: Education does not influence the level of empowerment

Ho: Occupational Status doesn't influence the level of empowerment

Statistical Tools

ANOVA, Percentage analysis and cluster analysis are the tools which are used for this study.

Data Analysis

Educational Qualifications of the Beneficiaries

Education is very essential to improve the level of living conditions of the people. The purpose of classifying educational status is to identify the number of illiterates and literates in the self-help group because literate person have more knowledge than the illiterate. This study reveals the educational status of the self help group beneficiaries is displayed in the Table 1.1.

⁵ www.surveysystem.com

Table 1.1 - Educational Qualifications of the Beneficiaries

S.No.	Educational Qualification	Number of Beneficiaries	Percentage
1	Illiterate	64	17.30
2	Primary Level	56	15.14
3	Secondary level	120	32.43
4	Higher Secondary Level	102	27.57
5	Degree level and Above	13	3.51
6	Others	15	4.05
Total		370	100

Source: Primary Data

It is evident from the above Table 1.1 that, 17.30 per cent of the beneficiaries are illiterate, 15.14 per cent of the beneficiaries are at the Primary level. Those who are completed secondary level and higher secondary level are 32.43 per cent and 27.57 per cent respectively. 3.51 per cent of the beneficiaries completed their Degree level and above and the remaining 4.05 per cent of the beneficiaries are have other educational qualification like teacher training, diploma, ITI etc.

Education and Level of Empowerment - ANOVA

To compare the respondent's opinion on the level of empowerment with education wise comparison were made by the researcher and its descriptive statistics presented in Table 1.2.

Table 1.2 - Educational Status and Level of empowerment

Level of Empowerment				
Particulars	No of Respondents	Mean	Standard deviation	Standard Error
Illiterate	64	2.0156	.60401	.07550
Primary level	56	2.0714	.65663	.08775
Secondary level	120	2.1083	.53130	.04850
Higher secondary level	102	2.0000	.59702	.05911
Degree level and above	13	2.3846	.65044	.18040
Others	15	2.0667	.45774	.11819
Total	370	2.0649	.58538	.03043

Source: Computed Data

From table 1.2, it is clear that the mean value of the educational status of the respondents is more or less same, that is all the group mean value is more than 2. In the mean value are in-between the 2 to 2.5. In order to compare the group mean ANOVA statistics is applied by the researcher the following null hypothesis has been framed. The hypothesis that,

Ho: Education does not influence the level of empowerment

H₁: Education does influence the level of empowerment

The results of levene test of homogeneity of variance are presented in table 1.2 and the ANOVA result is shown in Table 1.3.

Table 1.3 - Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Level of Empowerment	1.303	5	364	.262

Source: Computed Data

The F value for levene statistics test is 1.303 and the p value is more than the critical value of 0.05 (0.262>0.05). Therefore the researcher concludes the levene test for homogeneity of variance is not significant.

Table 1.4 - ANOVA Result

Educational Status and level of empowerment					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.143	5	.429	1.255	.283
Within Groups	124.301	364	.341		
Total	126.443	369			

Source: Computed Data

Table 1.4 ANOVA reveals that, the calculated F value is 1.255 and is significant at 0.283>0.05, which is more than the critical value of 0.05. Therefore the researcher framed the null hypothesis has been accepted. Hence, it is concluded that Educational Status does not influence the level of empowerment.

Occupation of the Beneficiaries

To ascertain the category of beneficiary who is getting microfinance an enquiry has been made and the beneficiaries are classified into three categories as Agriculture and allied activities, unemployed, self employed, for their convenience. The outcome is enumerated in the following Table 1.5.

Table 1.5 - Occupation of the Beneficiaries

S.No.	Occupation	Number of Beneficiaries	Percentage
1	Agriculture and allied activities	110	29.73
2	Unemployed	155	41.89
3	Self employed	99	26.76
4	Others	6	1.62
Total		370	100

Source: Primary Data

The Researcher has analyzed beneficiaries on the basis of occupation of the group on Table 1.5. The agriculture and allied activities are the occupation for 29.73 per cent of the beneficiaries. 41.89 per cent of the beneficiaries and the remaining 26.76 per cent of

the beneficiaries are unemployed and self employed respectively. Others, such as workers in shop, coolies are 1.62 per cent.

Occupational Status and Level of Empowerment - ANOVA

To analyze the level of empowerment of women in SHG with occupational status descriptive statistics presented in Table 1.6.

Table 1.6 - Occupational Status and Level of empowerment

Level of Empowerment				
Particulars	No of Respondents	Mean	Standard deviation	Standard Error
Agriculture and allied activities	110	2.0364	.64860	.06184
Unemployed	155	2.0968	.55566	.04463
Self employed	99	2.0707	.53932	.05420
Others	06	1.6667	.81650	.33333
Total	370	2.0649	.58538	.03043

Source: Computed Data

From table 1.6 the mean value of the agriculture and allied activities, unemployed and self employed is more than 2; other category of occupation status mean value is less than 2. In order to prove this, ANOVA test was carried out for that purpose the following hypothesis has been framed by the researcher.

Ho: Occupational Status doesn't influence the level of empowerment

H1: Occupational Status does influence the level of empowerment

The results of levene test of homogeneity of variance are presented in table 1.6 and the ANOVA result is shown in Table 1.7.

Table 1.7 - Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig
Level of Empowerment	1.822	3	366	.143

Source: Computed Data

The F value for levene statistics test is 1.822 and the p value is more than the critical value of 0.05 (0.143>0.05). Therefore the researcher concludes the levene test for homogeneity of variance is not significant.

Table 1.8 - ANOVA Result

Occupational Status and level of empowerment					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.202	3	.401	1.171	.321
Within Groups	125.241	366	.342		
Total	126.443	369			

Source: Computed Data

Table 1.8 ANOVA reveals that, the calculated F value is 1.171 and is significant at $0.321 > 0.05$, which is more than the critical value of 0.05. Therefore the researcher framed the null hypothesis has been accepted. Hence, it is concluded that Occupational Status does not influence the level of empowerment.

Expectations in Running the Business

Table 1.9 - Total Variance Explained

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.657	41.604	41.604	5.011	31.316	31.316
2	3.193	19.956	61.560	3.706	23.161	54.477
3	1.798	11.235	72.796	2.478	15.486	69.963
4	.881	5.507	78.303	1.334	8.340	78.303
Extraction Method: Principal Component Analysis.						

The results of the above computations, obtained from SPSS output is presented in Table 1.9.

The percentage of variance explained by each of the factor can be computed using Eigen values. Table 1.10 clearly shows that the cumulative variance explained by the four factors is 78.303 per cent.

Table 1.10 Number of Cases in each Cluster

Cluster	1 (Enhancement Expectations)	55.000
	2 (Supportive Expectations)	40.000
	3 (Experience Expectations)	58.000
	4 (Financial Expectations)	72.000
Valid		225.000
Missing		.000

The non- hierarchical solution also gives a summary table of the number of cases in each cluster, as shown in Table 1.10. Among 225 beneficiaries, 55 beneficiaries are in enhancement expectations of cluster 1, 40 beneficiaries are in supportive expectations of cluster 2, 58 beneficiaries are in experience expectations of cluster 3, 72 beneficiaries are in financial expectations of cluster 4 with high value.

Results and Discussions

- One-third of the beneficiaries are completed secondary level. Educational Status does not influence the level of empowerment.
- More than two-fifths of the beneficiaries are unemployed as house wives. Occupational Status does not influence the level of empowerment.

- For ascertain the Impact of business activities, cluster analysis were used. Among 225 businesses 72 beneficiaries are expecting more finance for conducting business which are comes under cluster 4 with high value.

It is suggested that there is gross inequality in utilisation of loans by SHG members, these needs to be corrected. The self-regulatory mechanism is the need of the hour till more formal regulatory mechanisms are put in place for regulating the microfinance sector.

The structure of microfinance is highly diverse in South Asian countries. It has evolved from conventional method of providing loans to innovative products such as specialized loans for enterprises, agriculture etc. The research has shown that if repayment period is extended and the involvement of women in the business is effective, there can have high chances that women would reinvest in business exponentially. Currently, microfinance industry is at the important stage of evolvement. The industry has already moved away from the traditional loan system to individual loans.

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