

Socio-Economic Impacts of Micro-finance on Women Self Help Group Members: A Case Study of North Maharashtra (India)

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ABSTRACT

Microfinance activity plays a vital role for socio-economic empowerment of the women. It is also believed that there is positive relationship between access to microfinance facility and increase in the status of women within households and communities. This paper reflects on findings from interviews with women members of bank linkage self-help groups. The paper examines the social impact of microfinance activities on selected women SHGs (self-help group) members of North Maharashtra, India. Exploratory Factor analysis was performed on 10 variable statements of 510 women respondents. Three factors were extracted from exploratory factor analysis namely, development in personality, enhancement in social attentiveness and enhancement in decision taking ability. Subsequently, a regression model was performed to check the significance of microfinance on the increment in self-confidence of the women.

Keywords: Social empowerment, Social impact, North Maharashtra, Self-help groups, Micro-finance

INTRODUCTION

Microfinance is one of the tools that helps to alleviate poverty and also helps to empower rural women. It can contribute to the social and economic paradigms shift in the rural areas by bringing managerial abilities of women. As pointed out by Loyola Extension Services Report (2004) submitted to Ministry of Human Resource Department, 'SHGs (Self-help groups) are becoming one of the best means for the empowerment of poor women in almost all the developing countries including India'. SHGs and micro-finance are found to be efficacious instruments for empowering women. Women members especially those who are mostly invisible in social structure will be socially empowered through microfinance with different social factors like improvement in standard of living, improvement in social status, awareness about social issues, confidence building, recognition in family, etc.

Objectives of Study

1. To Study impact of SHGs on women financial study
2. To Study SHGs and women linkage with bank
3. To Study role of SHGs in empowerment of Women.

Need for study

Examines the social impact of microfinance activities on selected women SHGs (self-help group) members of North Maharashtra, India. Exploratory Factor analysis was performed on 10 variable statements of 510 women respondents. Three factors were extracted from exploratory factor analysis namely, development in personality, enhancement in social attentiveness and enhancement in decision taking ability. Subsequently, a regression model was performed to check the significance of microfinance on the increment in self-confidence of the women.

Scope of the study

SHGs (Self-help groups) are becoming one of the best means for the empowerment of poor women in almost all the developing countries including India'. SHGs and micro-finance are found to be efficacious instruments for empowering women. Women members especially those who are mostly invisible in social structure will be socially empowered through microfinance with different social factors like improvement in standard of living, improvement in social status, awareness about social issues, confidence building, recognition in family, etc.

Research Methodology and Research Design

The research design used in this study is descriptive. The study is confined to the bank linking women SHGs. The study uses both primary and secondary data. Total 510 samples were selected from Nashik and Jalgaon districts of North Maharashtra, India using a multi-stage simple random sampling method. Primary data on different socio-economic aspects of the women members and details of micro-financial services availed by the SHGs were collected directly from the respondents through the structured questionnaire and personal interview. In this study, mainly factor analysis and multiple regressions have been used to interpret

Result and Discussion

It can be interpreted from Table 1 that majority of respondents 56.1% are housewife followed by animal husbandry 10.8%. After joining SHG, the perception of women have been changed towards the work and they left labour work and started their own business like garment sales shop, tea shop, village grocery shop, rearing goats, purchasing milking buffalo and milking cow, etc. With regards to education of the women members, more than 20% were having up to 5th standard primary school level literacy and 15.5% were illiterate. This indicates that higher education of girls is still not given priority in rural areas. Majority of rural parents permit girls education up to primary school because the school is in their village. While only 16.5% were up to secondary school and only 5.3% have taken higher education. Out of 510 women, more than 90% were married while 5.3% were unmarried. The widow and divorcee accounted for 3.9% and 0.2%, respectively. Out of 510 respondents, 52.7% respondents were from the OBC category followed by 38.2% and 9% of open category and SC category, respectively. The majority of the respondents belonged to Hindu (i.e. 90%) followed by Islam (i.e.10%). The majority of the respondents belonged to joint family (i.e. 72.5%) followed by nuclear family (i.e. 27.5%).

	Respondents	Percentage
(i) Occupation of the member		
House wife	286	56.1
Tailor	13	2.5
Agriculture	3	0.6
Animal Husbandry	55	10.8
Gruh udyog	20	3.9
Service	49	9.6
Labour work	41	8
Small grocery shop	8	1.6
Education	18	3.5
Other	17	3.3
Total	510	100
(ii) Education of the member		
Illiterate	79	15.5
Can sign only	68	13.3
Up to 5 th std.	107	21
6 th -7 th std.	84	16.5
8 th -10 th std.	84	16.5
11 th -12 th std.	57	11.2
Up to graduation	27	5.3
Other	4	0.8
Total	510	100

(iii) Religion of the member		
Hinduism	459	90
Islam	51	10
Total	510	100
(iv) Marital status of the member		
Married	462	90.6
Unmarried	27	5.3
Widow	20	3.9
Divorce/separated	1	0.2
Total	510	100
(v) Type of family		
Joint/extended	370	72.5
Nuclear	140	27.5
Total	510	100
(vi) Social group of the member		
Open/general	195	38.2
OBC	269	52.7
SC	46	9
Total	510	100

Source: Field survey

Application of Multiple Regression Analysis

The technique of multiple regressions has been used to analysis impact of micro finance services on women empowerment as perceived by them.

Factors of social empowerment of women as perceived by women respondents				
Factor No.	Variable No.	Name of the variable	Score	Factor name
1	1	Able to discuss freely with official people	0.681	Development in personality
	2	Improvement in communication skill	0.796	
	3	Attending Social/village/panchayat meetings	0.790	
	4	Development of leadership skills	0.822	
	5	Development of entrepreneurial skills	0.799	
	6	Development of book keeping and administrative skills	0.643	
	7	Improvement in literacy level	0.672	
2	8	Increment in social awareness	0.624	Enhancement in social attentiveness
	9	Awareness of health, sanitation and children education	0.562	
	10	Increase in self-spending	0.705	
	11	Awareness of food and nutrition	0.704	
	12	Expressing views in family as well as in groups freely	0.651	
	13	Increased self-confidence	0.787	
3	14	Decision ability on household expenditure, savings, and child education	0.702	Enhancement in decision taking ability
	15	Ability to take decision on taking or use of loan	0.752	
	16	Ability to take decision on family matters or problems	0.569	
	17	Recognition or respect in the society or family	0.602	

Dependent Variable

Dependent variable taken increase self confidence among women due to financial stability due to micro finance of self-help group.

Independent Variable

All three factors are taken as independent Variable

Multiple regression analysis

	Name of the variable	Definition	Label
Dependent variable	Impact of micro finance services on women empowerment	Microfinance services lead to the increment in self-confidence of women as perceived by them	Y
Independent variable	(1) REGR factor score1	Development in personality	X ₁
	(2) REGR factor score2	Enhancement in social attentiveness	X ₂
	(3) REGR factor score3	Enhancement in decision taking ability	X ₃

MODEL FORMATION

In order to obtain more accurate results, tests such as VIF (variance inflation factor) and 1/VIF (tolerance level) were measured to test the multi-colinearity. VIF equivalent or below 10 is said to be acceptable (Hair et al., 1998) as it reflects that data is free from multi-colinearity. In this case, the value of VIF and tolerance level came out to for each independent variable, which is less than 10; hence it can be accepted from the analysis that there exists no colinearity among the data. After checking the multi-colinearity, it can be estimated the regression model.

To meet the objective, the perceived impact of social empowerment variables. on the increment in self-confidence of women has been studied. Following model was used for studying the relationship between dependent and independent variables:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \delta t$$

where

Y = Dependent variable;

α = Intercept term;

$\beta_1, \beta_2, \beta_3$ are regression coefficients;

X₁, X₂, X₃ represent independent variables;

δt = Error term

The degree of correlation was 0.810 which indicates very significant relationship with R square and adjusted R square values of 0.656 and 0.654 which indicates that all the variables extracted could explain 65.4% of the variation in the dependent variable explained by independent variables. Hence, the model can be confidently said to be a generalised model. The difference between R square and adjusted R square is also satisfactory ($0.656-0.654=0.002$), which is interpreted as the 0.2% less variation in the outcome if it is derived from the actual population. To check whether the model fulfills the assumption of independent errors, a Durbin– Watson test was applied. The result of the Watson test (1.792) is found to be near 2, which is considered to be significant. It has been proved through the test that the data meets the assumption of independent errors. To crosscheck the assumption of normal distribution of the standard errors, it is confirmed through normal probability curve and histogram

CONCLUSION

The study was carried out of 510 women respondents, where 56.1% were housewife, almost 49.8% who are educated below 5th Standard and only 5.3% were graduates. 90% of the respondents were Hindus and rests are Islam and 90.6% were married. 72.5% of respondents were living in joint family and rests are in nuclear and 61.7% of the respondents are from the reservation, which includes OBC and SC category. From the study, three factors were extracted from the exploratory factor analysis namely development in personality, enhancement in social attentiveness and enhancement in decision taking ability. Results of multiple regressions indicate that personality, social attentiveness and decision taking ability lead the women empowerment. The study reveals that most of the respondents get involved in decision making after joining SHG. The women social status has increased after joining SHG. Women feel fearless, open and self-confident after joining SHG. It can be concluded that there is positive impact of micro-finance activity on social indicators of women members

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