

IMPACT OF MICRO FINANCE ON DECISION MAKING

EMPOWERMENT

- A STUDY OF SELF HELP GROUP MEMBERS IN KODAIKANAL, DINDIGUL DISTRICT, TAMIL NADU, INDIA

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Abstract

Empowerment is a multi-dimensional social process that helps people gain control over their own lives communities and in their society, by acting on issues that they define as important. Empowerment occurs within sociological, psychological economic spheres and at various levels, such as individual, group and community. Empowering women puts the spotlight on education and employment which are an essential element to sustainable development. One of the powerful approaches to women empowerment and entrepreneurship is the formation of Self Help Groups (SHGs) especially among women's SHG is conceived as a sustainable people's institution that provides the poor women with space and support necessary for them to take effective steps towards achieving greater control of their lives.

Key words: Empowerment, Women, decision making

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1. Introduction

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only in meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment.

Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

2. Reviews of Literature

Kabeer (1991)¹ Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so.

According to **Emma Zapata (1991)**² empowerment is power within and can be expressed in different ways, such as a chance to negotiate as a group, to share power, to get the support of other organisations, to look for outside support, all building up power in positive way.

According to **Sankar Chatter Jee (1993)**³, empowerment through group strategy is multi faced process which encompasses many aspects enhancing awareness increasing the access to resources economic and social. An equally component is the mobilization and organization of women into groups. The group strategy provides the required basis for solidarity strengths and

collective action among the women. Empowerment is also linked to issues of social justice and equality.

Sakunthala Narashimhan⁴, The author focuses on the positive aspects of the empowerment such as economic, social, political and psychological empowerment and the author concludes that to empower women with hope and enthusiasm in the inner layers of their psyche (mind) and thousands of women, irrespective of the educational achievements or economic status, women show their determination as useful and productive citizens who are eager to contribute their mite to the national effort.

Mayoux, (1993)⁵ has identified three ‘paradigms’ on micro-finance and gender. The ‘financial self-sustainability paradigm’, currently dominant within most donor agencies and USAID, World Bank, UNDP, etc. assumes that increasing women’s access to micro-finance services will lead to individual economic empowerment, well-being and social and political empowerment.

Punithavathy Pandian and Eswaran (2005)⁶ argued that the economic empowerment of poor women is the only way for poverty eradication. Because increased access to financial resources enables poor women to increase their employment and income in the petty business that has local demand and also based on local resources.

Microfinance, according to **Otero (1997)⁷** is the provision of financial services to low-income poor and very poor self-employed people. These financial services, according to **Ledgerwood (1997)** generally include savings and credit but also include other financial services such as insurance and payment services.

K.K.Kundu, K.S.Suhag, U.K.Pandy and Kusum Jain (2001)⁸ in their article, “sustainable Micro Financing through SHGs in Gurgaon district (Haryana)”, pointed out that through SHGs the poor had developed courage and confidence and served as decision makers SHGs inculcated the habit of savings among women.

3. Statement of the Problem

In India, 93 per cent of all workers are self employed. Women constitute more than half of this workforce. More than 96 per cent of women workers are self employed. Self employed workers are those who earn a living through their own small business or through their own labour. Unlike workers in the organised sector, they do not obtain a regular salary. These workers are characterised by insecure employment, low incomes, lack of capital assets, lack of access to institutional support and social security benefits, leading to an extreme level of poverty. The women generally vendors, home based workers such weavers, garment makers, food processors and craft people, manual labour and service providers such as agricultural labourers, construction workers, rag pickers domestic workers and cart-pullers.

One of the powerful approaches to women empowerment and entrepreneurship is the formation of Self Help Groups (SHGs) especially among women's SHG is conceived as a sustainable people's institution that provides the poor women with space and support necessary for them to take effective steps towards achieving greater control of their lives. Also create awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response to development schemes. Through SHGs they are provided credit and extension support for various production oriented and income generating activities. Also Micro finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment.

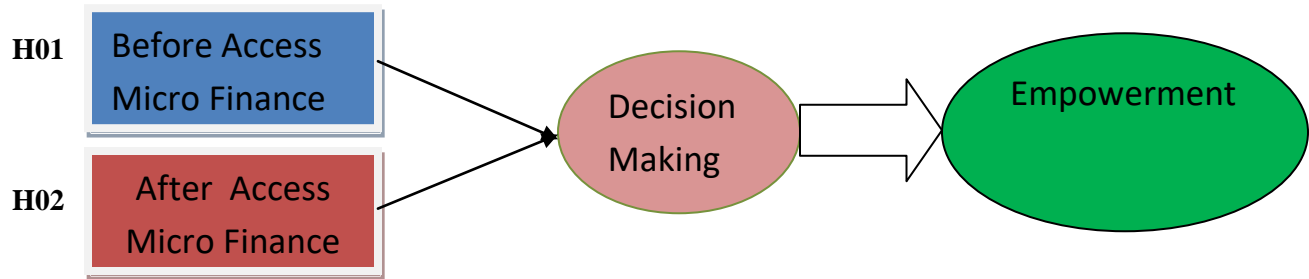
The impact of microfinance in Kodikanal is a subject worthy of serious examination for a number of reasons. In kodaikanal there are ample opportunities for entrepreneurial development. Most of the women here are poor and earn for livelihood through self employed activities. If they are supported financially by affordable schemes like Micro Finance to sustain their life, they can concentrate more on their employment activities and slowly they could become an better entrepreneur.

Against this backdrop, the present study has been carried out to assess the impact of micro-finance on socio-economic status of women.

4. Objectives

- To analyse whether there is any significant difference before and after access of micro finance with regard to decision making empowerment

5. Research Model



6. Methodology

The present study depends on both Primary and Secondary data. Primary data is based on the survey method. To facilitate the survey, Interview schedule was constructed as optional type as well as in Likert's five point scale. The optional type is aimed at information search and other details of the respondents. The likerts five point scale is applied to seek the opinion of the respondents regarding opinion, satisfaction and expectations. Interview schedule was used to know the perceptions of the respondents regarding their socio economic details, empowerment factors, micro finance provision.

Survey is conducted among the Self Help Group Members in Kodaikanal, Dindigul District, Tamil Nadu, India. The Stratified Random sampling technique adopted. The selection process is given below

This study was intended to analyse the role of SHGs in the promotion and development of the women members. For the purpose of analysis, the study was designed with a comprehensive profile.

Kodaikannal is divided into

- Kodaikannal Municipality and
- Kodaikannal Union

In Kodaikannal Municipality, we have

➤ Wards : 24

In Kodaikannal Union we have,

- Panchayat Union : 01
- Town Panchayats : 01
- Panchayats : 15
- Firrkas : 03
- Villages : 16
- Hamlets : 81

Table 1 shows the details relating to total no. of SHGs in Kodaikannal Municipality

TABLE 1
Total no. of SHGs in Kodaikanal Municipality

TOTAL NO. OF SHGS IN KODAIKANNAL MUNICIPALITY									
S.NO	WARD NO	DMI	G.TRUST	MMS	SMILE	CHANARD	KODAI KURUNJI	MUNICIPALITY	TOTAL
1	1	5	5	5	1	2		8	26
2	2		6		5	5		8	24
3	3	8	2		5	7		4	26
4	4	10	6	2	6	8	1	5	38
5	5	5		1	3	5	4	2	20
6	6		1	4	1	6		2	14
7	7	1		1	2	7		1	12
8	8	1	1	2	2	5		3	14
9	9	2	15	1	2	12	4	4	40
10	10	18	16	1	2	18			55
11	11	5	2	1	1	3			12
12	12	6	1	2	2	10			21
13	13	5	1	1	4	9		1	21
14	14	3	2	7	5	5		6	28
15	15	6	1	8	2	14		6	37
16	16	7	5			1		5	18
17	17		16	4	1	1		2	24
18	18	5	18	2	3	4		6	38
19	19	8	17	2	2	1		2	32
20	20	2	2	2		1		1	8
21	21	8	6	2	3	2			21
22	22	3	11	7	1				22
23	23	14	1	8	3	4		1	31
24	24	2		13	1	18			34
	TOTAL	124	135	76	57	148	9	67	616

Table 2 shows the details relating to total no. of SHGs in Kodaikannal Panchayats

TABLE 2 Total no of SHG's in Kodaikanal Panchayat

TOTAL NO OF SHG'S IN KODAIKANAL PANCHAYAT'S

S. No	PANCHAYAT'S	D M I	G. T R U S T	M M S	C H A N A R D	S M I L E	R W D M	8 A I D A C T I O N	K A L A N J I A M	K O D A I K U R U N J I	C O - O P E R A T I V E B A N K K U Z H U	V A N A K U Z H U	K O D A I T H E N D R A L	T O T A L
1	VILPATTY	70	47	22	10	10				21		2		182
2	ADUKKAM	3	24	3		2						3		35
3	KAMANURE	18					32		4					54
4	K.C.PATTY						19							19
5	KOOKAL	19	11											30
6	KUMBARAIURE	5												5
7	MANNAMANURE	31	19								10	4		64
8	POOLATHURE	29							4					33
9	PERIURE						21							21
10	THANDIKUDI	19		1			16							36
11	POOMBARAI	12	16											28
12	POONDI	7	1											8
13	VADAKAVUNJI	4	14	2	4			3		4			1	32
14	PACHALURE				4		4							8
15	VELLAKEVI				1									1
16	PANNAIKADU	20					25		18					63
	TOTAL	237	132	28	19	12	117	3	26	25	10	9	1	619

Selection of panchayat-The Union-wise and panchayat-wise details of the Self Help Groups are maintained systematically by the taluk administration. The details regarding thrift, loans, and the number of NHGs, which are updated monthly was collected. As the number of SHGs is definite, the population can be known. Hence, the researcher resorted to Random Sampling Technique. In

Kodaikanal, 1225 self help groups are functioning. These self help groups were stratified (wards and panchayats) and on basis of stratification sample, respondent groups were selected.

There are 24 wards in Kodaikannal Municipality and 132 wards in Kodaikannal Union. Each ward is given equal weightage. Out of these SHGs, 1 SHG from each ward is selected as sample. So, totally 120 SHGs were selected. (i.e. 10% of the total population). The researcher contacted the sample SHGs and requested the SHGs to conduct a survey with the required number of members. On the recommendation of the animator 450 members were selected (four from each group) and the survey was conducted among them. Incomplete responses were rejected and Thus, sampling was done scientifically and survey was carried out according to the research norms without prejudice and bias.

7. Tools used for Analysis

To analyse, the objectives framed, percentage, Mean Standard deviation and t test are used.

8. Analysis of the study

The analysis consists of two parts- I Profile of the sample respondents and II their empowerment level due to their decision making.

i) Profile of the Respondents

Table 3

Sl.No	Particulars	Classification	No of Respondents	Percentage
1	Age	Below 30	61	14
		30-40	266	59
		Above 40	123	27
		Total	450	100
2	Marital Status	Married	370	82
		Divorce	48	11
		Widow	32	7
		Total	450	100

3	Educational qualification	Illiterate	175	39
		Literate	275	61
		Total	450	100
4	Nativity	Rural	307	68
		Urban	143	32
		Total	450	100
5	Occupation	Agriculturist	188	42
		Self Employed	71	16
		Salary Earner	55	12
		Petty Business	12	3
		Artisans	14	3
		Housewife	83	18
		Vegetable Vendor	12	3
		Others	15	3
		Total	450	100

II Analysis of the Study

Empowerment regard to Decision making - Before access to Micro Finance

The empowerment of the members regarding the decision making process before access to the micro Finance study has been made and the gathered details are presented in the following table.

Table 4

Empowerment regard to Decision making - Before access to Micro Finance

Decision making Empowerment	Mean	Std. Deviation
Going to job	3.02	1.059
Managing household expenditure	2.65	.622
Going to health care	2.74	.526
Purchase of household items	2.71	.546
Family Budgeting	2.69	.570
Education / career / marriage of children	2.72	.524
Decision regarding recreation/entertainment	2.68	.574
Saving, Borrowing and Investment	2.27	.653

Source: Computed from Primary data

Table 2 explains that Decision making Empowerment (Before access to micro credit). The mean value for Going to job variable is 3.02 and standard deviation is 1.059, for Managing Household expenditure variable is 2.65 and standard deviation is 0.622, for Going to health care factor is 2.74 and standard deviation is 0.526, for Purchase of household factor is 2.71 and standard deviation is 0.546, for Family Budgeting factor is 2.69 and standard deviation is 0.570, for Education / career / marriage of children is 2.72 and standard deviation is 0.524, for Decision regarding recreation/entertainment factor is 2.68 and standard deviation is 0.574 and for Saving, Borrowing and Investment factor is 2.27 and standard deviation is 0.653.

Empowerment regard to Decision making - After access to Micro credit

The empowerment of the members regarding the decision making process after access to the micro credit study has been made and the gathered details are presented in the following table.

Table 5

Empowerment regard to Decision making - After access to Micro credit

Decision making Empowerment	Mean	Std. Deviation
Going to job	3.86	1.269
Managing household expenditure	3.86	.547
Going to health care	3.78	.594
Purchase of household items	3.89	.535
Family Budgeting	3.92	.534
Education / career / marriage of children	3.88	.551
Decision regarding recreation/entertainment	3.86	.577
Saving, Borrowing and Investment	4.03	.537

Source: Computed from Primary data

From the above table it is found that the mean value for the factor Going to job is 3.86 and standard deviation 1.269, for Managing Household expenditure is 3.86 and standard deviation 0.547, for Going to health care is 3.78 and standard deviation 0.594, for Purchase of household items is 3.89 and standard deviation 0.535, for Family Budgeting is 3.92 and standard deviation 0.534, for Education / career / marriage of children is 3.88 and standard deviation is 0.551, for

Decision regarding recreation/entertainment is 3.86 and standard deviation 0.577 and for Saving, Borrowing and Investment is 4.03 and standard deviation 0.537.

Null Hypothesis

There is no significant difference between mean ranks towards various empowerment before joining in SHGs.

Table 6

Friedman test for significant difference between mean ranks towards various Empowerment before joining in SHGs

Empowerment before joining SHGs	Mean Rank	Chi-Square value	P value
Economic Empowerment	2.88	776.318	< 0.001**
Social Empowerment	1.49		
Decision making Empowerment	4.09		
Familial / Interpersonal Empowerment	3.75		
Psychological Empowerment	2.80		

Note: ** Denotes significant at 1per cent level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance with regard to all dimensions of empowerment. Hence it is concluded that there is significant difference between mean ranks towards the empowerment before joining in SHGs. Based on mean rank Decision making empowerment (4.09) is high, followed by Familial empowerment (3.75), **Economic empowerment (2.88)**, Psychological empowerment (2.80) and Social empowerment (1.49).

Null Hypothesis

There is no significant difference between mean ranks towards the Empowerment after joining in SHGs.

Table 7

**Friedman test for significant difference between mean ranks towards the
Empowerment after joining SHGs**

Empowerment after joining SHGs	Mean Rank	Chi-Square value	P value
Economic Empowerment	2.53	385.364	< 0.001**
Social Empowerment	3.46		
Decision making Empowerment	3.53		
Familial / Interpersonal Empowerment	1.99		
Psychological Empowerment	3.49		

Note: ** Denotes significant at 1per cent level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance with regard to all dimensions of empowerment. Hence it is concluded that there is significant difference between mean ranks towards the empowerment after joining SHGs. Based on mean rank, Decision making empowerment (3.53) is high, followed by Psychological empowerment (3.49), Social empowerment (3.46), **Economic empowerment (2.53)** and Familial empowerment (1.99).

Suggestion and Conclusion

Empowerment process starts with the very beginning of group formation. Gradually the members of the groups become aware about various social and technical related activities through the group. Initially, they learn and gather information from each other by experience sharing during group meetings. They take the opportunity to participate in capacity building programme whenever they are exposed to such environment. In addition we recognize the fact that economic, social, political and psychological empowerment are the basic components which plays an important role in mobilizing women to become economically strong by providing training and employment opportunities. As a result women are gaining empowerment through their earnings and also they realize their full potential and self-esteem.

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