Women Empowerment through Micro Finance: A Critical Study of its Need & Practices with Special Reference to Self Help Groups in Nagpur City

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Abstract: This paper discuss the role of various self-help groups in Nagpur City for women Empowerment with the use of Micro Finance.

➢ Background

In terms of nominal GDP India is the ninth largest economy and the fourth largest in terms of Purchasing Power Parity after 1991, it includes Macro and Micro economic reforms which phrases adoption principles in terms of free market leads indian economic level growing at a rapid rate with recorded 7.7%. Despite of fast economic growth in India. Women empowerment is multidimensional in its approach and covers various major factors like economic, political, social, cultural and familial aspects in total. These facts of women development carries economic development and is played utmost significance in order to achieve the long lasting and sustainable development of society in whole.

1.0 INTRODUCTION

In India if we see the population scenario Women sharing 50% of the world’s population, perform nearly 2/3rd of its work hours but still not get the recognition as expected. Gender discrimination is distinct and common in all developing countries. Despite several attempts by government after independence, Indian women are still in disadvantage in relation to various terms which includes national labour force and form a major contributor which helps them in survival of their families. Almost 90% of total female labour are involved in agriculture and allied industrial sector. Women have extensive workloads with have majority of responsibility belongs to Farming and household in particular. It has been observed that nearly 90% of rural women in India are lacking with skilled part, due to low paid occupations-LPO.

➢ Precision of microfinance through self-help groups

It is an important means and part for attaining women development and empowerment in large. Today women are an integral part and inalienable part of society and constituting around half the total population of the world.

1. Savings Facilities of microfinance institutions (MFIs)

A. Results-
✓ Income from savings
✓ Greater capacity for self-investments
✓ capacity to invest in better technology
✓ Enable consumption smoothening
✓ More financial savings

➢ Impact on poverty

▪ Reduce household vulnerability to risks/external shocks
▪ Less volatility in household
▪ Empowerment and Reduce social exclusion

B. Credit Facilities
✓ Enable taking advantage of profitable investment opportunities
   Lead to adoption of better technology
✓ Enable expansion of microenterprises
✓ Improve profitability of investments
✓ Reduce distress selling of assets

➢ Impact on poverty

▪ Higher income and more diversified income sources
▪ Less volatile income
▪ Increase household consumption
▪ Better education for children
▪ Severity of poverty is reduced

2.0 REVIEW OF LITERATURE

The main purpose of a literature review is to add value to the many salient ideas of other research and studies, gathered from many disparate sources, which have contributed to the research problem.

2.1 Rahman (1986) established that “active” women who have taken loan had higher consumption standards and a role in household decision-making, either on their own or jointly. Both in turn had significantly higher consumption standards and were more likely to partake in
household decision-making than women from male loanee households or from households who had not received credit. Similarly, Self-help groups through microcredit have an important role in lessening the vulnerability of poor by creating assets, income and consumption smoothing, providing emergency assistance, and empowering and making women confident by giving them control over assets and increased self-esteem and knowledge (Zaman 2001).

2.2 Schrieder and Sharma (1999) state that most destitute women, belonging to the lowest castes, settle earlier debts because of their membership of the SEWA Bank, (the bank of the Self-Employed Women’s Association), hence preventing the perpetuation of an exploitative situation. The first set of assessments point out that women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets (Mayoux, 2000).

2.3 Dr. Deepiti Umashankar (2006) studied Women have to be acquainted with the government machinery through illustrated pamphlets and lecture and demonstration sessions that make clear the tasks of different functionaries. A successful intervention for empowering women necessitates several elements – an important one is imparting of new skills: the consequence of women assuming new roles is also support through training for enabling them to perform these roles.

2.4 NABARD Report stated that,

“12 million poor women today have access to savings and credit services through 800,000 SHGs all over the country. Over 30,000 branches of regulated banking structure are involved in this phenomenon. They have mobilized loans of over 450 million. Banks are free to decide the interest rates for lending to SHGs, and are presently lending at rates ranging from 8.5% to 13 % p.a. on reducing balance method. Assuming an average group size of around 13 or 14 members, that means more than 400 women are joining a SHG every hour!

3.0 RESEARCH METHODOLOGY

3.1 OBJECTIVES OF THE PROPOSED RESEARCH WORK

The research has been done keeping in mind several objectives, but major and the most Important objective of this research are:-

- To compare the living standard and expenditure of the people before and after receiving the loan.
- To study how SHG helps in changing incomes & savings of the poor women's in the villages.
- To study whether it enables women to have greater autonomy in household decision making Severity of poverty is reduced.
- To study how the SHG groups utilizes the loan in their business.
- To study whether SHGs are an effective for poverty alleviation, human development.
- To study whether SHGs bank linkage are an effective for poverty alleviation, human development.
- To find out the lacunas in financing loan to women SHG.
- To study for what purpose SHG groups utilizes the loan.

3.2 Hypothesis Of the Proposed Research Work

The study aims at testing the following hypothesis:-

H01: “Income and savings of women is unaffected due to participation in SHG”
H02: “Standard of Living of women is unaffected due to participation in SHG”
H03: “Economic Empowerment of women have been unchanged after joining SHGs”
H04 “Political Empowerment of women have been unchanged after joining SHGs”,

3.3 Type of research

The type of research design followed for the study will be Exploratory Research.

3.4 Data Source

3.4.1 Primary Data Source

The actual information will be received by the researcher for study from the actual field of research. The data will be obtained by means of questionnaires and schedules. In some fields primary data will be collected through interview and observation methods. The observation method, for collecting primary data, will be both participant &
3.4.2. Secondary Data Source
Secondary data will be attained indirectly. The researcher will not attain them directly. Such data will be attained from published and unpublished materials. Secondary data will be gathered from information collected from the individuals and stores through personal diary’s, letters and survey documents etc. The secondary data again, will be gathered through two types of sources. The first source will be the personal documents such as diaries, letters, photographs etc. the other source will be the public documents such as books, manuscripts, records, reports of surveys by private organisations and various information’s published in newspapers and magazines. The researcher will collect some data from journals, souvenirs, magazines etc. of national & international cadre.

3.5 Universe of the study
The universe of study will be Nagpur City.

3.6 Population of The Study
Women taking loan from SHG in Nagpur City.

3.7 Sample Designing
For conducting the research work it has been decided to undertake sample size of 100 women from Self Help Groups.

3.8 Limitations Of The Study
- One of main limitation of the study would be that the survey will be conducted in Nagpur city only.
- The data collected through questionnaire from respondents may not be accurate.
- Another difficulty could be limited time span of the project.
- The accuracy of findings is limited by the accuracy of statistical tools used for analysis.
- Under the secondary data collection researcher will rely over the data sources which may or may not be correct i.e, Dependency on secondary data.
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4.0 SHG BANK LINKAGE PROGRAMME
Bank lending to SHGs should be included in various domains like branch and block credit plan, district and state credit plan of each bank. SHG lending to be a part of planning process, while no target is being prescribed under this programme, utmost priority should be accorded to the sector in preparation of these plans. Following are the branches network of top Micro finance institutions which is given below:

**Figure-4.1 Top 10 MFI’s by Branch Network**

![Top 10 MFI's by Branch Network](image)

**Interpretation:**
When it comes to Branch Network, Bandhan Bank has the highest number of branches at 2022 and this is substantially higher than the 1273 branches of SKS Microfinance that comes in a distant second. Only 4 MFI’s in India have a branch network that is greater than 500.

**Table-4.1 Top 10 MFI’s with Loan Portfolio Outstanding**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of MFI</th>
<th>Gross loan Portfolio (In crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bandhan</td>
<td>3524</td>
</tr>
<tr>
<td>2</td>
<td>SKS</td>
<td>4155</td>
</tr>
<tr>
<td>3</td>
<td>Janalakshmi</td>
<td>3774</td>
</tr>
<tr>
<td>4</td>
<td>SKDRDP</td>
<td>3570</td>
</tr>
<tr>
<td>5</td>
<td>Ujjivan</td>
<td>3274</td>
</tr>
<tr>
<td>6</td>
<td>Spandana</td>
<td>2665</td>
</tr>
<tr>
<td>7</td>
<td>Equitas</td>
<td>2144</td>
</tr>
<tr>
<td>8</td>
<td>Satin Creditcare</td>
<td>2141</td>
</tr>
<tr>
<td>9</td>
<td>Share Microfin</td>
<td>1603</td>
</tr>
<tr>
<td>10</td>
<td>Grameen Koota</td>
<td>1447</td>
</tr>
</tbody>
</table>

**Interpretation:**
Bandhan Bank is once again the leader followed by SKS Microfinance, Janalakshmi which is an urban focused MFI is placed third with Rs 3774 Crore outstanding.
Elaborating on the role of National Financial Inclusion Conference, HR Khan, Dy. Governor – RBI emphasized on the relevance of the theme of the conference, “reaching the un-banked through the digital revolution” for the future growth of the sector. The microfinance and financial inclusion movement in India is at an in-flexion point, with significant developments and churning in the recent past, at the same time there is uncertainty on the future course of these developments.

4.2 SHG-Bank Linkage Programme
During 2014-15 about 2.68 lakh new SHGs were added in the domain of SHG to take the number of SHGs savings linked with formal financial institutions to 76.97 lakh as on 31.3.2015. After a dip in the number of SHGs in 2012-13, the SHG BLP has taken strength not only with net additions to the number of SHGs but also with enhanced savings and credit linkage of SHGs in the subsequent years. There was an increase of 3.59% in the number of savings linked SHGs over the previous year. (Source:- RBI & NABARD Report)

5.0 HYPOTHESIS TESTING
The situation of women participants in SHG of Nagpur region is studied with the help of following hypothesis:

H01: “Income and savings of women is unaffected due to participation in SHG”
H02: “Standard of Living of women is unaffected due to participation in SHG”
H03: “Economic Empowerment of women have been unchanged after joining SHGs”
To study the above hypothesis Paired sample t-test is applied with the help of SPSS ver 20, where the data of 100 women from different SHGs of Nagpur was collected and divided into three parts viz., Income and Savings, Standard of living and Economic empowerment. The data on income and savings is further divided into two parts income and savings. However, economic empowerment is studied with the help of variables like rate of interest of micro credit, procedure of obtaining loan from MFIs, improvement in financial situation of family, improvement in food expenditure and improvement in non-food expenditure.

Table 5.1 is analysed as follows:
Improvement in income and saving of women after joining SHG was studied through pair 3 and pair 4 in the above table, where the significance two tailed paired sample t-test value of both the pairs was 0.002 and 0.00 respectively, which is less than the alpha value of 0.05 and hence null hypothesis 1 i.e. Income and savings of women is unaffected due to participation in SHG is also rejected. This states that there is improvement in Income and saving of women due to participation in SHG.

Improvement in living standard of the family after joining SHG was studied above in pair 8 where the significance two tailed value of paired sample t-test obtained is 0.005 which is less than the alpha value of 0.05 and hence null hypothesis 2 i.e. Standard of Living of women is unaffected due to participation in SHG is rejected. This states that the standard of living of women and her family has improved after joining SHG due to increase in financial income and improvement in food and non food expenditure of the family.

The significant paired sample t-test value on the satisfaction from the rate of interest of micro credit before joining SHG and after joining SHG is 0.001 which is less than the alpha value of 0.05 and hence null hypothesis is rejected. This states that the satisfaction level of women participants has increase with regards to the rate of interest charged by micro credit after joining SHG.

Pair 2 studied the satisfaction level on convenience of procedure in obtaining loans from MFIs as compared to conventional banking before joining SHG and after joining SHG where significance value of paired sample t-test obtained in 0.003 which is again less than the alpha value of 0.05 and hence it is concluded that women participant find the procedure in obtaining loan from MFIs more convenient than conventional banking after joining SHG.

To study the Financial situation of the family before joining SHG and after joining SHG, paired sample t-test is applied on pair 5, where significance value of paired sample t-test obtained in 0.007 which is again less than the alpha value of 0.05 and hence it is concluded that the financial situation of the family of women participants have improved after joining SHG.

To study the improvement in food expenditure of women participants after joining SHG paired sample t-test is applied on pair 6, where significance value of paired sample t-test obtained in 0.001 which is less than the alpha value of 0.05 and hence null hypothesis is rejected and it is concluded that there
is improvement in food expenditure of women participants after joining SHG since there is also an improvement in income and saving of the participants.

Pair 7 studied the improvement in non-food expenditure of women participants before and after joining SHG, where significance value of paired sample t-test obtained is 0.000 which is less than the alpha value of 0.05 and hence null hypothesis is rejected and it is therefore concluded that non-food expenditure of women participants have improved after joining SHG and this ultimately provides economic empowerment to them.

Thus from the above points it is said that SHGs helps in economic empowerment of the women and thus the hypothesis 3 i.e. Economic Empowerment of women have been unchanged after joining SHGs is rejected.

To study the hypothesis H04 “Political Empowerment of women have been unchanged after joining SHGs”, paired sample t test is applied on variables of political empowerment like voting rights to women participants, power to utilise the voting power and opportunity to participate in political program.

Table 5.2 shows that:

Pair 1 studies the satisfaction on voting rights of women participants before joining and after joining SHG, where significance value of paired sample t-test obtained in 0.031 which is less than the alpha value of 0.05 and hence it is concluded that women participants have started enjoying their voting power after joining SHG.

Pair 2 studies the satisfaction on power to utilise voting rights of women participants before joining and after joining SHG, where significance value of paired sample t-test obtained in 0.025 which is again less than the alpha value of 0.05 and hence it is concluded that women participants have started utilising their voting power after joining SHG.

Pair 3 studies the opportunity of women participants to participate in political program before joining and after joining SHG, where significance value of paired sample t-test obtained in 0.263 which is more than the alpha value of 0.05 and hence it is concluded that the situation of women participants with respect to participation in political programs have not changed even after joining SHG.

This it is concluded from the above analysis that in most of the cases the political situation of women participants have changed after joining SHG and hence null hypothesis i.e. Political Empowerment of women have been unchanged after joining SHGs is rejected.

## 6.0 Findings and Conclusion

1. There was an increase of 3.59% in the number of savings linked SHGs over the previous year.
2. It enables women to have greater autonomy in household decision making.
3. Severity of poverty is reduced.
4. Women participants have started enjoying their voting power after joining SHG.
5. Improvement in Income and Savings after SHGs Bank Linkage Programme.
6. Non–food expenditure of women participants have improved after joining SHG and this ultimately provides economic empowerment to them.

## 7.0 Bibliography

### Books


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### Websites

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Nabard.org [www.nabard.org](http://www.nabard.org)

[www.microfinance.in](http://www.microfinance.in)

[www.rbi.org.in](http://www.rbi.org.in)


### Interviews

Personal Interview with Microfinance SHG Clients in Nagpur, 2016

### Articles & Papers


3. NABARD Financing A Self Help Group, A reference, NABARD, Bangalore 2015


Table-5.1 Analysis

<table>
<thead>
<tr>
<th>Pair</th>
<th>Paired Differences</th>
<th>t</th>
<th>d</th>
<th>f</th>
<th>Sig. (2-tailed)</th>
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<tr>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Std. Error Mean</td>
<td>95% Confidence Interval of the Difference</td>
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Table-5.2 Analysis

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<td>Upper</td>
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