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Impact of microfinance through SHGs women empowerment in the state of Andhra Pradesh

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Abstract:

The purpose of the study was to investigate the analysis of socio economic impact of women empowerment through microfinance schemes in Chittoor district. The study aimed to answer the research questions; how do microfinance schemes contribute to women empowerment in Chittoor district. To what extent do microfinance products influence by socially and economically impact of women empowerment.

The study sought to find out the effect of micro finance services on women empowerment in Chittoor, Andhra Pradesh. The study found that micro finance services have positive and significant effect on women empowerment in Chittoor, Andhra Pradesh. On average, to a very great extent, the respondents indicated that due to micro finance services, they had been able to save more and acquire assets. To a great extent, the respondents were able to increase their incomes, improved quality of life, received training, and increased women participation in decision making, enabled mobility and self-efficacy. To a moderate extent, micro finance services enabled the respondents to gain self-confidence and improved women position to the society. To a low extent, micro finance institutions services reduced women oppression.

Key words: socio economic impact of women empowerment - microfinance schemes- micro finance services

Introduction:

The study also concludes that micro finance services enable women to save more, acquire assets, increase their incomes, improved quality of life, training, participation in decision making, enabled mobility, self-efficacy, gain self-confidence, improved women position to the society and reduced women oppression in the society. This study also concludes that most of micro

finance women are in informal sector and not very educated. Therefore, by them accessing micro finance services, they empowered by enabling them to earn cash income through various types of entrepreneurial activities. These entrepreneurial activities increase their ability to contributes to their families' support which increase women's role in household decision making and control over allocation of resources within the household economic portfolio. Access to credit does not necessarily imply control and decision-making power for women members of MFIs, however, it indicates that the woman is in control of managing her work related activities and is measured by the respondent taking crucial decisions and planning in her income generating activity.

One of the objective of the research is to find out awareness level of microfinance among beneficiaries. Awareness level such as, how did they aware, from where they got microfinance etc.

H₀: There is no significance impact of Micro Finance institutions empowerment of women to improve the living conditions

Table: 5.1 Awareness of microfinance and its schemes

Awareness of microfinance and its schemes	Frequency	Percent
Yes	422	88
No	58	12
Total	480	100

Source: Compiled from the field survey

Table 5.1 observed that as per awareness of microfinance concern, out of 480 respondents, 88% of the people are very much aware about the microfinance and 12% people are unaware about microfinance. It means most of the people are aware about the microfinance. The awareness level of the rural poor people about the concept of Micro Finance is high. Therefore, spreading proper awareness of facilities and policies is imperative.

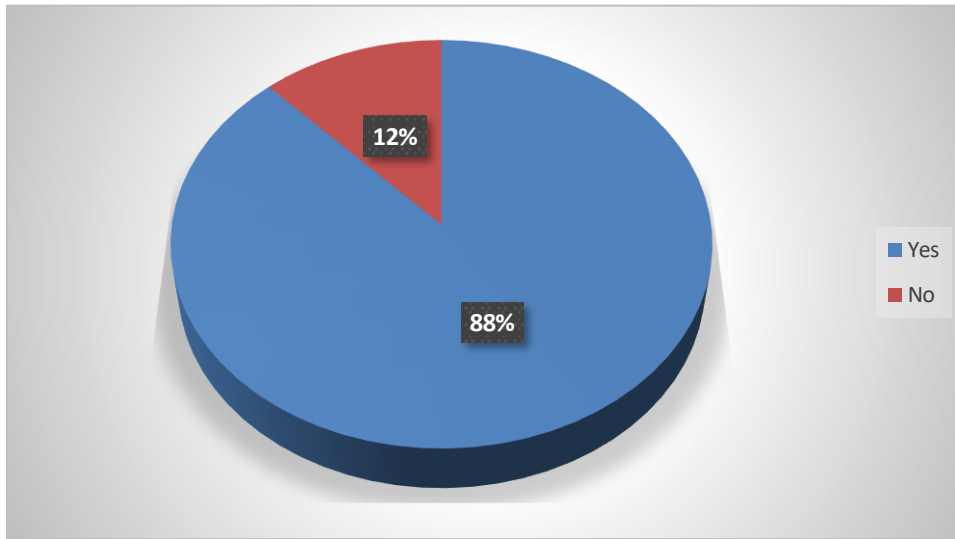


Figure 5.1 Awareness of microfinance and its schemes

5.3 Availing of microfinance facility:

As people are aware about microfinance facility, they are also availing the facilities provided by microfinance. Hence, the table and graph below shows the percentage and frequency of the respondents availing microfinance facilities.

Table:5.2 Availing of microfinance facility

Availing of microfinance facility	Frequency	Percent
Yes	432	90
No	48	10
Total	480	100

Source: Compiled from the field survey

Table observed that as per availing of microfinance facility is concerned, out of 100 respondents, 90% of the people are very much availing the microfinance facility and out of 100 respondents 10% people are not availing the facility. Therefore, it is clear that there are potentials of microfinance in rural areas as large number of people are availing the service and only 10% are not.

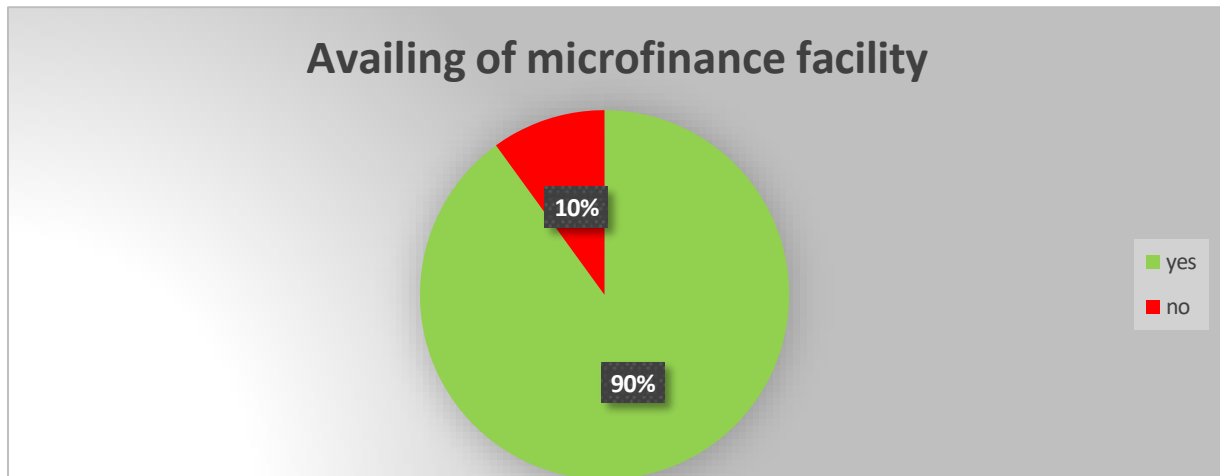


Figure 5.2 Availing of microfinance facility

5.4 Source of information and awareness of microfinanceservices:

The table and graph below shows that the rural people have awareness about micro finance from various sources which encouraged them to avail microfinance.

Table:5.3 Awareness about micro financefrom various sources

Sources	Respondents
People of locality	66
SHGs Representatives	24
Bank Representatives	10
Total	100

Source: Compiled from the field survey

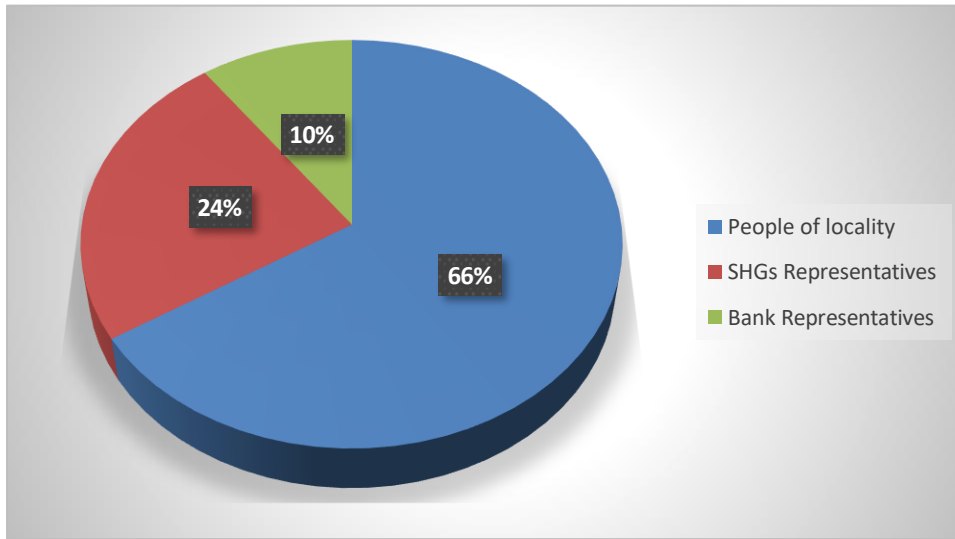


Figure: 5.3 Awareness about micro finance from various sources

Table that the maximum number of respondents 93% came to know about microfinance from people of locality including friends or relatives, 79% came to know with the help of SHGs representatives, 14% were told about microfinance by bank representatives. Therefore, it is interpreted that people of locality or the word of mouth plays the most important role in making the people availing that microfinance facilities. Hence, the bank representatives and even the village panchayat should spread awareness about the various schemes and facilities provided by microfinance.

Awareness regarding various services of microfinance

Along with the awareness of microfinance and availing the service, rural people are also aware about various service provided by microfinance. The table and graph below shows the awareness of the respondents about different products of microfinance.

Table :5.4 Awareness regarding various services of microfinance

Service	Respondents
Microfinance credit	82
Microfinance savings	14
Microfinance insurance	26
Microfinance housing	94
Finance to SHGs	93
Microfinance training	14

Source: Compiled from the field survey

The above table and graph shows also that rural people have awareness about micro finance from various sources. It has been analyzed that 82% of the sample are aware about micro credit schemes, 26% of the sample are aware about micro insurance schemes, 14% are aware about saving schemes and 94% are aware about housing, and 93% of the SHGs and 14% are aware about microfinance training. It is quite evident from the results of the survey that maximum poor people had knowledge of the microfinance housing scheme and they mostly opted for the same. The lowest percentage i.e. 14% were knowledgeable about the finance for training and saving. It means there has been least exposure in this area regarding the special schemes for them offered by MFIs.

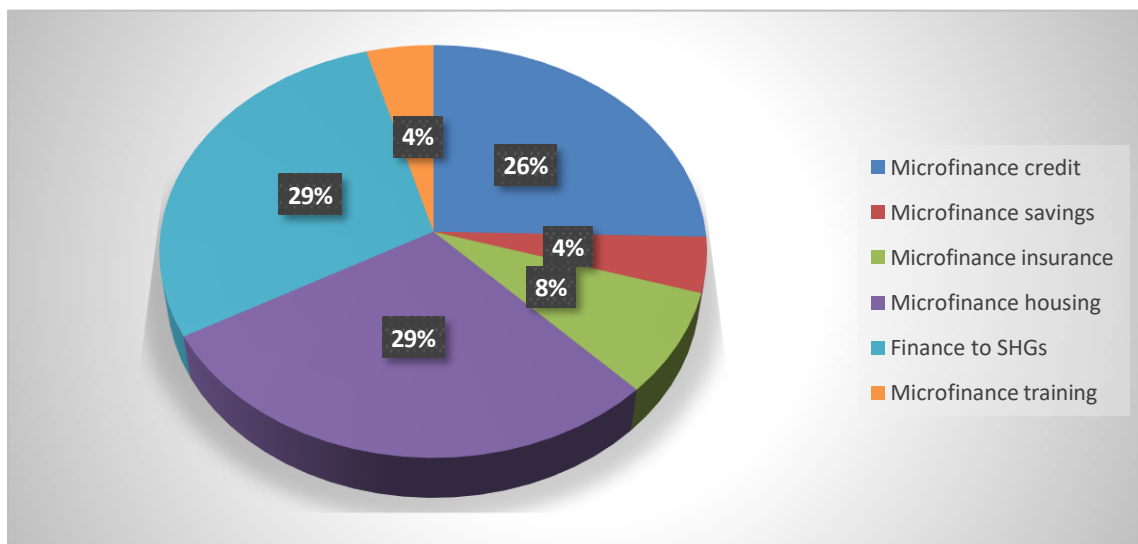


Figure:5.4 Awareness regarding various services of microfinance

Rating of the following factor relating to the microfinance services

Table:5.5 Easy access of loans

Rating	Percent
Strongly satisfied	33
Satisfied	52
Neutral	15
Total	100

Source: Compiled from the field survey

The table 5.5 observe that 52% of the total respondents are satisfied with the ease of loans, 33% of the respondents are strongly satisfied and 15% of the respondents reviewed it to be neutral. Therefore, it is seen that more than half of the people are satisfied with the readiness of loans provided by microfinance institutions. Hence, ease of loan may be one of the factors of which people of rural areas are encouraged to avail microfinance facility.

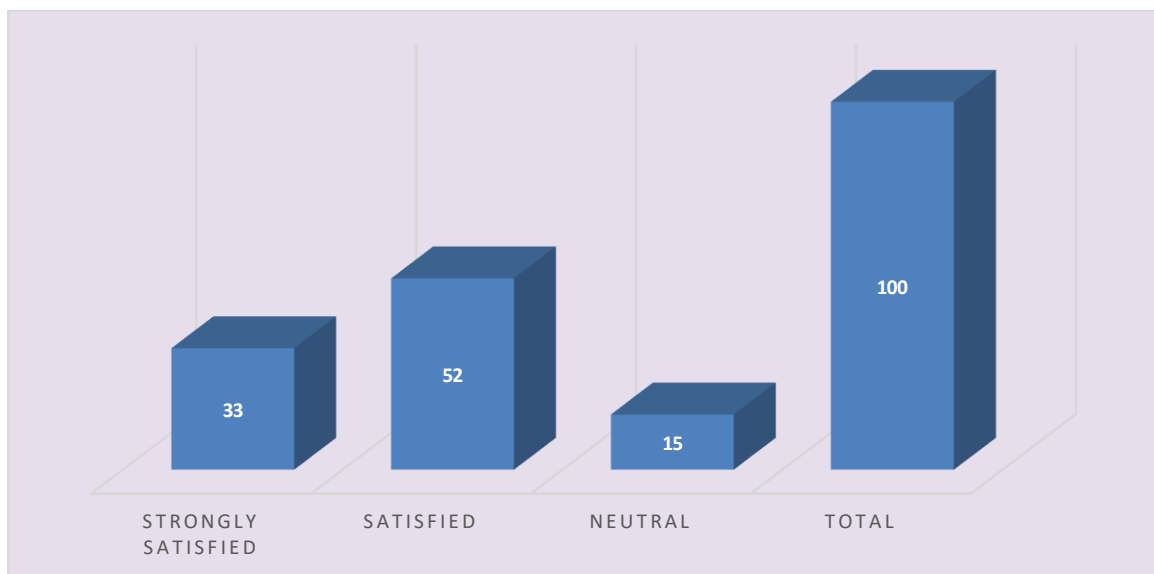


Figure: 5.5 Easy access of loans

Table :5.6 Interest rates of micro finance companies

Rating	Percent
Strongly satisfied	27.0
Satisfied	62.0
Neutral	11.0
Total	100

The table and figure we observe that 62% of the total respondents are satisfied with low interest, 27% of the respondents are strongly satisfied and 11% of the respondents reviewed it to be neutral. Therefore, we can see that more than half of the respondents are satisfied with the service of low interest. This can be identified as one of the factors of

availing the microfinance facility by the rural people as they are not pressurized with the burden of high interest.

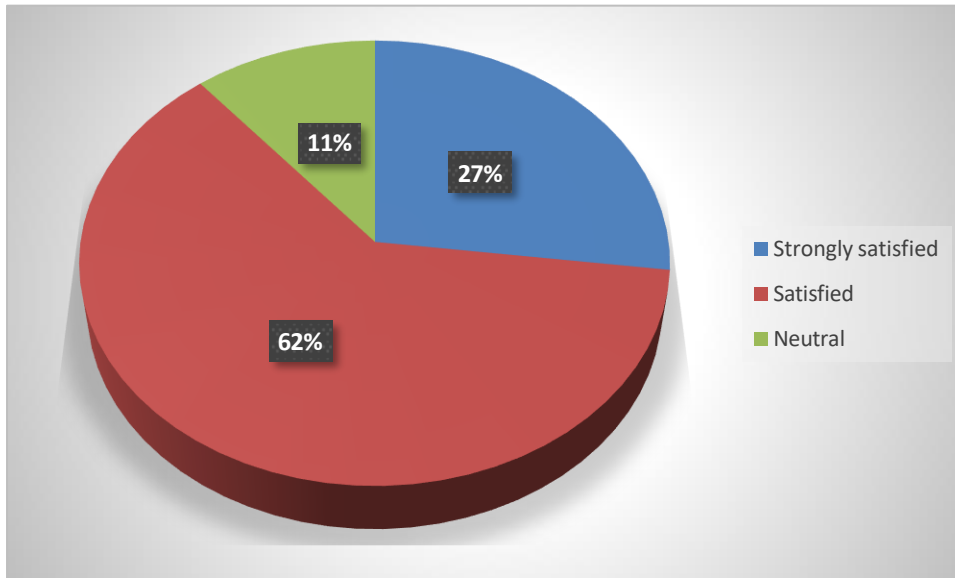


Figure :5.6 Interest rates of micro finance companies

Table: 5 . 7 Matching the credit need to borrowers

Ratings	Percent
Strongly satisfied	30.0
Satisfied	65.0
Neutral	5.0
Total	100

Source: Compiled from the field survey

Table and figure we observe that 65% of the total respondent are satisfied with matching of credit need to borrowers, 30% of the respondents are strongly satisfied and 5% of the respondents reviewed it to be neutral. Therefore, we can see that more than half of the respondents are satisfied with matching needs or requirement with the services of microfinance. Therefore, this is the reason rural people avail for microfinance services as they get loans easily according to their needs and requirements.

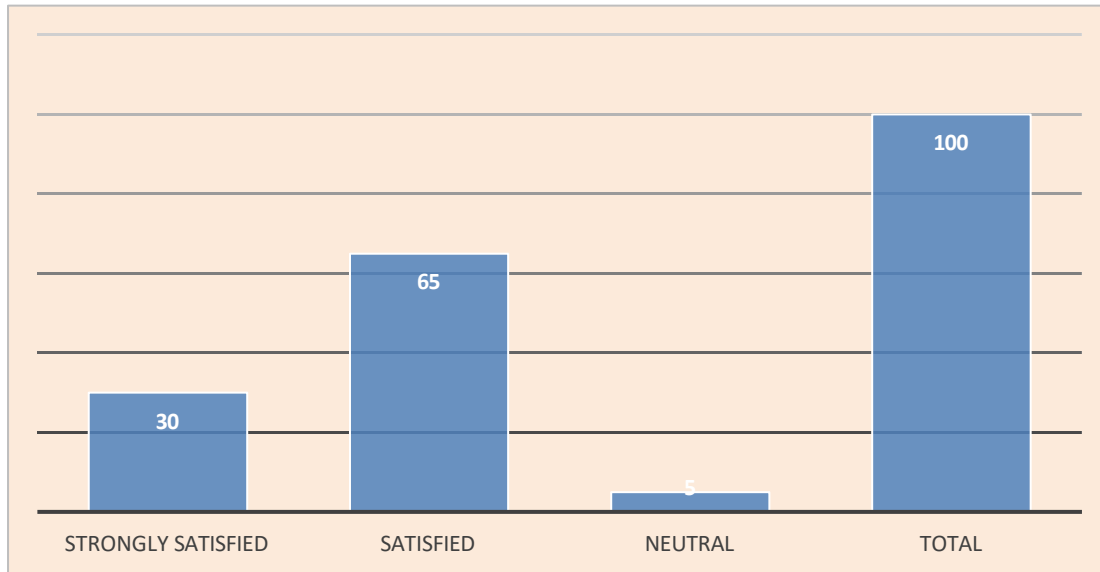


Figure 5.7 Matching the credit need to borrowers

Table:5.8 Repayment facility

Ranking	Percent
strongly satisfied	26.0
satisfied	64.0
neutral	10.0
Total	100.0

Source: Compiled from the field survey

Table observe that 64% of the total respondent are satisfied with repayment facilities, 26% of the respondents are strongly satisfied and 10% of the respondents reviewed it to be neutral. Therefore, we can see that more than half of the respondents are satisfied with repayment facilities with the services of microfinance. People have convenience in repayment of installment of loan taken, as installment amount is taken on weekly basis within the range of Rs.200-500.

Purpose of availing microfinance

People in rural areas take loans for one or more than one purpose also. Therefore, the study also states the purposes for which people take more loans so that more support and schemes can come up taking that into consideration the table and graph below reflects the various purposes for which more microfinance is used.

Table 5.9 Purpose of availing microfinance

Purpose of availing microfinance	Mean
Consumption	3.77
Emergencies	3.08
Education	2.51
Marriage	4.88
Housing/housing repairs	2.1
Tools/machines/equipment's	2.58
Business	1.44
Agriculture	2.4

Source: Compiled from the field survey

The purpose of taking loan from MFIs is different. In the above figure mean has been calculated in order to find out the purpose of taking microfinance. Therefore, lower the mean higher will the ranking. From the research it is observed that majority of people take loan for business i.e. using funds for establishing small business or for growth of their existing business. Followed by business, people take loans for building or repairing houses as it is again a critical factor. People also take loan for agriculture purpose such as for buying equipment's or for insurance and then for education of their children also loans from MFIs are taken followed by emergencies and consumption and marriage.

Socioeconomic status of the respondents:

Microfinance has been worldwide established as a major development tool to battle poverty and more specifically aimed at economically empowering the poor thereby increasing the socio economic conditions of the rural people. The table and figure below shows the satisfaction level of the respondents towards their increase in the economic conditions due to microfinance.

Table 5.10 Reasons for improvement of socioeconomic condition of microfinance users

Degree of satisfaction	Percent
strongly agree	9
Agree	76
Neutral	15
Total	100

Source: Compiled from the field survey

There are several reasons for improvement of socioeconomic condition of microfinance users. From the above figure it is seen that 76% of the respondents agree with the fact that microfinance has helped them to improve their socio-economic conditions as the loan taken from microfinance facilitate income earning. While 9% of the respondents strongly agree with this and 15% are neutral.

Bivariate analysis

Occupation * Are you availing any microfinance facility Cross tabulation

In this study the research has been conducted to find out and study all the factors relating to microfinance. Therefore, now we compare two variables in order to get more clear picture about the respondent's view taking into consideration the sample of 100 out of which 90% avails the service and the rest 10% does not.

Table :5.11 Occupation and relation of availing the microfinance facility

		Are you availing any microfinance facility		Total
		Yes	No	
Occupation	Agriculturist	26	0	26
	Service	10	4	14
	Employee	25	2	27
	Business	29	4	33
Total		90	10	100

Source: Compiled from the field survey

Table observed that business 29% profession are more users of microfinance followed by agriculturist 26%, employee 25% and service 10%. It is observed that majority of people take loan for business i.e. using funds for establishing small business or for growth of their existing business. The agriculturist take loan to purchase equipment's and for farming purpose and even for consumption purpose. Employees also take microfinance for investing in other things and for education. Banks and MFIs should keep on introducing more and more schemes under the

microfinance net as per the requirements of the rural poor and should increase the fund allocation towards the same.

Table 5.12 Factors relating to the microfinance services repayment facilities: Age of respondent

	Age of respondents			
Degree of satisfaction	less than 30	between 31-39	between 40-49	between 50-59
strongly satisfied	33.3%	22.0%	40.5%	16.7%
Satisfied	66.7%	65.9%	56.8%	66.7%
Neutral	0.0%	12.2%	2.7%	16.7%

Source: Compiled from the field survey

The above table 5.12 and graph it can be seen that people of the age group less than 30 -39 and 50-59 are more satisfied with the repayment facilities followed by people of age group 40-49. Banks and MFIs should keep on introducing more and more schemes under the microfinance net as per the requirements of the rural poor and should increase the fund allocation towards the same. Sufficient repayment time should be given to the borrowers as most of the micro-loans are given for startups and they might need some time for regular income generation.

The study adopted the descriptive research design using questionnaire held with women beneficiary and Microfinance institutions. The target population was self-help women groups in NGOs in Chittoor district. Primary data was collected with use of questionnaire from members of self-help groups. The researcher then made contact with the respondents on the location of their enterprises where the self-administered questionnaires were distributed and collected. The majority of the self-help group members had enterprises in similar locations, and this facilitated their accessibility. Descriptive statistic was used to examine and interpret the data. Tables and chart were used to present the data.

Table 5.13 Economic activity that SHG do for income generation

Activity	%
Earthen Pot Making	5.50
Bag Making / Handicraft	21.50
Farming	7.00
Flour Mill	81.50
General Store	64.50
Sewing Machine	26.50
Vegetable Grown and Selling	82.00

Source: Compiled from the field survey

According to the table shows that 82.00% of respondents are selling & grown vegetable, 81.50% of the respondents are having their own flour mill business, 64.50% of respondents are selling general store products, 26.50% of respondents are have their own sewing machine for stitching others cloths for income purpose, 21.50% of the respondents are involving in bag making and handicraft products, 7.00% of respondents are from farming and only 5.5% of the respondents are making earthen pot and then sell it. According to this most of the respondents are interesting in vegetable selling business and flour mill business.

Table 5.14 Have you taken loan from SHG?

Response	Percentage
Yes	65.00
No	35.00
Total	100.00

Source: Compiled from the field survey

According to the table no. 11, it is clearly shown that 65.00% of the respondents are taking loan from SHG and 35.00% of the respondents are not taking the loan from SHG.

Effect of joining SHG on different life aspects

This analysis is based on opinion on five points from strongly disagreesto Strongly disagree regarding conditions after joining SHG, to what extent respondents support these

statements.

Table 5.15: Effect of joining SHG on different life aspects

Item	%	Rank
increase in monthly income of family	83.30	23
monthly savings of family	82.90	25
personal monthly income	79.20	33
personal monthly savings	80.00	31
meeting my family's daily expenses.	84.10	21
able to purchase more of my desired items.	79.60	32
support my family financially	91.10	10
purchase for my children the thing of their requirement	86.00	17
purchase things for my personal use	81.50	28
status in society is increased	95.00	3
increase in my self-esteem /Self-worth	96.50	2
self-confidence has increased	96.80	1
became more self-reliant	96.50	2
more financially / economical independent	91.90	7
SHGs my moral is boosted significantly	93.40	6
Improvement in saving habits	84.60	19
Mobility is increased	79.20	34
Increased feeling of co-operation and helping others	88.80	14
started talking with others more confidently after joining SHGs	90.20	11
Started helping other women in my SHG group and in society	85.90	18
focusing on social issues like condition of women in society, health,	87.40	15
Legal awareness is increased i.e. started taking interest in political	84.30	20

Source: Compiled from the field survey

Table 5.15 shows effects of joining SHG on different life aspects of SHG members. From the table it can be observed that the most significant impact after joining SHG was on personality of

SHG members. The respondents revealed that after joining SHG they become more self-confident. Their feeling of self-esteem increased significantly and they become more self-reliant. Their status in society increased. On the second position they become their relationship with the peers in the society was improved and they become more aware about health and hygiene issues. Their moral was boosted significantly. Thirdly their financial status improved significantly they become financial independent and are able to help their family members, they can better take care of their kids. They can buy good cloths for their children and for them as well. Hence these were (discussed above) the major areas in which the situation of SHG members increased significantly. Their awareness regarding social issues also increases significantly. SHG members now can participate in discussions regarding political matters, social issues etc. they can now talk to anyone in the society with more confidence. They can participate in family matters and have their say. They can take their own decision regarding financial and social issues.

Hence it can be seen that although the situation improved in almost all the areas of life but the impact on certain areas was more significant than others. If we divide all the parameters given in the table above in four factors namely economic factor, personality factor, awareness and support factors, the impact was most significant on personality factor second was on support factor that is they can support their children and families more as compare to time when they were not SHG members. After support the significant impact was upon awareness that is their awareness regarding social issues, political issues, health and hygiene etc. was increased. Among the four factors the least significant impact was on economic factor if all the four factors compared. Therefore, becoming SHG members has improved the life of SHG members significantly after becoming SHG members.

Conclusion

This study shows awareness and potentials of microfinance among the rural people. The significance of microfinance in emerging countries like India cannot be underrated. Microfinance as a tool of poverty reduction has been making commendable struggles and giving hopes to the poor who are able and willing to save but are deprived of the adequate finance at reasonable terms. It plays a vital role for socioeconomic up-liftment of poor and low income strata of the society. Based on the above analysis and findings it can be concluded from the study that microfinance is

playing important role in social and economic empowerment of rural poor people in India. The study is carried out in the rural areas of Gandhinagar. Collection of sample data and its analysis shows that the services of existing MFIs are more or less satisfactory to the users of microfinance.

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