

**WOMEN EMPOWERMENT AND MICROFINANCE - A STUDY ON SELF HELP  
GROUPS IN THANE DISTRICT OF MAHARASHTRA****V.S. Kannan Kamalanathan, Ph. D.***Vice Principal, HOD & Research Guide, KES Shroff College of Arts and Commerce**Mumbai-67***Abstract**

*Women empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a women's life through which she increases her ability to shape her life and environment. It is an active multidimensional process, which should enable women to realize their full identity and power in all spheres of life. India envisions a future in which Indian women are independent and self reliant. It is unfortunate that because of centuries of inertia, ignorance and conservatism, the actual and potential role of women in the society has been ignored, preventing them from making their rightful contribution to social progress. Women entrepreneurship development is an essential part of human resource development. Entrepreneurship amongst women has been a recent concern. Women have become aware of their existence their rights and their work situation. However, women of middle class are not too eager to alter their role in fear of social backlash. The progress is more visible among upper class families in urban cities. However it is observed the development of women entrepreneurship is very low in India, especially in the rural areas. The present paper is based on primary and secondary data collected from different sources and specially focus on women entrepreneurship. The collected data has been analyzed through statistical techniques i.e. SPSS, EXCEL and conclusion were drawn*

**Key Words:** *Women Empowerment, micro finance, entrepreneurship, social progress*



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**Introduction:**

The research plan on "Women empowerment and Micro Finance – a study on Self Help Groups in Thane District of Maharashtra" presents the background and broad framework for the research work proposed to be carried out on the above topic. The finding of the study is useful for the Micro Finance Institutions (MFIs) of the country. This study will represent the marketing practices which are being used by the Micro Financing Institutions to achieve the goal of financial inclusion. The study will also help to the small organizations as well as weaker section of the society

### **Self Help Group**

Self Help Group is defined as “a small economically homogeneous and affinity group of rural poor voluntarily formed, to save and mutually agree upon a collective decision”. The common fund, established through individual contribution by way of savings will be lent to its members as per group decision. The concept of SHG serves to underline the principle of “for the poor, by the poor, of the poor”. Self-help group mechanism has been widely accepted as an integral part of micro credit. Several directives and guidelines from the RBI and NABARD to the commercial banks have clearly mentioned the needs to recognize the self-help group as a potential tool of micro credit. The RBI has launched the programme of linking self-help group with lending institutions like commercial banks so that the credit requirements of self-help groups can be properly attended to, by the commercial banks. Along with the self-help group, NGOs also play a pivotal role in obtaining the micro credit for the rural poor.

Among the various districts of Maharashtra, Thane District occupies a predominant position in the starting of the SHGs. In Thane District the urban centers have more rural bias and the economic activities are more agro-based. Hence, the SHGs have been formed for meeting the needs of industrial and agricultural activities.

### **Micro Finance:-**

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. More broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers." Those who promote microfinance generally believe that such access will help poor people out of poverty. Micro finance in the recent past has emerged as a potential instrument for poverty alleviation and women empowerment. Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients.

The word ‘micro financing’ today has its roots in 1970s when some organizations started to engage actively in giving microloans to some pre-qualified people. One of the prominent organizations that institutionalized the word ‘microfinance’ was Grameen Bank of Bangladesh grounded by the man we called ‘microfinance pioneer’, Muhammad Yunus.

There are also some claims attributed to Akhtar Hameed Khan who promoted participatory rural development in Pakistan.

Marketing Practices which are following by Micro Financial Institutions (MFIs) or can be say Microfinance lending models:- Peer pressure, Associations(SHGs), Bank guarantees, Community banking, Co-operatives, Credit unions, Grameen banks, Groups, Individual, Intermediaries NGO's, ROSCA, Small business and Village bank

### **Different Legal forms of the MFIs in India**

1. **NGO MFIs:** Societies Registration Act, 1860, (this was enacted under the British Raj in India to provide registration of literary, scientific and charitable societies. These societies are formed by a memorandum of association by any seven people associated for any literary, scientific and charitable purpose.) or Similar Provincial Acts/ Indian Trust Act, 1882. (This act defines and amends the law relating to private trusts and trustees.)

2. **The Non-profit companies:** Section 25 of the Companies Act, 1956. (Section 25 of this act deals with legal forms of non-profit organizations and due to better laws section 25 companies have the most reliable organizational structure and these companies are formed for the sole purpose of promoting commerce, arts, science, culture etc.)

3. **Cooperative MFIs:** Cooperative Societies Acts of the State & Central Governments. (Cooperative society is a society which has as its object the promotion of economic interest of its members in accordance with the cooperative principles and the society may be registered with or without limited liability)

4. **Non-Banking Financial Companies (NBFCs):** Indian Companies Act, 1956 (This is an act to consolidate and amend the laws relating to companies and certain other associations.) Reserve Bank of India Act, 1934. (This act constitutes the central bank of India which deals with other bank issues and looks after the monetary policy of the country)

### **Review of Literature**

Dr. K. Ravichandran, Dr. Khalid Alkhatlan in their study “financial inclusion is a path in which India’s future economic growth” found that country growth rate is 9%, still the growth is not inclusive with the economic condition of the people in rural areas worsening further. Basic reason of poverty is the financial exclusion. In India 40% people could not avail the financial services such as credit, insurance etc. So the financial inclusion not only for bankable clients but also for non-bankable clients..

Roberto More Visconti (2009) observed that the global recession which started in 2008 after the subprime crisis and the unprecedented default or re-sue of many financial institutions has strongly affected the credibility of the international banking system, damaging also the real economy... Intrinsic characteristics of microfinance, such as closeness to the borrowers,

limited risk and exposure and little if any correlation with international markets have an anti-cyclical effect. In hard and confused times, it pays to be little, flexible and simple.

Narayanan Memorial Lecture by Dr. Subir Gokarn, Deputy Governor, Reserve Bank of India at Sastra University, Kumbakonam – “Financial Inclusion: A Consumer Centric View on March 21, 2011” stated that basic premise of this lecture was that we need to take fully into account various behavioral and motivational attributes of potential consumers for a financial inclusion strategy to succeed.

### **Objectives of Study**

1. To understand the nature and scope of micro-finance and its significance from economic point of view.
2. To compare the impact of micro finance on the socio economic conditions of the members of SHGs before and after the formation of SHGs

### **Scope of Study**

The Reserve Bank of India identified large gap in the demand and supply of credit to the poor and suggests the urgent need to widen the scope, outreach and scale of financial services to cover the un-reached populace. The study will try to find out the reasons behind it. Another strong reason to study that in the time of recession when banks are moving toward bankruptcy whereas micro finance institutions are recovering 100% loan without having any NPA's even without any collateral security. The present study addressed itself to the basic research theme of contribution of microfinance institutions in social development and appraisal the contribution of Micro Financing to achieve the goal of Financial Inclusion.

### **Research Methodology**

The present study is based on primary as well as secondary data. The personal interview method has been adopted to collect primary data. For this, a well designed and a pre-tested interview schedule was prepared to collect the information relating to the study. With a view to identify the growth of micro credit scheme, the researcher had an in depth review of previous studies undertaken, relating to the topic of the present study. Further, the researcher had preliminary discussion with the officials of the Mahila Scheme and few NGOs registered in Mahila scheme, Thane District. The secondary data were collected from books, journals, RBI Bulletins, NABARD, annual reports and reports of the project implementation unit, Thane district.

### **Sample Size:-**

In India, various financial institutes are engaged in providing micro finance. These institutions are both from the public sector and private sectors. The population are the

universe for the study is Self Help Groups in Thane District. The size of the sample collected was 622 members from Self Help Groups. The samples have been selected on random basis.

**Technique of the study:-**

The data collected will be analyzed and interpreted by applying need based statistical tools and techniques. The same will be presented in the form of graphic, tables, charts and through running materials for interpretation by various interested group

**Hypotheses**

Ho1- Self Help groups do not require Micro finance for the development of its members.

Ho2-There is no impact of micro financial institution initiative on SHGs members.

**Analysis and Interpretation of Data**

**Nnature and scope of micro-finance**

To understand the nature and scope of micro-finance and its significance from economic point of view, We consider tabulated data of demographic variables Taluka, Age, Occupation along with economic variables namely Personal Income, Amount of savings, before and after the membership of SHG (per month) were studied

The -economic profile of the sample Self Help Group members such as, household income, expenditure, savings in SHGs, standard of living of the respondents and their economic contribution to their family, average annual income, average contribution to the family income, savings pattern before joining SHGs members after joining SHG, progress of income and savings per month is seen on the table-1.

**Table-1 Taluka-wise Details of Personal Income before the membership of SHG (per month)**

Taluka	Personal Income before the membership of SHG (per month)					Total
	Below Rs.2000	Rs 2001- 3000	Rs. 3001 – 4000	Rs 4001- 5000	Above Rs. 5000	
Sahapur	52	34	14	8	5	113
Wada	38	20	14	3	2	77
Palghar	24	16	08	3	1	52
Vasai	56	27	16	9	2	110
Murbad	49	17	12	5	2	85
Kalyan	31	14	07	2	1	55
Bhiwandi	53	14	05	1	2	75
Ulhasnagar	28	16	06	3	2	55
Total	331	158	82	84	17	622

**Personal Income after the membership of SHG**

From the table-2 it is been observed that taluka wise detailed personal income after becoming the membership of SHG per month is been analysed. It is observed that among the

earning per month after become members of SHGs has increased tremendously in every taluka.

**Table no.2 Taluka-wise Details of Personal Income after the membership of SHG (per month)**

Taluka	Personal Income after the membership of SHG (per month)					Total
	Below Rs. 4000	Rs 4001- 6000	Rs. 6001 8000	Rs.8001- 10000	Above Rs.10000	
Sahapur	46	32	18	11	6	113
Wada	35	23	11	06	2	77
Palghar	27	14	07	04	0	52
Vasai (E)	52	24	17	12	5	110
Murbad	45	18	12	06	4	85
Kalyan	28	14	07	04	2	55
Bhiwandi	43	18	08	05	1	75
Ulhasnagar	29	14	07	04	1	55
Total	305	157	87	52	21	622

### Testing of Hypotheses

#### Hypothesis 1:

H0- Self Help group members does not require Micro finance for the development of its members

H1- Self Help group members require Micro finance for the development of its members.

To test above hypothesis Beneficiaries perception about social empowerment are considered on five point agreement scale with following code. Strongly agree, Agree, Neither agree nor disagree, disagree and strongly disagree. For testing above hypotheses we compare mean rating scores with score 2 (which gives positive agreement opinion rating score). For testing purpose we rewrite above hypotheses as below

**Null Hypothesis:** Mean rating scores for social development is greater than 2.

**Alternative hypothesis:** Mean rating scores for social development is less than or equal to 2.

For testing above null hypothesis we use one sample's' test with hypothesized mean value 2.

The details of which are tabulated as follows.

#### Observation:

From table-3, it is observed that 't' value for null hypothesis is -12.960 which is less than -2.326. Also p value is 0.000 which is less than 0.01. Hence the null hypothesis cannot be rejected at 5% & 1% level of significance.

**Table No.3 One sample ‘t’ test of mean vs. hypothesized score 2 for requirement of microfinance Self Help group members**

	Mean score	Sample size	Degree of freedom	Calculated ‘t’ value (one tailed, upper )	Significant P value
Hypothesized mean scores for requirement of microfinance Self Help group members	$\mu_0 = 2$				
Observed Mean rating scores for <b>requirement of microfinance Self Help group members.</b>	$\mu_1 = 1.718$	n= 623	d.f.= 622	t = -12.960	p =0.000
Critical t values:					
1. At 5% level of significance the corresponding value t with d.f. 622 is $\pm 1.645$					
2. At 1% level of significance the corresponding t value with d.f. 622 is $\pm 2.326$					

**Interpretation:**

On the basis of above data it can be inferred Mean rating scores for requirement of microfinance Self Help group members is less than or equal to 2

**Findings:**

Self Help group members require Micro finance for the development of its members.

**Hypothesis 2:**

Ho: There is no impact of micro financial institution initiative/support/encouragement (any one) on SHG members

H1: There is impact of micro financial institution initiative/support/encouragement (any one) on SHG members.

To test above hypothesis Beneficiaries perception about impact of micro financial institution initiative are considered on five point agreement scale with following code. Strongly agree, Agree, Neither agree nor disagree, Disagree and strongly disagree. For testing above hypotheses we compare mean rating scores with score 2 (which gives positive agreement opinion rating score). For testing purpose we rewrite above hypotheses as below

**Null Hypothesis:** Mean rating scores for impact of micro financial institution initiative on SHG members is greater than 2.

**Alternative hypothesis:** Mean rating scores for impact of micro financial institution initiative on SHG members is less than or equal to 2.



**Table No.4 One sample ‘t’ test of mean vs hypothesized score 2 for impact of micro financial institution initiative on SHG members.**

Mean score	Sample size	Degree of freedom	Calculated ‘t’ value (one tailed, upper )	Significant P value
Hypothesized mean scores for impact of micro financial institution initiative on SHG members. $\mu_0 = 2$		d.f.= 622		p =0.000
Observed Mean rating scores for impact of micro financial institution initiative on SHG members. $\mu_1 = 1.718$	n= 623		t = -30.205	
Critical t values:				
1. At 5% level of significance the corresponding value t with d.f. 622 is $\pm 1.645$				
2. At 1% level of significance the corresponding t value with d.f. 622 is $\pm 2.326$				

For testing above null hypothesis we use one sample ‘t’ test with hypothesized mean value 2.

The details of which are tabulated in table -4.

**Observation:**

From the table-4, it is observed that ‘t’ value for null hypothesis is -30.205 which is less than -2.326. Also p value is 0.000 which is less than 0.01. Hence the null hypothesis cannot be rejected at 5% & 1% level of significance.

**Interpretation:**

On the basis of above data it can be inferred Mean rating scores for impact of micro financial institution initiative on SHG members on is less than or equal to 2

**Findings:**

There is impact of micro financial institution initiative on SHG members.

**Conclusion:**

Savings and credit are two basic elements in any developmental strategy. People irrespective of their position, should be encouraged to save and must be given safe and profitable options to save. Similarly they must be given sufficient and protected access to credit. Time is now ripe that the policy makers and practioners swing into action so that they do not miss the opportunity.

Microfinance has made tremendous progress in India. It has become a household name, in view of the variety of benefits reaped by the poor from microfinance services. Self Help groups have become the common vehicle of development process, converting all



developmental programmes. At present, a large number of SHGs, all the banking agencies and Microfinance Institutions (MFIs) are pursuing this programme for upliftment of the poor. RBI also recognized it as part of priority sector lending and normal banking business. The programme is also the main contributor towards financial inclusion in the country. Microfinance is a powerful tool for social and economic development. It has been recognized as an effective strategy for the empowerment of women. It is very useful for repayment of loan of bank, reduction in transaction cost to the poor and to the banks and to the banks, door step savings and credit facilities to poor in rural India.

For achieving complete financial inclusion and for inclusive growth, the RBI, Government, NABARD and the implementing agencies will have to put their minds and hearts together so that the financial inclusion can be encouraged. There should be proper financial inclusion in our country and the access to financial services should be made through SHG's and MFI's, thus, financial inclusion is a big broad road which Indians needs to travel to make it completely successful.

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