



International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournal.com>

© Serials Publications Pvt. Ltd.

Volume 14 • Number 9 • 2017

Micro Finance and Women Empowerment – An Impact Study of Self Help Groups in Punjab

Rasna Pathak¹ and S. K. Singla²

¹ Research Scholar, Department of Research, Innovation and Consultancy, IK Gujral Punjab Technical University, Jalandhar
E-mail: rasnapathak16@gmail.com

² Director, GNA-IMT, Phagwara

Abstract: In the developing countries these days, more emphasis is laid on the women empowerment and their inputs in progressing the nation. The empowerment of women is a stepping stone towards developing economy. Nowadays, women are not only upto managing households and bearing children, their task has been extended to bring income and be independent by doing field work, running small scale business or working in the factories. Practically rural women lives harder life as compare to urban ones. So government laid down certain micro financing programmes for economic betterment of women in society by providing micro credit to self help groups where 10-20 rural and poor women come across from the same village to contribute in some savings and provide financial assistance in form of group loans to their members. For this study primary data has been collected from four major districts of Punjab i.e. Jalandhar, Hoshiarpur (Doaba) and Ludhiana, Patiala (Malwa) through interviews and discussions with self help group members. A total of 400 respondents are taken 100 from each district formed a sample size of the study.

Key words: Empowerment, SHG, Micro Financing, Women

INTRODUCTION

Grameen bank of Bangladesh seeded the idea of the self help group that was given by Muhammad Yunus. Self help groups were started and formed in 1975. The basic purpose of SHGs is to help the new lease of life for the women in the villages for the purpose of their social and economic prosperity. SHGs are the small, homogenous groups of Maximum of 20 members that are formed by the officials, NGOs and institutions at the village level.

Women empowerment is a critical issue now for the social as well as economic development of the country. Microfinance industry has always targeted women because they are considered weak link of the

society. Microfinance industry has become the effective tool to reduce the issue of poverty has as well grown in bringing the drastic change in the lives of women of our country that indeed improves the lifestyle of whole family thus, effecting the whole community. This is the right strategy to awake the inner strength of the poor and weaker section of the society. The self help groups has been formed to uplift the women especially who are below poverty line. The empowerment of women is not only for the individual development but also for the development of society and nation as a whole.

REVIEW OF LITERATURE

- Sahu (2010) assessed the quality of SHG in Northwest India based on the 13 indicators Thus, in group formation; homogeneity in economic status should be given weightage. Continuity in the perusal of social causes and issues, group processes, and other social parameters should be considered while fixing determinants of group quality.
- Basargekar, (2009), concluded that utilisation of loan provided through the microfinance programme for micro entrepreneurship or productive purposes is positively associated with the duration of association with SHGs and has a strong bearing on the economic as well as overall empowerment of women.
- Bansal, (2011), in Punjab, India showed that microfinance programmes were successful to diversify the economic activities in rural areas and made participants engaged there which increased income of the individual as well as household and also empowered women economically, socially, psychologically and politically.
- Reji, (2013), have found the significant differences of empowerment in terms of income as well as number of employment days after joining SHG when compared with the before joining the group and that income and employment were higher in post-SHG situation. Thus, it is apparent from the review of literature that SHGs are playing vital role in the progress of women empowerment.
- Study by Okibo and Makanga (2014) found that microfinance institutions are useful tools for poverty reduction. It has improved the standard of living of clients.

NEED OF THE STUDY

For the creation of self employment and for raising the standard of poor and weaker section of women, the government has laid down certain anti poverty programmes because poverty and unemployment is still a major issue in the developing country like India. The major action that has been taken against poverty and unemployment is the formation of self help groups. This research has been carried out to find out whether there comes a difference in income, saving, expenditure level of poor section of the women after they joined self help groups. Many such researches have been done in the southern part, but a study lacks in the major parts of Punjab. So, the regions of Malwa (Ludhiana and Patiala) and Doaba (Jalandhar and Hoshiarpur) have been taken to carry out this research.

OBJECTIVES OF THE STUDY

1. To identify the socio economic profile of SHG women by using different micro financing models in rural and urban areas of Punjab.

2. To discover the income, expenditure and savings of the members after joining self help groups.
3. To study the various problems faced by SHG members in the study area.

RESEARCH METHODOLOGY

The study has been conducted in Malwa region (Ludhiana and Patiala) and Doaba region (Jalandhar and Hoshiarpur), four major districts of Punjab from each region of malwa and doaba between June 2016 to December 2016. Total of 40 SHGS are selected from each region for the present study. Simple Random sampling has been used, out of 80 SHGs, 5 members from each group has been selected from four districts. So, (80*5=400) respondents are selected. A pre tested and structured questionnaire was formed for the collection of data. In addition secondary data has been taken from journals, internet and magazines. Different statistical tools such as percentage method, chi-square test have been applied on the sample data.

Table 1 represents the socio economic profile of the members such as age, education level, marital status, kind of family etc in urban and rural areas of malwa and doaba with three micro financing models:

- a) Model I – Self help groups formed and financed by bank.
- b) Model II – Self help groups formed by NGO (Non Government Organizations)
- c) Model III- Self help groups financed by banks using NGO’s as financial intermediaries.

Table 2 represents the Income status of women members before and after joining Self Help Groups.

Table 3 shows the family expenditure of each member’s household before and after joining SHGs.

Table 4 represents the saving pattern of the members before and after joining SHGs.

Table 5 shows the problem faced by self help group members in sample area.

I. Socio Economic Profile

(a) Age Composition

Age is an important factor in analyzing socio economic conditions of Self Help Group members. Young members are more energetic and work for more working hours as compare to old members. Table 1.1 shows age composition of self group members from different regions i.e. Malwa and Doaba under three different models.

Table 1.1

	<i>Malwa</i>									
	<i>Total</i>	<i>By Bank</i>		<i>By NGO</i>		<i>Thru NGO</i>				
		<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>			
<i>Age</i>										
18-30	85	8	3	5	56	20	36	21	7	14
31-50	107	6	2	4	82	29	53	19	7	12
Above 50	8	1	0	1	6	2	4	1	0	1
Total	200	15	5	10	144	50	94	41	14	27

Source: Field Survey

Table 1.1 shows that maximum number of SHG members i.e 107 members belongs to the age group of 31-50 years, 85 members belong to 18-30 years of age and less number of members almost negligible i.e only 8 members cover under the age group of above 50. In Malwa region total of 200 members are surveyed under three different micro financing models. Almost 65% of the belongs to the urban areas of Ludhiana and Patiala and 35% belongs to the rural areas of the districts.

Table 1.2

<i>Doaba</i>										
<i>Age</i>	<i>Total</i>	<i>By Bank</i>			<i>By NGO</i>			<i>Thru NGO</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
18-30	70	4	1	3	52	18	34	14	5	9
31-50	115	9	3	6	77	27	50	29	10	19
Above 50	15	2	0	2	8	3	5	5	2	3
Total	200	15	4	11	137	53	89	48	17	31

Source: Field Survey

In Doaba region survey of 200 members has been taken from which 58 percent of members belongs to the age group of 31-50 years, 35 percent of members belongs to the young and energetic age group of 18-30 years and very little percentage denotes to the age group of old members. Maximum number of respondents is in a view that their groups have been formed by non government organizations and very few are formed and financed by banks.

(b) Educational Level

Educational level plays an important role in shaping the expectation and working behavior pattern of self help groups in the three major regions of Punjab i.e Malwa and Doaba. In this study classification of educational level has been done under the categories of i) Illiterate ii) Primary iii) Matric iv) Senior secondary and v) Degree.

Table 2.1

<i>Education</i>	<i>Total</i>	<i>By Bank</i>			<i>By NGO</i>			<i>Thru NGO</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Illiterate	23	0	0	0	15	5	10	8	3	5
Primary	37	1	0	1	28	10	18	8	2	6
Matric	50	1	0	1	38	13	25	11	4	7
Sr. Sec.	77	5	1	3	59	21	38	13	5	8
Degree	13	2	1	2	8	3	5	3	1	2
Total	200	9	2	7	148	52	96	43	15	28

Source: Field Survey

Table 2.1 represents that in Malwa region 40% of Self help group members have got education upto senior secondary level. 25% of members got their education upto matric and 11% of members are still

illiterate which have been raised by NGO's and through NGO's for their upliftment in society so that they can also be an earning hands for their family. It also signifies the importance of microfinance programme as it gives opportunity to both literate and illiterate women to participate in the programme of social upliftment. Respondents from urban areas are more educated and their still a lack in pace of education in the rural areas of the districts of Ludhiana and Patiala.

Table 2.2

<i>Doaba</i>										
<i>Education</i>	<i>Total</i>	<i>By Bank</i>			<i>By NGO</i>			<i>Thru NGO</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Illiterate	24	1	0	1	19	7	12	4	1	3
Primary	38	4	1	3	25	9	16	9	3	5
Matric	73	8	3	5	52	18	34	13	5	8
Sr. Sec.	46	3	1	2	35	12	23	8	3	5
Degree	19	0	0	0	16	6	10	3	1	2
Total	200	16	5	11	147	52	95	37	13	24

Source: Field Survey

In Doaba region survey of 200 members have been done from which major portion of self help group members have got education upto matric and very nominal range of members completed degree as their part of education. 12 percent of women members are illiterate but the poor women who are illiterate or merely literate can take opportunity to become a member of self help group and also act as an economic agent. Out of three models, the significance of the second model in which SHGs are formed by NGO's is remarkable.

(c) Marital Status

Marriage is an institution in which men and women enter into a family life and become more responsible towards their family than when under the dependence of their parents. Following tables represents the marital status of women acting as a member of self help groups in highly populated districts of Malwa and Doaba.

Table 3.1

<i>Malwa</i>										
<i>Marital</i>	<i>Total</i>	<i>By Bank</i>			<i>By Ngo</i>			<i>Thru Ngo</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Status										
Single	53	3	1	2	37	13	24	13	5	8
Married	131	12	4	8	88	31	57	31	11	20
Divorcee	9	1	0	1	7	2	5	1	0	1
Widow	7	0	0	0	7	1	6	0	0	0
Total	200	16	5	11	139	47	92	45	16	29

Source: Field Survey

The table 3.1 shows that in Malwa region 53 respondents are single out of the total sample of 200 and maximum numbers of female members are married 65.5% and very small amount of self help group members are divorcee and widow to whom this group plays a vital role in their earnings and being independent. NGO's are providing a training programmes to the women and educating them regarding the benefits of joining self help groups and out of 200 respondents 139 members are influenced by the non government organizations and formed a group for their independence and raising their status.

Table 3.2

<i>Doaba</i>										
<i>Marital Status</i>	<i>Total</i>	<i>By Bank</i>			<i>By NGO</i>			<i>Thru NGO</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Single	59	2	0	2	49	17	32	8	3	5
Married	129	12	4	8	93	33	60	24	8	16
Divorcee	9	1	0	1	7	2	5	1	0	1
Widow	3	0	0	0	3	1	2	0	0	0
Total	200	16	5	11	152	53	99	33	11	22

Source: Field Survey

In Doaba region out of total 200 members of self help groups major portion of female members are married with the percentage of 64.5 which shows that these groups are playing great role towards economic upliftment .Married women, many often in the poor family are subjected to domestic violence and they are mostly dominated by their husband in respect of financial matters (Day, et. al, 2014), and 4 percent of the women are divorced and only one percent of the respondents are under widow category.

(d) Family Type

As we consider family as a social institution but in present scenario, people prefer to have nuclear families over joint family system. There are basically the economic reasons behind this that's why joint families are declining day by day. Following tables shows the distribution of family type in different regions of Punjab.

Table 4.1

<i>Malwa</i>										
<i>Family Type</i>	<i>Total</i>	<i>By Bank</i>			<i>By Ngo</i>			<i>Thru Ngo</i>		
		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Joint	34	2	0	2	24	8	16	8	3	5
Nuclear	166	11	4	7	119	42	77	36	13	23
Total	200	13	4	9	143	50	93	44	16	28

Source: Field Survey

The maximum number of respondents are having nuclear families , only few 34 members of self help groups are having joint families as now a days a trend to have joint families has been declined. In urban areas, because of high family expenditure people prefer to have small families so that they can up bring their children in a better way by providing them quality education and a good lifestyle.

Table 4.2

<i>Doaba</i>										
<i>Family Type</i>	<i>Total</i>		<i>By Bank</i>		<i>By NGO</i>			<i>Thru NGO</i>		
			<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>		<i>Rural</i>	<i>Urban</i>	
Joint	34	3	1	2	24	8	16	7	2	5
Nuclear	166	13	5	8	124	43	81	29	10	19
Total	200	16	6	10	148	51	97	36	12	24

Source: Field Survey

In Doaba region, 83% of female members are having nuclear families as they reflect the modern style of living and only fewer members are having joint families and the number is only 34 out of total 200 members in a group. Major data has been collected from urban areas approximately 60% because of more population as compare to rural areas. In rural areas also the trend of joint families has been declined due to economic conditions. Everyone wants to live independent life without anyone's interference.

II. Income Level of Members

With the help of increase in income, poverty reduction can takes place. Poverty is a vicious circle and only increase in income factor can break that circle. Following table shows the change in income pattern of the members after joining self help groups. The table shows that before joining the self help groups the major portion of income of the respondents of malwa and doaba region lies within the range of 1000-2000, and after they joined SHGs the range has been increased and maximum respondents come under the income range of 2000-3000. According to the data collected there is an impact that there is increase in the percentage of income from approximately 2% to 8% after joining the group. Many women members actively participated in economic activities independently and with group efforts to raise their income level and standard of living.

Hypothesis 1: H0 - There is no significant difference in the monthly income of the members before and after joining self help groups in Malwa and Doaba region.

Table 5

<i>Sr. No.</i>	<i>Monthly Income</i>	<i>Before joining SHGs</i>				<i>After joining SHGs</i>			
		<i>Malwa</i>	<i>%age</i>	<i>Doaba</i>	<i>%age</i>	<i>Malwa</i>	<i>%age</i>	<i>Doaba</i>	<i>%age</i>
1	Less than 1000	36	18	44	22	18	9	11	5.5
2	1000-2000	55	27.5	46	23	40	20	31	15.5
3	2000-3000	47	23.5	29	14.5	62	31	51	25.5
4	3000-4000	30	15	37	18.5	35	17.5	46	23
5	4000-5000	19	9.5	24	12	26	13	34	17
6	5000-6000	09	4.5	14	7	12	6	19	9.5
7	Above 6000	04	2	06	3	07	3.5	08	4
	Total	200	100	200	100	200	100	200	100

Source: Primary Data

Result: At 5% level of significance, the calculated values of chi square in Malwa and Doaba region are 13.153 and 32.515 respectively which is greater than its tabulated value i.e. 12.592. So the null hypothesis

is rejected which shows that there is a significant difference in the monthly income of members before and after joining self help groups. The income of the respondents has been increased after they have joined the groups.

III. Expenditure Level of the Members

As the level of income increases, the expenditure level of the members also increases. Now a days woman are treated as an asset to the family, as they helps in earning by working independently and meeting family expenditures. With the increase in income there's also a rise in standard of living. As shown in the table that before joining self help groups the maximum numbers of respondents of both malwa and doaba region have their monthly expenditure in the range of 1000-2000, but after joining the group maximum respondents comes under the expenditure slab of 2000-3000 of both the regions. There is an increase in number of respondents from 29 to 38 in malwa region and 31 to 43 in doaba region with the monthly expenditure of 3000-4000.

Hypothesis 2: H0- There is no significant difference in the monthly family expenditure of the members before and after joining self help groups in Malwa and Doaba region.

Table 6

Sr. No.	Monthly Expenditure	Before joining SHGs				After joining SHGs			
		Malwa	% age	Doaba	%age	Malwa	%age	Doaba	%age
1	Less than 1000	38	19	24	12	19	9.5	08	4
2	1000-2000	64	32	71	35.5	58	29	51	25.5
3	2000-3000	49	24.5	57	28.5	68	34	69	34.5
4	3000-4000	29	14.5	31	15.5	38	19	43	21.5
5	Above 4000	20	10	17	8.5	17	8.5	29	14.5
	Total	200	100	200	100	200	100	200	100

Source: Primary Data

Result: In Malwa region the calculated value of chi-square is 11.166 and in Doaba region the calculated value is 17.498 which is greater than the tabulated value i.e. 9.488 at 5% level of significance. So, the null hypothesis is rejected; hence there is a significant difference in the family expenditure of respondents before and after joining the self help groups in both the regions of Punjab. With the improvement in the income level of women, there is an increase in the expenditure of the household after joining the group as it give rise to the standard of living.

IV. Monthly Saving Pattern of Members Before and after Joining Self Help Groups

Savings play an important role in confidence building for the rural people. With the increase in an income after joining the self help groups, the women members also save some money after meeting all the expenditures. Savings can be used as the substitute of insurance where social safety nets are hardly ever existent for the poor of the developing countries (Morduch, 1999, Hossain, 2012). For the poor and

weaker section of society it's very difficult to arrange credit at nominal rate of interest because of lack of collateral, the only source to meet their desires is to save. SHG acts as a medium for inculcating the habit of saving among the women members and to enhance their status in society. They can also be a good decision maker in their family matters and beneficiaries in the democratic, economic, social and cultural spheres of life. Table shows the saving pattern of the respondents before and after joining of SHG. It is evidently proved that in malwa region about 28% of the women members are under non saving category but after joining the group the number decreased to 14%, the same is the case with doaba region the non saving members have been decreased from 23% to 9% approx. Maximum members are saving up to rs.200-300 every month after meeting all expenditures. So, as per the data there is a remarkable change in the saving pattern of self help group members.

Hypothesis 3: H0- There is no significant difference in the monthly family savings of the members before and after joining self help groups in the regions of malwa and doaba.

Table 7

Sr. No.	Monthly Savings	Before joining SHGs				After joining SHGs			
		Malwa	% age	Doaba	%age	Malwa	%age	Doaba	%age
1	Less than 100	45	22.5	76	38	34	17	41	35
2	100-200	58	29	45	22.5	46	23	38	19
3	200-300	28	14	24	12	63	31.5	68	34
4	Above 300	13	6.5	09	4.5	29	14.5	34	17
5	Non Saving	56	28	46	23	28	14	19	9.5
	Total	200	100	200	100	200	100	200	100

Source: Primary Data

Result: In Malwa region the calculated value of chi-square is 31.8 and in doaba region the calculated value is 57.85 which is greater than the tabulated value i.e. 7.81473 at 5% level of significance. So, the null hypothesis is rejected; hence there is a significant difference in the monthly savings of respondents before and after joining the self help groups in both regions of Punjab. With the improvement in the income level of women, there is an increase in the savings of the household after joining the group as it helps in rising to the standard of living.

V. Problems faced by respondents in functioning of Self Help Groups

With the huge benefits of joining self help groups, there are also some problems faced by the women members of self help groups. An effort has been made to find out the problems of the members that they are facing. Following table shows the data regarding the problems which has been presented and interpreted.

Table 8 shows that the major problem which the 81.2% of women are facing is of excessive stress and tension, as women have to play equally important role for the family as well as a member of the self help group which she has joined. So, it is difficult to maintain balance in this dual role as a homemaker and a member as in both cases her presence is must. Another major problem faced by the SHG's member is of low profits, as women engage themselves in some kind of work like manufacturing, tailoring etc in which

Table 8

<i>Sr. No.</i>	<i>Statement</i>	<i>Total 500</i>	<i>Percentage</i>
1	Loans not received in time	192	38.4
2	Difficulty in getting raw material	234	46.8
3	Competition from machine made product	310	62
4	Labour problems	137	27.4
5	Distance of market	126	25.2
6	Low profit	372	74.4
7	Lack of transport facilities	118	23.6
8	Non-cooperation of group members	280	56
9	Marketing problems	96	19.2
10	Improper utilization of funds	354	70.8
11	Excessive stress and tension in women	406	81.2
12	Too many formalities	245	49
13	Improper account keeping	349	69.8
14	High rate of interest	89	17.8
15	Lack of training	182	36.4

Source: Field Survey

there's always a risk to maintain profit level. 74.4% of women are facing the problem of low profits which leads to lack of motivation amongst them as 62% of women are in a view that they are facing tough competition from machine made products. Improper utilization of funds is another problem faced by 70.8% of members; if the funds are not utilized properly it may result in the failure of the group efforts. As mostly the women are illiterate in rural areas and because of lack of training provided to them, there is a problem of improper account keeping to 69.8% of the women members. The result also revealed that 46.8% of members are not getting enough raw materials on time which results in their poor output, and the output what they give is facing another problem of transportation and its proper market in which they can sell their produce. 49% chunk complains about the formalities they have to face in operation with bank and 17.8% women are upset with the high rate of interest charged by the bank.

CONCLUSION

The study was undertaken to examine the role of self help groups in empowering the women in the region of Malwa (Patiala, Ludhiana) and Doaba (Jalandhar, Hoshiarpur). Finance plays a vital role in fulfilling the necessities of everyone; especially it helps in upbringing the socio economic conditions of the weaker and poor section of the society. Micro finance acts a poverty alleviation tool for the poor people in the society. The data shows that there has been increase in the income of the respondents after joining the self help groups which also result in increase the monthly expenditure to raise the standard of living and after incurring all the expenditure the amount of money remain are the savings of the women members. An effort has been made to determine the problems of women who have joined self help groups so that with the help of proper training the obstacles can be removed which helps in the smooth functioning and running of self help groups.

REFERENCES

- S. P. Gupta (2009), “Statistical methods”, Thirty eight revised Editions, Sultan Chand & Sons Publishers, New Delhi.
- C. R Kothari (2007), Research Methodology Methods & Techniques, Second Edition, New age International publishers, New Delhi.
- Bansal, D. (2011), Impact of Microfinance on Poverty, Employment and Women Empowerment in Rural Punjab. Thesis submitted to Punjabi university, Patiala, 13.
- NABARD. (2008), Report of Committee on Financial Inclusion. NABARD.
- Dr. Reji, (2013), “Economic Empowerment of Women Through Self Help Groups in Kerala”, *International Journal of Marketing, Financial Services & Management Research*, Vol. 2, No. 3, pp. 97-113.
- Mohd. Najmul Islam, (2012), “The microfinance guarantee for financial inclusion: Evidence to support in India”, *Indian Journal of Commerce & Management Studies*, Volume III Issue 1, Jan., pp. 130-134.
- “Women Empowerment through Self-Help-group’s.com.
- Sarania, R., (2014), “Employment and Agro-based Industries: A Study on Women Self Help Groups (SHGs) in Baksa District of Assam” in Dinesh Das (ed.) *Propsects and Problems of Agro-Based Industries in Assam*, First Edition, N. L. Punlications, Assam, India, pp. 85-100.
- R. Pathak, S. K Singla., (2015), “Impact of self help group activities concerning microfinance for economic sustainability and growth- An empirical study in ludhiana”, *International Journal of emerging research in Management and Technology*, Volume 4, Issue 5.