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# MICRO FINANCE – A SOCIO-ECONOMIC STATUS OF WOMEN IN PUDUCHERRY CITY (WITH SPECIAL REFERENCE TO OULGARAT COMMUNE)

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## INTRODUCTION

SHG is nothing but a small cooperative unit comprising of 20 or lesser number of people. They are organised in a group with a name and three office bearers who manage the group and maintain the accounts and bank operations. Each member is made to save money on a regular basis and the collected saving money is given as loan to the members at a nominal interest. The entire transaction is transparent and properly audited. Members are eligible for financial assistance from banks or any other financial institution. The interest on this financial assistance is very low so that the members of the group get rid of their high interest borrowings. The members of groups are encouraged to start their own business or production units so that they can earn profit. In addition SHGs empower women, enlighten them intellectually, and organise them to avail the advantage of functioning as a group. Organised mode of operation strengthens the society.

**Self Help Groups** broadly go through three stages of evolution :

1. Group formation ( formation, development and strengthening of the groups to evolve into self-managed peoples organizations at grassroots level)
2. Capital formation through the revolving fund , skill development (managerial skill for management of their organisations as well as the activity)
3. Taking up economic activity for income generation

## Objectives of the Study

- To examine the mind-set of the Self-Help Group members towards group formation motivational factors, benefits obtained and problems faced.
- To analyse the relationship between socio-economic factors and level of satisfaction.
- To analyse the Socio-Economic status of members of Self-Help Group before and after their entry.

## Methodology

The study is based on primary data. It has been collected through issue of questionnaire to the members of self-help groups.

- Questionnaire has been collected from 160 respondents of self-help group members.
- The study area is limited to Oulgarat commune panchayat in union territory of Puducherry.
- Paired T-test was used to compare before and after level of income, Expenditure, Saving and Asset position of the SHG members. Chi-square test was used to find out relationship between personal factor and level of satisfaction, Average Rank analysis was used to examine the mind-set of the self-

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help group members towards group formation, benefits obtained and problem faced by the self-help groups members.

**Mind-set of the self-help group members towards group formation.**

Reason for the formation of group by the self-help group members was analysed by taking into the following variables such as To support Family's income To Develop Social Status To improve Savings Level Low rate of Interest on Loan Poverty alleviation For additional source of income For community development For increasing knowledge To develop self confidence For empowerment by Average rank analysis. The table 1 shows the Average rank on the reasons for the group formation of the SHG members.

The table1 reveals that to support Family's income was the first reason for the formation of SHG. To improve Savings Level, Low rate of Interest on Loan, Poverty alleviation, To Develop Social Status, For additional source of income, For increasing knowledge, To develop self confidence, For empowerment, For community development are the following main reasons for the formation of SHG by the members.

**Table:1 Reasons for the formation of group by the self-help group members**

| S.No: | Particulars                     | Total | Rank |
|-------|---------------------------------|-------|------|
| 1.    | To support Family's income      | 1564  | 1    |
| 2.    | To Develop Social Status        | 962   | 5    |
| 3.    | To improve Savings Level        | 1302  | 2    |
| 4.    | Low rate of Interest on Loan    | 1207  | 3    |
| 5.    | Poverty alleviation             | 1039  | 4    |
| 6.    | For additional source of income | 760   | 6    |
| 7.    | For community development       | 197   | 10   |
| 8.    | For increasing knowledge        | 749   | 7    |
| 9.    | To develop self confidence      | 515   | 8    |
| 10.   | For empowerment                 | 505   | 9    |

**Motivational factors of the SHG members**

Motivational factors of the SHG members was analysed by taking into the following variables such as NGO Staff, The peer group, Friends & Relatives, Poverty, neighbours, Unfilled aspirations, Bankers, Government Officials, Other SHG in the locality and Others by Average rank analysis.

The Table 2 shows the Average rank on the motivational factors of the SHG members. The Table 2 reveals that the Government Officials was the First Motivational factor for the members of the SHG. Friends & Relatives, neighbours, The peer group, Bankers, Poverty, Unfilled aspirations, Other SHG in the locality, NGO Staff and others are the following motivating factors for the members of the SHG.

**Table:2 Motivational factors of the SHG members**

| S.No: | Particulars | Total | Rank |
|-------|-------------|-------|------|
| 1     | NGO Staff   | 416   | 9    |

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|    |                           |      |    |
|----|---------------------------|------|----|
| 2  | The peer group            | 1152 | 4  |
| 3  | Friends & Relatives       | 1280 | 2  |
| 4  | Poverty                   | 704  | 6  |
| 5  | neighbours                | 1216 | 3  |
| 6  | Unfilled aspirations      | 608  | 7  |
| 7  | Bankers                   | 928  | 5  |
| 8  | Government Officials      | 1568 | 1  |
| 9  | Other SHG in the locality | 544  | 8  |
| 10 | Others (specify)          | 384  | 10 |

**Benefits obtained by the SHG members after their entry**

The Benefits obtained by the SHG members after their entry was analysed in the Table 3 by taking into the following variables such as Better access to credit facilities, Better socio-economic status, Progress Income level, Enhance the leadership quality, Independency, Self decision making habits, To develop standard of living, Increased regular income, To avoid stress, Participation in public affairs by Average rank analysis.

The Table 3 reveals that Progress income level was the First benefit obtained by the members of the SHG after their entry. Increased income level, Better access to credit facilities, Better socio-economic status, Participation in public affairs, To develop standard of living, Self decision making habits, Independency, Enhance the leadership quality and To avoid stress are the following benefits obtained by the members of SHG

**Table: 3 Benefits obtained by the SHG members after their entry**

| S.No: | Particulars                        | Total | Rank |
|-------|------------------------------------|-------|------|
| 1     | Better access to credit facilities | 1216  | 3    |
| 2     | Better socio-economic status       | 1058  | 4    |
| 3     | Progress Income level              | 1408  | 1    |
| 4     | Enhance the leadership quality     | 544   | 9    |
| 5     | Independency                       | 704   | 8    |
| 6     | Self decision making habits        | 736   | 7    |
| 7     | To develop standard of living      | 832   | 6    |
| 8     | Increased regular income           | 1243  | 2    |
| 9     | To avoid stress                    | 192   | 10   |
| 10    | Participation in public affairs    | 864   | 5    |

**Problems faced by the SHG members**

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The problems faced by the members of SHG was analysed in the Table 4 by taking into the following variables such as Difficult in getting raw materials, Low price and profits, Loans are received/sanctioned in time, Non-cooperation of members, Labour problems, Dual responsibilities, Low literacy, Low risk bearing capacity, Marketing problems and Lack of transport facilities By Average rank analysis.

The Table 4 reveals that Dual responsibilities was the major problem faced by the SHG members. Difficulty in getting raw materials, Low price and profits, Low risk bearing capacity, Loans are received/sanctioned in time, Lack of transport facilities, Low literacy, Marketing problems, Labour problems and Non-cooperation of members are the following problems faced by the SHG members.

**Table : 4 Problems faced by the SHG members**

| S.No: | Particulars                           | Total | Rank |
|-------|---------------------------------------|-------|------|
| 1     | Difficulty in getting raw materials   | 1238  | 2    |
| 2     | Low price and profits                 | 1208  | 3    |
| 3     | Loans are received/sanctioned in time | 892   | 5    |
| 4     | Non-cooperation of members            | 383   | 10   |
| 5     | Labour problems                       | 414   | 9    |
| 6     | Dual responsibilities                 | 1335  | 1    |
| 7     | Low literacy                          | 701   | 7    |
| 8     | Low risk bearing capacity             | 1145  | 4    |
| 9     | Marketing problems                    | 698   | 8    |
| 10    | Lack of transport facilities          | 731   | 6    |

#### Analysis of relationship between Personal Factors and Level of Satisfaction

Chi-square test was applied to find out if there is significant relationship between the personal factors and satisfaction level towards the Self-Help Group in the Table 5.

HO: "There is no significant relationship between the personal factors and the satisfaction level towards the Self-Help Groups".

**Table 5: Analysis of Chi-square Test Results**

| Personal Profile   | Calculated value | Table Value | Degrees of freedom | Ho Accepted/ Rejected |
|--------------------|------------------|-------------|--------------------|-----------------------|
| Age                | 1                | 15.507      | 8                  | Accepted              |
| Educational Status | 0.875958         | 15.507      | 8                  | Accepted              |
| Marital Status     | 1                | 12.592      | 6                  | Accepted              |
| Religion           | 0.834477         | 12.592      | 6                  | Accepted              |

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|                          |         |       |   |          |
|--------------------------|---------|-------|---|----------|
| Family Type              | 0.99996 | 5.991 | 2 | Accepted |
| Number of Family Members | 1       | 9.488 | 4 | Accepted |

Based on the Chi-square test, it shows clearly that there is no significant relationship between personal factors and level of satisfaction towards the SHG at 5% level of significance

#### **Before and After position of Average income, Expenditure, Saving and Asset value of the SHG members**

There is no significant difference between before and after the value of Income, Expenditure, Savings and Asset Value of the member of SHG.

$$H_0: \mu_1 = \mu_2$$

$$H_1: \mu_1 < \mu_2$$

As we are having matched factors, we use paired t-test and work out the test statistic t as under, to find the value of t, we shall first have to work out the mean and standard deviation of differences as shown below:

#### **Before and After position of Average income, Expenditure, Saving and Asset value of the SHG members**

| Particulars         | Before SHG Members | After SHG Members | Difference | Difference Squared |
|---------------------|--------------------|-------------------|------------|--------------------|
| Average Income      | 7358               | 13645             | -6287      | 39526369           |
| Average Expenditure | 5070               | 8425              | -3355      | 11256025           |
| Average Saving      | 2289               | 5220              | -2931      | 8590761            |
| Average Asset Value | 5363               | 8550              | -15760     | 10156369           |
| Total               |                    |                   | -15760     | 69530124           |
| Mean                |                    |                   | -3940      |                    |
| Std. Deviation      |                    |                   | 1574       |                    |
| Calculated T Value  |                    |                   | -5.005     |                    |
| Tabulated T value   |                    |                   | -2.353     |                    |

Here N = 4, Degree of freedom = (n-1) = 4-1 = 3

As  $H_1$  is one sided, we shall apply a one tailed test for determining the rejection region at 5 per cent level of significance which come to as under the using table of t-distribution for 5 degrees of freedom

$$R: t < -2.353$$

The observed value of t is -5.005 which falls in the rejection region and thus, we reject  $H_0$  at 5 per cent level and conclude that performance level after the members of SHG has been a success

#### **Other Major Findings**

- \* Majority of the SHG members was got higher level of satisfaction by utilising the scheme effectively.

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- \* It enhances the capacity of the SHG members such as risk bearing, dual responsibility and self-confidence.
- \* Income and Expenditure of the SHG members has gradually increased after their entry into Self-Help Group.
- \* Poverty of the SHG members has totally vanished after their entry into the SHG.
- \* It provides a regular income to the members and additional income to their family.
- \* Most of the members in the Self-Help Groups are in the age group between 30 to 40.

**Suggestions**

- \* Government has to implement SHG scheme in all areas of Puducherry.
- \* Government should provide training to the SHG members to market the products.
- \* Periodical meeting of the SHG should be conducted in order to review their ideas.
- \* Educated members should be added more in SHG in order to increase innovative product ideas and for effective utilisation of fund.
- \* Fund limit should be increased by the Bankers or Government for innovative products.

**Conclusion**

Self-Help Group enhanced the capacity of the young entrepreneurs of both men and women to take risk, responsibility and create innovative product ideas. No doubt our Government of India indirectly implementing financial inclusions through Self-Help Group schemes. Automatically it facilitates to the SHG members to learn bank operations and bank saving habit. Many women from rural and urban areas are earning a regular income for them and additional income for their family through SHG scheme. So, it increases the overall capacity and socio-economic status of the SHG members.

**References**

1. Government welfare Department Puducherry.
2. Villianur Commune Panchayat Self-Help Groups Puducherry.
3. District Rural Development Authority Puducherry.
4. [www.mirofinance.com](http://www.mirofinance.com)