



Research Paper

The Effectiveness of Micro Finance on Provision of Employment and Income Generation for Women Members of Self Help Groups (A Case Study on Singanamala mandal, Ananthapuramu District; A.P)

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A Sanskrit shloka that says: **“Rashtrasya Shrava Naari Asti, Naari Rashtrasya Akshi Asti”** meaning **Woman is our tomorrow, a Woman is the Eye of the Nation.**

ABSTRACT

Women in India have been traditionally suppressed and particularly women belong to the economically and socially weaker sections of the society even more impressed. It is very needed to reduce poverty and empower women. Micro-credit is now seen as one of the very promising types of intervention to reduce poverty and empower women. The Self-Help-Groups have been addressing on specific problems by collective action. The present study is to study the impact of SHGs on provision of employment and income generation of poor rural women in Singanamala mandal, Anantapur district. It found that there is positively significant impact of SHGs on employment and income generation of the members of SHGs in the study area.

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I. Introduction

Ours is a male dominated society, where women are described as the ‘second sex and the second creature’ who live on surplus. Their very existence has been considered as parasite on the men who rule them. Female subordination has been an essential feature human life in all contemporary societies, although with a varying degree and expression of male dominance. Women in India have been traditionally suppressed and particularly women belong to economically and socially weaker sections of the society have been even more impressed. All the provisions in the constitution and the spate of legislations encased to empower women in the post Independence India have not been adequate to set women free from their traditional bondages, liabilities and restrictions. Even today women’s participations in the decision making processes, especially in rural areas has remained very marginal.

The Noble Laureate, Professor Amartya Sen has rightly emphasized the need to view women as “potentially active agents of social change and to transcend the view of women as patient solicitors of social equity”. Hence, there is a need to involve rural women in income generating economic activities. Development of women has been considered as a sine-qua-non for national development and social welfare. Government has launched several developmental programmes for women with a view to bringing them into the main stream of the economy and the society by generating employment and income. With the exclusive objective, the government of India launched special poverty alleviation programme like ‘Development for Women and Children in Rural Areas (DWCRA) for women in 1982-83, as a sub-component of ‘Integrated Rural Development Programme’ (IRDP).

Micro finance

In India various Five-Year-Plans gave special emphasis to the activities of employment and income for women with the ultimate objective of making women economically independent and self reliant. In spite of efforts made by the government, women needs are more and more marginalized in their struggle for existence and excellence. The credit requirements of poor and women are not met by the formal banking. Women are driven to status of recipient, beneficiary and consumer, despite their ability as a giver, benefactor and producer. In these circumstances evolved the concept of micro-credit.

Micro-credit plays a crucial role in the poverty reduction strategies in many countries. Micro-credit, according to Weber, “differs significantly from other targeted poverty reduction strategies in that it is enable in a commercial frame work” and reinforces norms regarding repayment in commercial transactions, contracts ect., Micro-credit is now seen as one of the very promising types of intervention to reduce poverty and empower women

The self-help-groups are formed for the development of poor rural women through the provision of micro-credit provided by the banking sector. The Reserve Bank of India has been launched the programme of linking self-help-groups with lending institutions like commercial banks so, that the requirements of self-help-groups can be properly attempted by the banks. Along with the self-help-groups and non-governmental organizations also play a crucial role in obtaining the micro-credit by the rural poor.

A self-help-group may be defined as “a voluntary group village personal interaction and perceived as alterable, pressing and personal by most as its members. According to NABARD, ‘it is a homogeneous group of rural poor voluntary formed to save whatever amount they can conveniently save of their earnings and mutually agree to contribute to a common fund of the group to be lent to the members for meeting their productive and emergent credit needs. It may defined commonly as ‘a group of ten to twenty members, usually poor women who poor their savings into a fund from which they can borrow as and when necessary. These groups’ deposits their savings with a local bank. The government has recognized this SHG’s strategy will bring up poor rural women from below the poverty line by providing financial assistance through sparing and government agencies.

Origin of SHGs

The establishment of SHGs could be traced existence of one or more common problem areas around which the consciousness of the rural poor was built and process of group formation initiated. Thus the group was usually responsive to perceived need. Such groups have been formed around specific production activities and often they have the promoted savings among their members and used the pooled resources to meet the emergent needs. Some times the internal savings generated were supplemented by the external resources loaned / donated by promoting the SHGs. Since the SHGs have been able to mobilize savings and also to recycle effectively the pooled resources amongst the members their activities have attracted attention as a supportive mechanism for meeting the credit needs of the poor. After formation of the SHGs, in order to strengthen the functioning of the SHGs at gross root level the government encourages the formation of ‘Sangamitra Groups’ in every village. The same trend has been found in the case of ‘Sangamitra Groups’ also.

Self-help Movement in Andhra Pradesh

Since 1970, developing countries have increasing focused on self-help-groups through non-governmental organization to facilitate the access of poor women households to financial services like credit, savings and thrifts etc. Self-help-groups as a sub-scheme of Integrated Rural Development Programme (IRDP) started in Andhra Pradesh in 1982-83 with UNICEF co-operation with the primary objective of focusing attention on women members of rural families below the poverty line with a view to generating self employment on the sustained basis. The SHGs movement gathered momentum in 1993 in Andhra Pradesh. The women in Anantapur district had been organized in to Mahila Mandals (women associations) during total literacy campaign (TLC) in 1992. Subsequently these groups spread as anti-arrack (abolish of country made liquor) movement. The movement was successful and wide spread to the neighbouring districts, eventually leading to imposition of prohibition in the state. Water movement converted into savings and credit groups known as Podupu Lakshmi (saving money) by the NGOs and Mahila Mandals. These Podupu Lakshmi groups were converted in to DWACRA self-help-groups by the department of Child and Women Development of government of Andhra Pradesh. The government of Andhra Pradesh has reorganized self-help approach as an effective strategy to tackle socio-economic problem of poverty especially amongst women. The World Bank micro-credit summit held in Washington in 2001-02 has agreed that women’s self-help is one of the most important schemes to eliminate the socio-economic poverty.

Role of SHGs

The SHGs are playing a crucial role in social, economic and educational strategies in India especially in Andhra Pradesh. The SHGs have been addressing local specific social problems by collective action like shut

down of belt shops (liquor shops), child marriages, trafficking of domestic women/girls and gambling, in eradicating dowry, on corruption in public officials and public distribution system. The SHGs are contributing also to education by conducting Mid-Day-Meals programme. Besides their micro-credit activities with the support of micro-credit the members of SHGs have been involving collectively in number of economic activities which fetch them more remunerative returns.

Statement of the Problem

Government of Andhra Pradesh has been encouraging the Self-Help-Group movement as an instrument to create employment opportunities for rural women as a part of the programme. After the implementation the programme, there is a spectacular increase in the number of SHGs and their members in the state. The cumulative savings and loans outstandings have reached to Rs.112 crores and Rs.9610 crores respectively. The average loan amount per member is higher (Rs.18510) in Andhra Pradesh as compared to rest of the states in India. Though there were several studies saying positive impact of micro credit schemes on employment and income generation of the rural women in general, these fruits of micro-credits have not reached to rural poor women members. So, the problem is whether the Bank-SHG linkage has properly done? Whether the impacts of micro finance on provision of employment and income generation for rural women members of self help groups? Are they really got out of the cruel clutches of rural money lenders after availing micro-credit? Most of the studies both at micro and macro level did not touch upon these issues mostly relating to poor rural women of SHGs. Even the NABARD's evaluation studies could not able to study the functioning of poor rural women of SHGs and their bank linkage programme and the impact of micro-credit on employment and income generation and asset creation of poor rural women beneficiaries of SHGs in sample districts of Andhra Pradesh were about 28 percent of SHGs are concentrated and functioning at gross root level.

Objectives

The following is the main objective of the study.

- To study the impact of micro-credit on employment and income generation of poor rural women members of SHGs in Singanamala mandal, Anantapur District.

II. Methodology

It was fulfill the above objective by using the paired t-test statistic.

There are some situations, which we have dependent samples. Two samples are said to be dependent when the elements in one sample are related to those in the other in any significant or some meaningful manner.

For example:- advertisement effect on sales of a product before and after (or) efficiency of drugs before and after its use.

In analyzing the effects, we oftenly use paired t-test statistic. The test statistic is

$$|t| = \frac{\bar{d}}{S.D/\sqrt{n-1}} \rightsquigarrow t_{(n-k)}$$

Where,

\bar{d} = the difference between paired samples

\bar{d} = the mean of difference

σ = the standard deviation of difference.

Limitations of the study

The work confines itself to study the impact of micro-credits on the sample women members of SHGs in the Singanamala mandal in Anantapur district in the financial year of 2018-19. The data for the study has been collected through interview method. Since the most of beneficiaries do not maintain proper accounts and most of them are illiterates and they are possibilities of statistical and hence data collected would only be in approximation to actual facts.

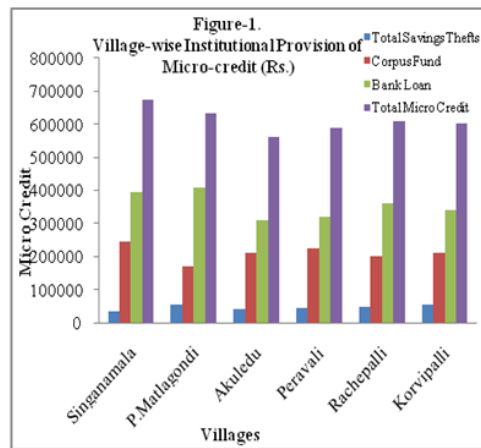
Analysis

Micro-credit means the extension of small loans to very poor people for self employment projects that generate income, allowing them to care for themselves and their families. In most cases, micro-credit programmes offer a combination of services and resources to their clients in addition to credits for self employment. These often include saving facilities training, networking and peer support. Loans under micro-credit programme are very small, on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. Micro-credit targets the rural and urban households, with an emphasis on women borrowers,

provisions of finance for creation of assets and their main tenancy and bringing in greater quality of services. The beneficiaries are identified by micro-credit providers themselves independently or through self-help-groups. The SHGs mechanism has been widely accepted as an integral part of micro finance.

Table-1. Village-wise Institutional Provision of Micro-credit (Rs.)

Sl	Village	Total Savings Thefts	Corpus Fund	Bank Loan	Total Micro Credit
1	Singanamala	33500 (12.2)	245000 (19.4)	395000 (18.5)	673500 (18.35)
2	P.Matlagondi	53000 (19.3)	170000 (13.5)	410000 (19.2)	633000 (17.25)
3	Akuledu	40500 (14.7)	210000 (16.7)	310000 (14.5)	560500 (15.27)
4	Peravali	45000 (16.4)	225000 (17.8)	320000 (15)	590000 (16.07)
5	Rachepalli	49000 (17.8)	200000 (15.9)	360000 (16.8)	609000 (16.6)
6	Korvipalli	54000 (19.6)	210000 (16.7)	340000 (16)	604000 (16.46)
Total		275000 (100)	1260000 (100)	2135000 (100)	3670000 (100)



Note: Figures in parentheses are percentages to total.

Village-wise Institutional Provision of Micro-credit

In the study area of Singanamala mandal, there were six sample villages i.e., Singanamala, P.Matlagondi, Akuledu, Peravali, Korvipalli and Rachepalli are taken as shown in the below table- and figure-!. The Korvipalli village is mobilized about 19.6 percent of total saving followed by P.Matlagondi (19.3%), Rachepalli (17.8%) and Peravali (16.4%) are having respectively. The SHGs in Akuledu and Singanamala villages have mobilized very small amount of saving than the other villages. The women members of SHGs in Korvipalli are comparatively richer with original sources of ground water and irrigation facilities. The corpus fund is provided commonly to all members on equal basis. So, that the corpus fund varies from 13.5 to 19.4 percent among all the villages. In the view of the bank loan among the all villages, the P.Matlagondi village received large amount of bank loan (19.2%) as followed by Singanamala (18.5%), Rachepalli (16.8%), Korvipalli (16%) and Peravali and Akuledu villages are have receiving 15 percent of bank loan as micro-credit Singanamala village received the highest micro-credit (18.35%) followed by P.Matlagondi (17.25%), and Peravali (16.07%) where as the lowest micro-credit is available in Rachepalli followed by Korvipalli and Akuledu in the stud area. The above analysis expressed that the societies which are very prompt in the repayment of loans are obtaining repeated and higher amount of the SHGs bank linkage programme.

Village-wise Employment Generation of SHGs

The main strategy of the SHGs movement is to improve the access of poor women to employment, skill training, credits and other financial supportive services. Micro finance institutions which provide credits for the SHGs are important vehicles for credits delivery especially to self-employed persons, because of low cost of operation, high and assured returns. The impact of micro-credit on employment generation of poor women is very high in rural areas. The regional variation in terms of employment generation is prevalent in the study area. In some villages like, Korvipalli and Rachepalli are endowed with fertile and irrigation facilities. Akuledu village is comparatively a back ward village. The average employment generation of SHGs in the study area is shown in the below table-2.

Table-2.
Village-wise Employment Generation of SHGs (in Man-Days)

SI	Village	Post - SHGs	Pre- SHGs	Employment Increment	t-test
1.	Singanamala	362.5	237.8	124.7	18.79
2.	P.Matlagondi	315.3	192.6	122.7	32.19*
3.	Akuledu	374.4	291.0	83.4	14.01
4.	Peravali	330.5	209.0	121.5	53.0*
5.	Rachepalli	407.5	226.7	180.75	64.8*
6.	Korvipalli	402.2	227.0	175.2	72.7*

* Significant at 0.05 probability level.

The table-2 shows that the average employment generation in the post SHGs period is higher in Rachepalli village followed by Korvipalli and Peravali villages. There is a significant increase in the income of the study area. So, the above analysis shows that the impact SHGs's on employment generation is positive in the study area.

Village-wise Income Generation of SHGs

Singanamala mandal is some developed one in Anantapur district. In fact, the women of SHGs in the study area have been involved in various economic activities. Hence, their average income levels varies from one village to another village in post SHGs period as shown in given below table-3.

The values in the given below table, expresses that the highest increase in income is found in Korvipalli village followed by Rachepalli, Peravali, Akuledu, P.Matlagondi and Singanamala villages respectively in the study area. However, the percentage change in average increase in income is very low in Akuledu village when

Table-3.

Village-wise Income Generation of SHGs (in Rs.)

SI	Village	Pre- SHGs	Post- SHGs	Income Increment	t-test
1.	Singanamala	30432	43860	13428	19.28
2.	P.Matlagondi	28830	52540	23710	36.02*
3.	Akuledu	31867	50652	18785	27.81
4.	Peravali	32858	49708	16850	36.3*
5.	Rachepalli	29995	49519	19524	42.18*
6.	Korcipalli	24773	48589	23816	59.42*

* Significant at 0.05 probability level.

compared to rest of the villages in the study area. There is a significant increase in income in Korvipalli, Rachepalli, Peravali and P.Matlagondi villages in Singanamala mandal of Anantapur district. So, the impact of SHGs on income generation is positive in the study area.

Impact of SHGs in the mandal

The SHGs are having been formed to uplift living conditions of rural women who are below the poverty line. There was a strong impact of SHGs on women in views not in economically but also in sociologically and educationally in the study area (Singanamala mandal). Due to SHGs, improved the confidence, life style and living standards of the women who have membership with self-help-groups.

III. Findings and Suggestions

In the view of employment generation of SHGs, the average employment generation in the post SHGs period is higher in Rachepalli village followed by Korvipalli and Peravali villages. There is a significant increase in the income of the study area. Though there was increase in employment generation of SHGs, in most of the villages in Singanamala mandal there is no significant increase. So, it is suggested to improve income conditions for women by increasing micro-credit and providing credit without interest to the SHGs with the help of nationalized banks by improving bank-SHGs linkage. In the view of income generation of SHGs, the highest income increase is found in Korvipalli village followed by Rachepalli, Peravali, Akuledu P.Matlagondi

and Singanamala villages respectively in the study area. There is a significant increase in income in Korvipalli, Rachepalli, Peravali and P.Matlagondi villages in Singanamala mandal of Anantapur district. Though there was increase in income generation of SHGs members, in more of the villages in Singanamala mandal there is no significant increase.

So, it is suggested to improve employment conditions to improve the income of women by increasing micro-credit to the SHGs with the help of nationalized banks by improving bank-SHG linkage.

Income generating activity should be based on available local resources and a reasonably assured market with profits Goods to produce. Movement of micro credit to viewed from a long-term viewpoint. Its mission goes further than the development through credit for poverty decrease. Micro-credit organization by SHGs sows the seeds for a self reliant economy relating to certain business culture and social development action within the community as essential elements for economic and social mobility of the poor.

An effective group monitoring system, in the case of groups, is a prospect challenge which should be met with by developing group arrangement like clusters and association. By enhancing the groups and its multiplier effect upon ordinary fund, stable monitoring become very vital and influential persons need to be trained. To fulfill the above said suggestions, the state government of Andhra Pradesh and its local bodies are will be take more care to improve bank-SHG linkage.

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