



## ROLE OF MICROFINANCE ON URBAN WOMEN SELF HELP GROUPS A MICRO STUDY- PUDUCHERRY

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### ABSTRACT

*“Every woman will tell the curious that with the disappearance of the spinning wheel vanished India’s happiness and prosperity”. – Mahatma Gandhi*

*Empowerment as a process of awareness and conscientization, of capacity building leading to greater participation, effective decision-making power and control leading to transformative action. This paper focuses to study the role of microfinance on urban women members of SHGs empowerment with special reference to Lawspet constituency, Puducherry Region. This study is to cover the Lawspet constituency and the study area is having 98 Self Help Groups out of those 100 SHGs members were randomly selected based on purposive sampling method. The major findings from the study are the Around 44 per cent of the members fall in the age group of 26-35 years, About 72 per cent of them have got married, Around 42 per cent of the members are doing cooli/labour work under somebody, Members of SHG’s have been much benefited through SHG’s in respect of the variables, encouraging saving habit 62.02 mean scores (first rank) and Major problems faced by members of SHGs are Lack of Leadership qualities and lack of accessing the credit sources.*

*In a nutshell, Self Help Groups help the urban slum members are able to improve the socio-economic conditions, standard of living, women literacy level, decision-making, participation of social awareness programs, participation of training programs, participation of political activities, starting of new business enterprise/income generating activities, offer employment opportunities to neighbors etc. In Pondicherry regions there is no specific rule and regulations for non-government organizations micro finance activities therefore the government should make appropriate policy to monitor them and also helps the urban slum women to up-lift their socio-economic conditions through Micro-Credit facility with subsidy to those who are below poverty line.*

## INTRODUCTION

Microfinance programs have been increasingly promoted in India for their positive economic impact and the belief that they empower women. Within the South Asian context, women empowerment is a process in which women challenge the existing norms and culture, to effectively improve their well-being. Micro finance system is an organized strategy that offers several types of financial services which helps in development of rural and urban mass. In India Micro finance activity has been playing an important dominant role for the upliftment of rural as well as urban poor. The suffering of rural as well as urban poor has made them to realize that they should get united under some banner in order to have a better existence such a banner is named as Self Help Group(SHGs). It has thought them that how they can transform their lives, if they are organized and united. Thereby the benefits accrue on this account can be shared by them. This objective has made them to become well organized and a strong self supporting group.

## WOMEN EMPOWERMENT

The major task is to identify the areas where these groups in fact, are facing problems because at this stage only the problem solving adult learning technique will attract these rural as well as urban poor to improve their working and income. The success of any strategy of women empowerment depends upon the following factors.

- Level of education, hard work, competencies,
- Social custom and habits, standard of living
- Family planning, small family, advisory about family expenses
- Health, medical services, cleanliness
- Environment, tree growing, kitchen gardening

The 'India: Urban Poverty Report, 2009' which was prepared with the support of the United Nations Development Program (UNDP) says, the poverty in cities is not an overflow of the poverty in villages but has happened because of the faulty nature of urbanization in India. An estimated 23.7 per cent of the urban population was living in slums amid squalor, crime, disease and tension, but not all slum dwellers exist below the poverty line.

In India Government Is Introducing Many Special Women Development Programmes Through Ministry Of Women Development Department, Rural And Urban Development Departments For The Purpose Of Uplifting The Women Empowerment, Eradication Of Poverty And Increasing The Standard Of Living In The Society. Women Development Department Are Established Many Special Schemes For Women Development Like Swayamsidha, Women's Empowerment And Livelihood Programme, Support To Training And Employment Programme For Women, Hostel For Working Women With Day Care Centre For Children, Swadhar Etc. And Rural And Urban Development Agencies Introduced Many Special Programmes For Women Development Like Integrated Rural Development Programme, National Rural Employment Guarantee Scheme, Development Of Women And Children In Rural Areas, Jawahar Rozgar Yojana, Indira Awaas Yojana, Swarnjayanti Gram

Swarozgar Yojana, Swarnajayanti Shahari Rozgar Yojana, Urban Self Employment Program, Development Of Women And Children In Urban Areas, Urban Wage Employment Programme Etc.

SHG mainly concerned with the enlistment of the women in the society through, social, economical aspects. It leads to provide and bring the empowerment to the women. SHG not only mobilize micro finance and provide micro credit to the needed members but also it provides self employment training, financial assistance, awareness programme, promotes the leadership qualities and confidential life to its members. This paper mainly focuses on the role of microfinance for development of urban slums women members of self help group

## **REVIEW OF LITERATURE**

**MOHAMMAD YUNUS(1999)** revealed that when a destitute mother starts earning her dreams of success invariably centers around her children. When a destitute father earns extra income he focuses more attention on himself. Thus money entering a household through a woman brings more benefits to the family as a whole. This study also stated that women alone cannot ready to start any type of self employment activity instead of that they are supporting their partner business development.

**MAYOUX (2000)** puts it, these virtuous spirals are potentially mutually reinforcing in that both improved well being and change in women's position may further increase their ability to increase incomes and so on. This process of empowerment may be further reinforced by group formation focusing on savings and credit delivery as women can access wider information and support networks for economic activity; groups can support women in disputes within the household and community and groups can link to wider movements for change in women's position.

**RAJSEKHARAN AND MADHESWARAN (2005)** in Karnataka and Andhra Pradesh found that the economic benefits' of the microfinance are region specific. Their findings revealed that the microfinance enables them to generate income through micro credit in a manner that supplements their family income and engage them in income generating activities. It also helps the women to develop many skills like self-confidence, decision-making and communication etc.

## **OBJECTIVE OF THE STUDY**

The main objective of the study is to analyse the role of microfinance on urban women SHGs empowerment with special reference to Lawspet constituency, Puducherry Region. It specifically intended to

- To overview the socio-economic background of members of self help group in puducherry region.
- To find out the impact of self help groups in empowering urban women members.
- To identify the major problems faced by members of Self Help Groups.

## METHODOLOGY

### SOURCES OF DATA

The present study is based on both Primary and Secondary data. The papers mainly based on primary data were collected through Interview Schedule method.

### SAMPLING AND AREA OF STUDY

Pondicherry region having two municipalities such as Pondicherry Municipality Corporation and Oulgaret Municipality Corporation. Oulgaret Municipality has four constituencies with a highest number of SHGS formed in Thattanchavady followed by Oulgaret, Lawspet and Reddiarpalayam.

Sl.No	List of Constituency	No. of SHGs
1	Thattanchavady	277
2	Oulgaret	102
3	Reddiarpalayam	72
4	Lawspet	98
	<b>Grand Total</b>	<b>549</b>

Source: Puducherry Urban Development Agency, Oulgaret

This study is to cover the Lawspet constituency and the study area is having 98 Self Help Groups out of those 100 SHGs members were randomly selected based on purposive sampling method.

### PERIOD OF STUDY

The present study covers a period of two months from July to August 2010.

### LIMITATIONS

- ❖ The sample size is limited to only hundred respondents.

### ANALYSIS OF THE DATA

To present the collected data very meaningful which is scrutinized, verified and analyzed with the help of simple percentages analysis, simple ranking method and Garrett ranking technique are computed for interpretation of the data.

## GARRETT RANKING TECHNIQUE

Garrett Ranking technique was used to convert the order of preference given by the sample positive women into ranks. The following formula was used to convert the order merit into ranks.

$$100 (R_{ij}-0.5)$$

$$\text{Per cent Position} = \frac{\quad}{\quad}$$

$$N_j$$

$R_{ij}$  – Rank given by the  $j^{\text{th}}$  individual for the  $i^{\text{th}}$  factors and

$N_j$  – Number of factors ranked by the  $j^{\text{th}}$  individual

Total Garret Score

$$\text{Mean Score} = \frac{\quad}{\quad}$$

No. of Respondents

## SOCIO-ECONOMIC STATUS OF SHGS MEMBERS

The socio-economic factors of self help groups' members such as age, educational qualification, community, marital status, types of family, occupation and family income. This study analyzed and interpreted based on the primary data collected from the respondents in the field area of Laws Pet town (constituency) and the collected data were analyzed with use of simple percentage analysis, Garrett Ranking Technique and Simple Ranking Method. The sample selected on basis of purposive sampling method with the sample size of 100 self help group members from 98 Self Help Groups in Lawspet constituency.

**TABLE NO.1**

AGE OF THE RESPONDENT			
Age	Frequency	Percentage (%)	Cumulative Percentage
Below 25 Years	10	10	10
26 - 35 years	44	44	54
36 - 45 years	28	28	82
Above 46 years	18	18	100

<b>Total</b>	<b>100</b>	<b>100</b>	
<b>COMMUNITY</b>			
<b>Type</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
BC	47	47	47
MBC	38	38	85
SC	15	15	100
<b>Total</b>	<b>100</b>	<b>100</b>	
<b>EDUCATIONAL QUALIFICATION</b>			
<b>Qualification</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
Illiterate	07	7	7
Primary level	19	19	26
Middle class	36	36	62
High school	10	10	72
Higher Sec.	21	21	93
Degree/Diploma	07	7	100
<b>Total</b>	<b>100</b>	<b>100</b>	
<b>MARITAL STATUS</b>			
<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
Married	72	72	72
Unmarried	16	16	88

Widow	10	10	98
Divorce	02	2	100
<b>Total</b>	<b>100</b>	<b>100</b>	
<b>TYPE OF FAMILY</b>			
<b>Type</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
Nuclear	78	78	78
Joint	22	22	100
<b>Total</b>	<b>100</b>	<b>100</b>	

Source: Primary data

The above table shows the age wise distribution of the sample respondents selected for the study. It can be seen that the majority (44 per cent) of the members fall in the age group of 26-35 years, followed by 28 per cent of the members of self help group are belong to age group of 36-45 years, 18 per cent of them are in the age group of above 46 years and 10 per cent of the respondents fall in the age group of below 25 years. Thus it is clearly explains that majority of respondents fall in the middle age group. Therefore, we can conclude that microfinance movement influenced middle age women to participate in the self help group scheme and to improve their socio-economic conditions and participation of political activities. Community-wise distribution of respondents' output shows the majority 47 per cent of the members was belongs to Backward Class; followed by 38 per cent of them are Most Backward Class whereas, 15 per cent of the members were comes under Schedule Caste women. Thus, it is inferred that most of the members from Backward Class. Educational position of the women will have a great impact on decision-making capacity and participation of social development programme. It is understood from the above table that majority (36 per cent) of the members have studied middle class, followed by 21 per cent of the members have completed higher secondary level and 7 per cent of the respondents have studies degree/diploma. Whereas 7 per cent of the urban women members are illiterate but they were able to put their own signature because of self help groups movement. Therefore, we can say that self help group movement plays main role to increase the literacy level among the women. Marital status result reveals that around 72 per cent of them have got married, followed by 16 per cent of them were unmarried, and 2 per cent of members were divorce, whereas only 10 per cent of the members were widows. From above analysis it can be say that married women are come forward to participate the self help group movement. Types of family result shows the majority i.e. 78 per cent of were nuclear families, whereas 22 per cent of them were joint families. The above analysis infers that after microfinance movement, urban women were able to access credit source very easily and they were able to meet their household expenditure like children education, medical expenses, household

provisional expenditure, and marriage expenses, participate development programs, increase the outside relationship, to start new income generating activities or developing the existing business or income generating activities etc.

**TABLE NO.2****OCCUPATIONAL STATUS**

<b>Occupation</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
Self employed	30	30	30
Cooli / labour	42	42	72
Home maker	28	28	100
<b>Total</b>	<b>100</b>	<b>100</b>	

Source: Primary data

Table No.2 depicts that Occupation undertaken by respondents are around 42 per cent of the members are doing cooli/labour work under somebody but they are not able to start any kind of income generating activities due to generation of initial capital and also they are not ready to take risk, 30 per cent of them are doing self small business like petty shop, grocery store, juice centre, cloth sales, handle sales, fruits sales, vegetable sales, toys making etc. Whereas 28 per cent of women members are not involving any kind of business or working activities because of misunderstanding between the husband and children. From the above analysis we can conclude that the women members after joining the SHGs they were able to start self-employment or developing the existing business activities and some of the members are able to offer employment opportunity to neighbor family members. So, the Self Help Group movement helps the urban women people to increase their saving habits, availing of credit facilities, self confidence, decision-making power, to manage their own money, participation of political activities etc.

**TABLE NO.3****ANNUAL HOUSEHOLD INCOME**

<b>Income (Rs.)</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage</b>
Below 3000	25	25	25
3001 - 5000	39	39	64
5001 - 7000	18	18	82

7001 - 9000	14	14	96
Above 9001	04	04	100
<b>Total</b>	<b>100</b>	<b>100</b>	

Source: Primary data

Table No.3 shows that around 37 per cent of the members earning per year is between Rs.3,001-5,000 , 25 per cent of them earn below Rs.3,000 per annum, 18 per cent of the members are earning between Rs.5001-7000 per year, 14 per cent of them earn between Rs.7,001-9,000 per year and only 4 per cent of them earn above Rs.9,001 per annum. This analysis infers that after joining the Self Help Groups movement they are not able to increase their earning level because of less number of SHGs members are involving self-employment activities but most of them home-maker and cooli/labour workers etc. Here, the Urban Development Agencies should take care about increasing the wealth of self help group members in urban slums areas.

### IMPACT OF SELF HELP GROUPS

The SHGs formed in urban slum areas those who are below poverty line the microfinance schemes is providing monetary and non monetary assistances to its members. The findings are presented in table no. 4 increasing self confidence with women, encouraging saving habits, creating self employment or income generating activities, creating co-operation among the members, development of areas, improving leadership quality and for relieving from the clutches of the money lenders. The ranks were given by sample respondents with respect to the above seven variables.

**TABLE NO.4**

### IMPACT OF SELF HELP GROUPS ON MEMBERS

Sl.No	Impact Variable	Level of Impact (Ranks as assigned by the respondents)							Total
		1	2	3	4	5	6	7	
1	Increased self confidence/decision	21	22	9	15	21	12	0	100
2	Encouraging saving habits	34	20	10	24	9	3	0	100
3	Creating self	12	10	30	15	3	10	20	100

	employment								
4	Creating co-operation among the group members	8	13	15	11	18	21	14	100
5	Development of urban slum areas	2	12	11	14	15	20	26	100
6	Improving leadership skills	7	8	5	9	9	27	35	100
7	Relieving from the money lenders	16	15	20	12	25	7	5	100

Source: Primary data

The above table shows the women in urban area have been assisted by SHG's in large scale level. "Increasing self confidence and decision making power" are considered foremost to be the important one by 21 respondents and no one has mentioned it as the last one. 34 respondents have reported that encouraging saving habit is another important impacting variable and no one has considered it as the least. 20 and 14 respondents have considered creating self employment/ income generating activities and creating co- operation among the group members as an important impacting variable respectively and some they as important one by 12 and 8 respondents respectively. Most of the respondents have mentioned development of urban slums areas (26) and improving leadership skills (35) are less important impact but the same has been considered as best by 2 and 7 respondents respectively. Relieving from the clutches of the money lenders is another important impacting variable considered as which is one foremost by 16 respondents and 5 respondents mentioned the same as the least important one. From the above analysis inferred that through self help groups the urban slum areas women self confidence, decision-making power, leadership qualities, savings habits, co-operation among the members, self employment opportunities are increased at the same time it also helps women rapidly reduced the exploitation by money lenders.

**TABLE NO.5**

**IMPACT OF SHG'S ON MEMBERS**

Sl.No	Impacting Variable	Means/ score	Rank
1	Increasing self confidence	56.21	<b>II</b>
2	Encouraging saving habits	62.02	<b>I</b>
	Creating self employment/income generating		

3	activities	49.32	<b>IV</b>
	Improving co-operation among members	46.38	<b>V</b>
4	Development of urban slums area	41.19	<b>VI</b>
5	Improving leadership quality	38.32	<b>VII</b>
6	Relieving from money lenders	53.56	<b>III</b>
7			

Source: Primary data

On the basis of the ranks assigned by the sample respondents the impacting variables are analyzed through Garrett Ranking Techniques. It is evident from above table reveals that the members of SHG's have been much benefited through SHG's in respect of the variables, encouraging Saving habit 62.02 mean scores followed by increasing self confidence (56.21), 'relieving from the clutches of money lenders (53.56), creating self employment (49.32), Improving the co-operation among the group members (46.38), development urban slums areas (41.19) and improving leadership skills (38.32) in the order of priority.

#### **PROBLEMS FACED BY MEMBERS OF SELF HELP GROUPS**

The SHG's functioning in the urban slums areas suffers from many problems. Some of important the deficiencies pointed out by the sample respondents are lack of strong leadership, lack of accessing credit sources, misuse of group money by leaders and money lenders, Lack of education among the members, non awareness of government scheme and improper- repayment of the loan amount by the members. While some of the problems listed above are acute, a few are lighter. On the basis of the ranks assigned by the sample respondents the problems are analyzed through simple ranking method.

**TABLE NO.6**

#### **PROBLEMS FACED BY MEMBERS OF SELF HELP GROUPS**

Sl.No	Problems	Ranks							Total
		1	2	3	4	5	6	7	
1	Lack of leadership skill	32	20	9	24	9	4	2	100

2	Lack of Credit sources	21	20	10	15	21	11	2	100
3	Misuse of group money by leaders and representatives	7	8	5	9	9	26	36	100
4	Lack of financial knowledge	8	13	15	11	18	17	18	100
5	Lack of awareness about the government scheme	18	15	20	12	25	7	3	100
6	Non-Cooperation from group	12	14	30	15	3	15	11	100
7	Other problems	2	10	11	14	15	20	28	100

Source: Primary data

The above table clearly reveals that members of SHG's in urban slums area in Pondicherry (lawsPet Constituency) have been facing many problems. One of the important problems is lack of strong leadership skills 32 respondents have given first rank, followed by 20 respondents have considered it as the second important problem because the SHGs members are not able to access revolving fund and other credit from banks for starting enterprises, 21 respondents have reported this problem as the important one and only 2 members have considered it as the least problem. Another problem which is faced by SHG's is the misuse of group money by leaders and representative of the groups due to other members in groups are lack of literacy. But this problem is not considered acute. Hence 36 members have assigned least score to this variable. Only 7 members have facing lack of financial knowledge, 8 members have reported it as a primary problem and 18 members have

mentioned it as a least one. 12 respondents are facing the problems of lack of co-operation from group members and Lack of awareness about government schemes and members not repaying the loan amount are also the problems to be counted.

### MAJOR FINDINGS

- ❖ Around 44 per cent of the members fall in the age group of 26-35 years.
- ❖ Majority 47 per cent of the members was belongs to Backward Class community.
- ❖ 36 per cent of the members have studied middle class.
- ❖ About 72 per cent of them have got married.
- ❖ 78 per cent of members of self help groups are living nuclear families.
- ❖ Around 42 per cent of the members are doing cooli/labour work under somebody.
- ❖ 37 per cent of the members earning per year is between Rs.3,001-5,000.
- ❖ Members of SHG's have been much benefited through SHG's in respect of the variables, encouraging saving habit 62.02 mean scores (first rank).
- ❖ Major problems faced by members of SHGs are Lack of Leadership qualities and lack of accessing the credit sources.

### CONCLUSION

The government of India declared 2001 as the year of Women's Empowerment (Swashakti). The National Policy for the Empowerment of Women was passed in 2001. Women's Empowerment has become a significant component of human development in India. The last decades have witnessed significant changes in the status and role of women in our society. There has been shift in policy approaches from the concept of 'welfare' in the seventies to 'development' in the eighties and now to 'empowerment' in the current scenario. The past three decades Microfinance have witnessed a steadily increasing awareness of the need to empower women through measures to increasing the social, economic and political participation. In a nutshell, Self Help Groups help the urban slum members are able to improve the socio-economic conditions, standard of living, women literacy level, decision-making, participation of social awareness programs, participation of training programs, participation of political activities, starting of new business enterprise/income generating activities, offer employment opportunities to neighbors etc. In Pondicherry regions there is no specific rule and regulations for non-government organizations activities therefore the government should make appropriate policy to monitor them and also helps the urban slum women to up-lift their socio-economic conditions through Micro-Credit facility with subsidy to those who are below poverty line.

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