

**ECONOMIC IMPACT ON MEMBERS THROUGH SELF HELP GROUPS
AND MICRO CREDIT
(With Special Reference to Paramakudi Taluk)**

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Abstract:

Self Help Group is offered Micro Credit to the group members and SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group (Vinayagamurthy 2011). It is in this context, the researcher has identified that there is a scope for research on this aspect to evaluate the Socio-economic development through SHG with special reference to Paramakudi Taluk.

The study is based on both primary and secondary data. Secondary data were collected from the publications of District Rural Development Agency, NGOs and other government departments and societies. Primary data have been collected by administering structured interview schedule to the SHG members who have been join for a period of not less than three years. There are 400 members have been selected on the basis of simple random sampling technique. The major finds are the Economic Standard of Living index information infers that, the members after joining the SHG has increased their economic status. The present study proves that the income and savings of the SHG women members have significantly improved. This has enabled them to gain adequate strength to protect themselves against internal and external shocks.

Introduction

Self Help Group is offered Micro Credit to the group members and SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group (Vinayagamurthy 2011). It is in this context, the researcher has identified that there is a scope for research on this aspect to evaluate the Socio-economic development through SHG with special reference to Paramakudi Taluk.

Review of Literature

Joshi. M,(2014) In his study made an attempt to analyse the role of MTDC in promotion of tourism. Data required for this purpose has been collected from secondary sources such as Ministry of tourism, WTTC, MTDC. The secondary source revealed that Maharashtra received 82700556 (7.2%) domestic tourists and 4156343 (20.8%) foreign tourists in 2013. Hence it was imperative to study the development and marketing of tourism in Maharashtra. It was found that Maharashtra witnessed annual growth 24.73% in domestic and -23.9% in foreign tourist arrivals in 2013. In this present competitive scenario, tourism marketing has emerged as a tool to satisfy modern needs of tourists. More over it was suggested that state government should take more initiative to promote unexplored destinations which has potential to attract the tourists.

Mishra, & Kumar Padhi, (2012) in their study made an attempt to examine the foreign tourist arrival in India and its relation with tourism sector. This study was mainly based on secondary data and collected data were analysed through growth rate method. It was expressed that about the foreign tourist arrival in India from 2001 to 2010. The foreign tourist arrival has increased from 25.37 in the year 2001 to 57.76 in 2010. besides the year 2001, 2002 and 2009 in each year the percentage annual growth was positive and it was regarded as one of the leading indicator of sustainable growth in tourism sector of India. It was also found that about the significance of foreign exchange earnings by the tourism industry in India from the year 2001 to 2010. Finally, it was conveyed that the foreign exchange earning in rupees and in US dollars.

Problem of the Study

Poverty and unemployment are the twin issues of developing countries, to which India is no exception. In India, the percentage of persons below the Poverty Line in 2011-12 has been

estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole (SAARC Development Goals-India country Report-2013).

Poverty reduction on a large scale is possible through the promotion of sustainable livelihoods by providing easy and affordable access to credit and other financial services from the following sources are SHGs, Banks, NGOs and MFIs. Micro Credit through SHGs is considered as a potential weapon for fighting against poverty and unemployment in a sustainable manner. Even after six decades of planned development, Indian women have not achieved expected success in the main stream of life. The position of women and their status in any society is an index of the civilization. SHGs are at present playing a vital role in empowering women in all respects in India but southern district of Tamil Nadu Women SHGs members are still they are unable grow due to lack financial assistance (micro-credit) from formal institutions and informal sectors, lack of community support, lack family support, lack of political support, lack of marketing facilities and government support etc. Ramanathapuram district is one of most under developed district in Tamil Nadu. Therefore this study is mainly focus on to evaluate economic development through SHG with special reference to Paramakudi Taluk.

Objectives of the study

The present study is to examine the Economic development through SHG in Ramanathapuram District, particularly, in Paramakudi Taluk.

Research Design and Methodology

The main motive of the study is to finds and facts and also describes the existing characteristics of members and SHGs. The descriptive research design is adapted in this study to analyse the economic development through SHGs and micro-credits.

Nature and Source of Data

The study is based on both primary and secondary data. Secondary data were collected from the publications of District Rural Development Agency, NGOs and other government departments and societies. Primary data have been collected by administering structured interview schedule to the SHG members who have been join for a period of not less than three years. Secondary data have been collected the Mahalir Thittam Office, Journal, Magazine, Internet and Annual Report. Pilot Study was conducted before undertaking the main survey, by administering a tentative Interview Schedule to 30 SHG members, in order to test the reliability

and validity of the Interview Schedule. This led to the removal of 'no response' and unwanted questions and the modified final interview schedule was prepared and used for the study.

The total size of 400 members have selected on the basis of simple random sampling technique.

Results and Discussion

First, it gives age details of the members of selected NGOs. It is observed that more than half of the members belong to the age group of 36-45 years, followed by 26-35 years and only few number woman falls under the age group of below 25 years. The overall observation of the table indicates that the majority of the members of SHGs are in the middle age group of people. It is true that the middle age group women are ready to take risks, since they want to improve their socio-economic conditions.

Second, It is disclosed that 38 per cent of them do not have formal education, followed by 32 per cent of the members have completed up to Primary school level, 26 per cent have studied higher secondary level and less number of women have studied up to undergraduate, post graduate level and professional courses. The final result reveals that majority of the respondents do not have formal education due to they have not aware of important of education.

Third, It is found that 73 per cent of them are married, followed by 11 per cent of them are widowed, whereas remaining are unmarried, divorced and separated. The overall observation indicates that married women think that they have to improve their economic status. Here, it is inferred that widows and divorced women are completely independent and that they are ready to face any kind of problems from their personal activities.

Forth, it is shows that 56 per cent of the members' monthly income ranges from Rs.2501-5000, followed by very less than half of them income range between Rs.5001-7500, Rs.7501-10000. It infers that most of the women respondents independently involved in the monetary activities/self-employment activities, independently and with family members, after joining groups. Therefore, they are at present economically independent and contribute to the improvement of their individual as well as household income.

Fifth, it is found that 60 per cent of them are working as cooli/ labour, followed by 30 per cent of them are involving agri and allied activities, whereas remaining are self-employed and

private employees. The overall observation indicates that most of them are involving in cooli/labour in Mahathma Gandhi Rural Employment Guarantee Scheme and remaining majority of involving in agri and allied activities.

Monthly Income Pattern

In order to test the change in the income pattern of members before and after joining the SHG, Paired sample t-test is used.

H₀: There is no significant change in the monthly income of members before and after joining the group.

Table no.1 reveals that the monthly income of SHGs members and their family incomes have increased significantly, like the income from respondents [$t(399) = 36.321$, $p = 0.000$], income from family [$t(399) = 15.213$, $p = 0.000$], and income from other sources [$t(399) = 6.127$, $p = 0.000$] at five per cent level of significance.

Table No.1
Results of Paired T-test for Monthly Income of Members and their Households
(Before and after join the group)

Income	Before Mean	After Mean	Change Mean	t-value	df	Sig.
Income from Res.	953.62 (559.81)	2978.04 (1116.81)	2024.42	36.321	399	0.000
Income from Family	3532.88 (2825.76)	7548.50 (6689.35)	4015.62	15.213	399	0.000
Income from other Sources	37.38 (217.14)	1155.00 (3664.98)	1117.62	6.127	399	0.000

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation' value

From the analysis, it can be expressed that among the income patterns, the income from respondents is increased significantly. The reason is that, before joining the SHG members were always dependent upon the family income; but after joined the group they were completely independent from family income. Members are now supporting their family because they have undergone many training programmes on money handling, self-decision making, managerial

skills, entrepreneurship development programmes of that would help them to establish and managing their enterprises more successfully.

Savings Pattern

In order to test the change in the savings of members before and after joining the group, Paired sample t-test is used.

H₀: There is no significant change in the savings of members before and after joining the group.

Table No.2
Results of Paired T-test for Savings of Members
(Before and after joining the group)

Kinds of Saving	Before Mean	After Mean	Change Mean	t-value	df	Sig.
Bank	449.25 (1956.328)	9115.92 (15014.83)	8666.675	11.881	399	0.000
SHGs	40.00 (528.297)	9446.85 (4131.509)	9406.85	44.214	399	0.000
Own Savings (Others)	2684.88 (2588.402)	1654.95 (3240.737)	1029.925	5.438	399	0.000
Post Office	28.25 (215.044)	868.75 (1835.380)	840.500	9.560	399	0.000
Insurance	3.88 (40.563)	191.40 (267.867)	187.525	13.747	399	0.000
Chit Fund	1.25 (17.656)	289.25 (1695.862)	288.000	3.396	399	0.001

Note: Significant at 5% Level, Parenthesis shows 'Standard Deviation 'value

Table no.2 furnishes the saving of members. After joining the group, their level of savings have increased significantly; such as, bank saving [t(399) = 11.881, p = 0.000], SHGs saving [t(399) = 44.214, p = 0.000], own savings [t(399) = 5.438, p = 0.000], insurance [t(399) = 13.747, p = 0.000], post office savings [t(424) = 1.000, p = 0.318] and chit fund savings [t(424) = 1.633, p = 0.103]. The above analysis expressed that the SHGs (internal) level of savings has increased at a highly significant level, the reason of which is the awareness after joining the group by members that savings are necessary to meet the household expenditure, child's education, purchase of new assets, repaying of old debts etc.

Summary and Conclusion

- The overall observation indicates that married women think that they have to improve their economic status. Here, it is inferred that widows and divorced women are completely independent and that they are ready to face any kind of problems from their personal activities.
- From the analysis, it can be expressed that among the income patterns, the income from respondents is increased significantly. The reason is that, before joining the SHG members were always dependent upon the family income; but after joined the group they were completely independent from family income.
- It is expressed that the SHGs (internal) level of savings has increased at a highly significant level, the reason of which is the awareness after joining the group by members that savings are necessary to meet the household expenditure, child's education, purchase of new assets, repaying of old debts etc.

The present study proves that the income and savings of the SHG women members have significantly improved. This has enabled them to gain adequate strength to protect themselves against internal and external shocks.

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