

## A STUDY ON IMPACT OF MICRO-FINANCE AND SELF-HELP GROUPS IN THE RURAL DEVELOPMENT OF TIRUNELVELI DISTRICT

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### Abstract

The reason for this paper is to introduce the linkages between credit activity conveyance framework and development of credit establishments for the recovery of the provincial economy. Tamil Nadu is a novel drive of Indian banks for Microfinance activity for working on the situation with ladies. The members of Self-Help Groups they profited microfinance credit. Microfinance programs are seen as a critical technique in tending to both destitution and ladies strengthening. The field level perception recommends that the SHGs have a decent possibility of food as they were developed in light of the normal issues related with the outright destitution of the individuals and due to mindfulness among them. This paper presents an impact of micro-finance and self-help groups in the rural development of Tirunelveli District. By these study researcher find out the Source of Information about SHGs, Benefits derived by Members, Beneficiary of Government Schemes, Awareness about Rural Development Schemes in the Tirunelveli District. For that researcher collected and final testing of the model a well-structured questionnaire was designed and hosted on online with the help of Google form and 50 respondents sent their answer out of 50 questionnaires with regard to factors and consistent with using chi-square test.

**Key Words:** Self Help Groups, Rural Development, National Bank for Agriculture and Rural Development,

### Introduction

The concept of "Rural Development" is not new. It is as old as farming itself. For almost everyone Rural Development seems to be a hunting ground for testing new hypothesis. It is to be admitted that it has become a fashion to play round this concept. Development is an upward movement and multidimensional process so far as meaning is concerned. Naturally Rural Development aims at elimination of mass poverty and reduction of unemployment in rural areas of a state or a country. It covers village improvement and is generally conceived of a multi sectored activities and i.e. Socio Economic and welfare services/programs. That is to say when we talk of Rural Development one should recognize a transition from the technocratic strategy of development to a reformist strategy of development.

Microfinance has made tremendous impact in India over the years and it has become a house hold name in view of Socio-Economic benefits reaped/receivable from microfinance services by the poor lot in India. Self Help Groups (SHGs) have become the common carrier (vehicle) of development process, especially in rural India converging most of the development programs. Women are capable of playing pivotal role in the family and society. SHGs have provided the necessary platforms for the same. Strengthening women's economic status by way of addressing twin objectives viz. increasing income and solidarity microfinance activity by these SHGs

### Significance Of The Study

All over the world the role of micro financing for rural development the main objective of which is poverty alleviation and economic development, is well organized. Micro financing policies have helped in achieving sustainable development of the rural sector. The finance support at micro level has caused the process of development a self-sustaining one for the 'have-nots'. When an operational approach towards poverty reduction in rural areas was not readily available and when an easy access to financial support for them was also not available SHG client development strategy has emerged gradually as a successful means of sustainable development (both economic and social). The significance of the study aims at the reasons

for Source of Information about SHGs, Benefits derived by Members, Beneficiary of Government Schemes, and Awareness about Rural Development Schemes. Further the study at Kanyakumari District reveals and unfold special characteristic of the group experiment (i.e. SHGs) in micro finance activities. The very results of the study will be definitely a guiding navigator for the stake holders like Government, Banks, Institutions, policymakers, people representatives, voluntary organizations, in removing cob webs that exist in the process of rural development, so that socio economic objective is attained.

### Review Of Literature

Dr. Surya Kant Pal and Vinay Kumar, (2018), "The Impact of Microfinance on Rural Sector and Its Contribution towards Indian Economy", They concluded that, Microfinance is considered to be a valuable tool for poverty alleviation around the globe. There is no doubt that MFI has great potential in the future. From this paper we can conclude that further steps need to be taken by Microfinance establishments to increase the awareness of MFIs and SHGs in Punjab as majority of the population is not aware about these institutions and they seek bank loans to balance their financial position. Further they need to educate the people regarding different services like loans, savings, insurance etc. In Punjab, only one or two MFI's exist and in many villages public and private banks are located. Also MFIs create self-employment opportunities and that proves to be the best way of poverty alleviation and solving the problems of unemployment. The potential for Microfinance to grow in India is very high. If the plans for microfinance are executed then India will definitely have new dimension to it. It will increase India's standard and make it one of the powerful nations of the world economically.

Bharat Bonia, (2017), "Role of Self Help Groups (SHGs) in Poverty Eradication: Special reference with two villages of Lakhimpur District of Assam", the study concluded that Self-help groups are playing a major role among the rural people. Among the nine development block of Lakhimpur district, Narayanpur block is an important block and has a large numbers of SHGs are engaged in economic activities. Most of the SHGs in the study area are female groups, male SHGs are also there but few. In the area after the study it has been found that the economic position of the SHGs becoming better than the earlier times, it is because of initiatives taken by the SHGs to take up the economic activities. Through formation of SHGs now they have economically become stronger than before by taking activities like duckery, poultry, piggery, handloom etc. in the study area the SHGs are also facing problems of marketing, transportation, credit, training facilities, absence of govt. agents and etc. Therefore the role of DRDA, BLOCK, NGOs towards the poverty eradication and rural development is need to be developed in the study area.

### Micro-Finance

Microfinance is a global phenomenon which made its early beginning in our subcontinent. India is one of the cradles of microfinance and is credited with the invention of a people-friendly model of microfinance on her soil. Microfinance is served by Government sponsored mainstream microfinance institutions such as NABARD, SIDBI, HDFC, RRBs and Credit Co-operative Societies, and NGO-led alternative microfinance institutions.

### Self Help Groups

"Self Help Groups are small informal associations created for the purpose of enabling members to reap economic benefits by mutual help, solidarity and joint responsibility. The benefits include mobilization of savings and credit facilities and pursuit of group enterprise activities. The group based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities". The SHGs are voluntary associations of people formed to attain certain collective goals, both social and economic. Though groups have been functioning in rural India since long (water user groups, fodder groups, grain bank groups, etc.), SHGs are different because, under this approach the members save money compulsorily and lend it among themselves. Moreover, SHGs, unlike other conventional groups, can be used as a means of purveying bank credit. SHGs could be merely savings and credit groups or additionally they can also be undertaking activities such as joint farming, watershed development, non-farm activities, etc. Groups could be exclusively male or female or even mixed. However, majority of the SHGs are female groups.

SHGs are normally formed of the poor. Each group consists of 15 to 25 members. The binding factor among the members is the need for undertaking some social or economic activity. But, forming poor into groups is a lengthy and time consuming process. Mobilizing the poor, sensitizing them to form a group, dealing with the resistance and suspicion among the members require skill, patience, and right

aptitude. Grass root level organizations working close to rural masses such as NGOs are best suited for SHG formation.

### Objectives Of The Study

1. To know socio economic background of sample respondents
2. To know the awareness level of the sample respondents
3. To compare the socio economic factors and awareness level of the sample respondents

### Research Design

The present study is of Descriptive in nature. Sample size selected for the study was 50 respondents sent their answer out of 70 questionnaires in Tirunelveli District of Tamil Nadu State. For analyzing the data percentages, Chi square test were applied.

### Limitations Of The Study

1. The present study considers only the selected respondents in Tirunelveli District.
2. The research work is based on the primary data which are collected from the selected respondents. Therefore, the findings are not to be generalized.

## RESULTS AND DISCUSSIONS

**Table 1: Demographic Variables of the Respondents**

VARIABLES		No of Respondents	Percentage
Age	21-25	09	18
	26-35	21	42
	36-45	12	24
	Above 45	08	16
	<b>Total</b>	<b>50</b>	<b>100</b>
Gender	Male	32	64
	Female	18	36
	<b>Total</b>	<b>50</b>	<b>100</b>
Educational Qualification	Illiterate	11	22
	Primary education	13	26
	Secondary education	18	36
	College	8	16
	<b>Total</b>	<b>50</b>	<b>100</b>
Occupation	Agriculture	12	24
	Labour	12	24
	Business	10	20
	Employment	10	20
	Others	6	12
	<b>Total</b>	<b>50</b>	<b>100</b>
Date of joining	Up to 2 years	6	12
	3 – 5 years	14	28
	6 – 10 years	17	34
	More than 10 years	13	26
	<b>Total</b>	<b>50</b>	<b>100</b>

### Sources: Primary Data

Table No.1 shows demographics wise distribution of the respondents. It reveals that male respondents are higher than female respondents using. Majority of respondent's age group were 26-35 and Secondary education were high as compared to other Educational groups. Majority of the respondent's Occupation were Agriculture and Labor. Majority of respondents joined from 6 – 10 years the group.

**Table 2: Source of Information about SHGs**

Source of Information	No of Respondents	Percentage
NGO	11	22
Friends	12	24
Relatives	16	32
Self	8	16
Others	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

**Sources: Primary Data**

The source of information regarding the SHG was well marked with majority of the members receiving information through Relatives.

**Table 3: Benefits derived by Members**

Nature of Benefits	No of Respondents	Percentage
Saving habit	14	28
Skill development	7	14
Social respect	5	10
Additional employment	6	12
Early loan	12	24
Public contact	3	6
Visiting outside	2	4
Others	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

**Sources: Primary Data**

The above table shows that Benefits derived by Members. It reveals that majority of respondents were getting benefits from SHGs saving habits.

**Table 4: Beneficiary of Government Schemes**

Response	No of Respondents	Percentage
Yes	41	82
No	9	18
<b>Total</b>	<b>50</b>	<b>100</b>

**Sources: Primary Data**

The above table shows that majority of the respondents giving yes for Beneficiary of Government Schemes.

**Table 5: Awareness about Rural Development Schemes**

Response	No of Respondents	Percentage
Not at all aware	6	12
Slightly aware	11	22
Somewhat aware	21	42
Extremely aware	12	24
<b>Total</b>	<b>50</b>	<b>100</b>

**Sources: Primary Data**

The above table shows that majority of the respondents somewhat aware about SHGs. By these we understood the awareness level of the respondents.

**Table 6 Table showing T Test for Dimensions of Micro Finance and Family Type Impact on SHGs**

Dimensions	Family type	N	Mean	T Test	
				t value	Sig.
Credit to Poor	Nuclear	66	2.63	3.338	0.0010**
	Joint	34	2.11		
Poverty Alleviation	Nuclear	66	2.60	2.429	0.0160*
	Joint	34	2.42		
Women Empowerment	Nuclear	66	2.90	2.144	0.0320*
	Joint	34	2.07		
Economic Growth	Nuclear	66	2.47	1.279	0.0020**
	Joint	34	2.55		
Mobilisation of Savings	Nuclear	66	2.37	2.647	0.0080**
	Joint	34	2.45		
Development of Skills	Nuclear	66	2.84	4.120	0.0000**
	Joint	34	2.10		
Mutual Help and Co-operation	Nuclear	66	2.42	1.671	0.0000**
	Joint	34	2.53		

Source: Primary Data Note: \*\*, and \* means significance at 0.01, and 0.05 level respectively.

Table summarizes the results of Testing of mean differences of family type of the selected SHG respondents with dimensions of the micro finance impact on the SHGs. The p value of Credit to Rural Poor, Economic Growth, Mobilisation of Savings, Development of Skills, Mutual Help and Co-operation and Social Welfare are significant at 0.01 level, whereas other dimensions of impact of micro finance on SHGs such as Poverty Alleviation and Women Empowerment are significant at 0.05 level, hence the Null hypothesis (H<sub>0</sub>) is rejected. Consequently, it is accepted that a noteworthy mean difference persists between nuclear and joint family towards the impact of the micro finance towards SHGs in Chennai city.

### ANALYSIS OF THE SOCIO-ECONOMIC CHARACTERISTICS AND AWARENESS ABOUT RURAL DEVELOPMENT SCHEMES

The non-parametric chi-square test is applied to find the association between awareness about rural development schemes and socio-economic characteristics factors such as age, sex, education, and occupation.

**Table - 6: Sex and Awareness about Rural Development Schemes**

Sex	Not at all aware	Slightly aware	Somewhat aware	Extremely aware	Total
Male	4	8	15	5	32
Female	2	3	6	7	18
<b>Total</b>	<b>6</b>	<b>11</b>	<b>21</b>	<b>12</b>	<b>50</b>

Sources: Computed data

Results of chi-square test are as follows

Chi-Square test	Calculated value	Df	Table Value	Result
	3.48	3	7.81	Accepted

Above table indicate that the Table Value is less than calculated value. Therefore, test is accepted.

**Table - 7: Age and Awareness about Rural Development Schemes**

Age	Not at all aware	Slightly aware	Somewhat aware	Extremely aware	Total
21-25	1	3	2	3	9
26-35	2	2	13	4	21
36-45	1	4	4	3	12
Above 45	2	2	2	2	8
<b>Total</b>	<b>6</b>	<b>11</b>	<b>21</b>	<b>12</b>	<b>50</b>

Sources: Computed data

Results of chi-square test are as follows

Chi-Square test	Calculated value	Df	Table Value	Result
	15.95	9	16.92	Accepted

Above table indicate that the Table Value is less than calculated value. Therefore, test is accepted.

**Table - 8: Education and Awareness about Rural Development Schemes**

Education	Not at all aware	Slightly aware	Somewhat aware	Extremely aware	Total
Illiterate	2	3	3	3	11
Primary education	2	3	6	2	13
Secondary education	1	4	9	4	18
College	1	1	3	3	8
<b>Total</b>	<b>6</b>	<b>11</b>	<b>21</b>	<b>12</b>	<b>50</b>

Sources: Computed data

**Results of chi-square test are as follows**

Chi-Square test	Calculated value	Df	Table Value	Result
	8.00	9	16.92	Accepted

Above table indicate that the Table Value is less than calculated value. Therefore, test is accepted.

**Table - 9: Occupation and Awareness about Rural Development Schemes**

Occupation	Not at all aware	Slightly aware	Somewhat aware	Extremely aware	Total
Agriculture	2	1	5	4	12
Labour	1	2	5	4	12
Business	1	2	5	2	10
Employment	1	4	4	1	10
<b>Total</b>	<b>6</b>	<b>11</b>	<b>21</b>	<b>12</b>	<b>50</b>

Sources: Computed data

**Results of chi-square test are as follows**

Chi-Square test	Calculated value	Df	Table Value	Result
	8.87	12	21.03	Accepted

Above table indicate that the Table Value is less than calculated value. Therefore, test is accepted.

**Findings**

1. It reveals that male respondents are higher than female respondents using.
2. Majority of respondent's age group were 26-35.
3. Secondary educations were high as compared to other Educational groups.
4. Majority of the respondent's Occupation were Agriculture.
5. Majority of respondents joined from 6 – 10 years the group.
6. Majority of the members receiving information through Relatives.
7. Majority of respondents were getting benefits from SHGs saving habits.
8. Majority of the respondents giving yes for Beneficiary of Government Schemes.
9. Majority of the respondents somewhat aware about SHGs.

**Suggestions Of The Study**

The banks should provide credit to SHGs adequately and without undue delays.

The interest rates should be decreased so as to encourage non-members for joining Self Help Groups.

**Conclusion**

The current investigation is an endeavor to examine the impact of micro-finance and self-help groups in the rural development of **Tirunelveli** District. By these studies, researcher finds out the Source of Information about SHGs, Benefits derived by Members, Beneficiary of Government Schemes, and Awareness about Rural Development Schemes. When researcher compares with socio economic factors like age, gender, education, occupation and awareness of SHGs respondents there is no significance difference between this. So the null hypothesis accepted. The overall conclusion that emerges from this study is that the most of the women members have joined SHGs for saving and financial constraints. The respondents save their money for mainly social occasions, food security and agriculture purpose. Data analysis indicated that after joining SHGs, the nature of employment of women had changed and improved compared to previous nature of work. Women feel fearless, open and self-confident after joining self-help group. It can be concluded that there is positive impact of micro finance activity on socio-economic indicators of women members.

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