A Study On Micro Financial Problems of Women Self Help Groups in Pudukkottai District

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ABSTRACT

Indian is the largest democracy. Self Help Group is necessary to enrich India towards women development. SHG is also helps to building relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts. There is an urgent need to study about micro financial problems of women self-help groups. This study may investigate the micro finance problems of women self-help groups in Pudukkottai district and contribute with the suggestions to improve SHGs. These study statistically tools used for Percentage analysis, Friedman test (Rank Correlation), Kendall’s Coefficient, Chi-square test. This study find out the problems of self-help groups in micro financial problems, savings, interest, investment, raw material. It concluded that the study interest, investment and savings of major problems of self-help groups. It is right time for government to take effective step to sort out the problems to help group movement.

Key words: SHG problems, financial problems, investment problem, interest problem

Introduction:

In Tamilnadu Self - Help Groups have played a vital role of eradicate the poverty of the women in rural area. SHG's women have attained economic improvement and social status in the society. Uneducated rural women belonging to the low income groups find almost impossible to initiate any entrepreneurial work without adequate capital, proper training and onsite support. Such support is made available to women SHG members through various schemes. In India several micro finance institutions have been promoted for providing micro finance to the poor under various poverty alleviation programmes. Co-operative institutions, Regional rural banks and the rural branches of commercial banks have been providing credit to the poor through several schemes under the directives of the government of India.

Meaning of Self - Help Groups:

SHGs are forums to raise awareness and build confidence to disseminate information and deliver services and to develop community self-reliance and collective action. The experience of many actors in the field of saving credit programmes, actively augmenting the cause of SHGs, is that the group is the key to the success of any SHG or saving and credit programme.

Self-help group a mini voluntary agency for self-help at the micro level has been a focus on the weaker sections particularly women for their defence. SHGs has got a great potential in creating awareness in day today affairs promoting saving habits increasing income level and improving social power SHGs concept generates self-confidence, self-security and self-reliance.

Concept of SHG:

Self -help group is an informal and voluntary group of neighbourhood people with equal status/mind-set, formed for fighting for common causes like poverty, illiteracy, violence and deprivation of basic necessities of life. “Self-help group is a registered or unregistered group of micro entrepreneurs with a homogenous social and economic background, voluntarily coming together to save small amounts regularly and mutually agreeing to contribute to a common fund to meet their emergency need on mutual help basis.

Functioning of SHG:

Self Help Group can come up on their own or through the intervention of voluntary agencies, NGOs or by officially of financial agencies like banks or by government departments. SHGs have been able to provide primitive banking services that are cost effective and flexible to their members. SHGs have evolved their own characteristics of functioning.

- Group members usually create a common fund by contributing their small savings on a regular basis.
- Groups evolve flexible system of working and manage pooled resources in a Democratic way.
- Groups consider loan requests in periodic meetings and competing claims on limited Resources are settled by consensus.
- Loans are giving mainly on trust with minimum documentation and without any security.
- The loan amounts are small, frequent for short duration and are mainly for Unconventional purposes.
- The rate of interest varies from group to group and depends on the purpose of the loan. The rates are higher.
than in banks, but much lower than those of the moneylenders.

- At periodic meeting besides collecting money social and economic issues are also discussed.
- Defaults are rate due to group pressure and transparency about end use of credit.

**Need for women Self-Help Group:**

- Our constitution, in its fundamental rights, has provisions for equality social justice and production of women. These goals are yet to be realized women continue to be discriminated. Exploited and exposed to inequality various level.

- By empowerment, women should be able to develop self-esteem, self-confidence, realize their potential and enhance their collective bargaining power.

- Awareness building about women's status discrimination, rights and opportunities is a vital step toward gender equality.

- Capacity building and skill development, especially the ability to plan, make decisions, organize, manage and carry out activities, to deal with people and institutions in the world around them.

- Participation and greater control and decision-making power in the affairs of home, community and in society.

- Action to bring about greater equality between men and women.

**Micro financial and Self Help Groups:**

Indian has a population of 1027.01 million with 742 million living in rural areas. Over 80 per cent of the Indian populations classified as people belonging to rural India. About 40 per cent of the rural population and 23.62 per cent of urban population are estimated to be living below the poverty line. Women work participation rate is higher in rural areas. Women constitute one third of the labour force in India, out of which go per cent of the rural and 10 per cent of urban women workers are unskilled.

**Diagram of Process of SHG:**

<table>
<thead>
<tr>
<th>Step</th>
</tr>
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<tbody>
<tr>
<td>Creation of baseline</td>
</tr>
<tr>
<td>Short listing of potential village</td>
</tr>
<tr>
<td>Identifying the poor (based on wealth ranking)</td>
</tr>
<tr>
<td>Seeding the concept</td>
</tr>
<tr>
<td>Formation of Self Help Groups</td>
</tr>
<tr>
<td>Quality control</td>
</tr>
<tr>
<td>Regularizing systems</td>
</tr>
</tbody>
</table>

**Formaition of SHG:**

As the target groups under self-help groups are rural poor, who are illiterate and cannot understand the concept. The role of non-government organizations (NGOs) and self-help promotion institutions (SHPIs) is crucial in formation and promotion of self-help groups in the villages. However there is no rigid rule that only non-government organization or self-help group promotion intuitions alone can promote self-help groups. In the normal circumstances non-government organizations or self-help groups involved in various other social activities are in an advantageous position to promote self-help group.

**Definition of Micro Finance:**

The definition of micro finance includes both financial and social intermediation. Micro finance is not simply a banking activity. It is a developmental tool. Micro finance activities usually involve.

- Small loan typically for working capital.
- Informal approaches of borrowers and investors.
- Collateral substitutes such as group guarantees or compulsory saving.
- Access to repeat and larger loans based on repayment performance.
- Streamlined loan disbursements and monitoring.
- Secure saving products.
- Some micro finance institutions provide enterprise development Service such as skill Training and marketing and social services Such as literacy training and health care.

**Problems Faced by Micro Finance:**

- Perceived high risk of lending to the poor (The loan may be misused easily).
- Technology – related hurdles, such as the high costs involved in small loan transactions for Micro Finance providers (Read about Technology-related solution).
- Lack of awareness about sources of funds for Micro Finance providers to pass on to the poor.
- The Poor’s inability to offer marketable collateral for loans to Micro Finance Institution.
- Difficulty in measuring the social performance of Micro Finance Institutions (Read about tools to help measure the social performance of Micro Finance).
- Mixing of charity with business by Micro Finance Providers (This is an issue of poor governance).
- High Interest Rates of loans made to the poor (To cover various costs and risks).
- Lack at customized solutions / Micro Finance models for the poor.
• Inappropriate targeting at poor households by Micro Financial Programs.
• Lack of Micro Finance Training for Micro Finance Institutions.
• Poor distribution system of Micro Financial Institutions, i.e. a need to spread out loan facilities into rural areas.
• Lack of information about Micro Finance investment Opportunities (Possible solution through apple).
• Poor institutional viability of Micro Finance Ventures.
• Dual Mission of Micro Finance Institutions to be financially sustainable as well as Development.
• The Poor’s inability to offer marketable collateral for loans.
• Poor institutional viability of micro enterprises.
• Lack of Knowledge about Micro Finance services
• Shortage of Financial Capital or Misallocation?
• Perceived high Risk of Micro Entrepreneurship and small business.
• High costs Involved in small Transactions / Micro Lending.
• Lack of debt and equity funds for Micro Finance Institutions to pass on to the poor.
• Difficulty in measuring the social performance at Micro Finance Institutions.

Growth of Micro Financial Sector (Global Level):
The historical account of the emergence and growth of micro finance sector of the global level is as given below. Mohammed yunus. Popularly known as the father of micro credit system, started a research project in Bangladesh in 1979 and come out with ideas of micro credit. Micro finance that resulted in the establishment of government bank in 1983. In 1981 NDF (National development foundation) Jamaica was started with the support of pan American development foundations. In 1983, DADEMI (Association for development of micro enterprise) was established in Dominican Republic, Santo Domingo with support for ACCTION, and an international agency. In 1984 the participants of the third international symposium on mobilization of personal savings in developing countries, organized by united nations agreed in the final resolution that internal saving must provide to the basis of credit programmers, state control interest rate must be relaxed, more decentralized financial service and strong linkages between formal and informal credit institutions for development. In the same year, BRI (Bank Racket Indonesia) started micro finance in Indonesia. K-RER (Kenya Rural Enterprise Programmed) was set up by USAID (United State Agency for International Development) to develop credit programming for micro enterprises through NGOs intermeditation. In 1986 ACEP (Agency de Credit port of enterprise price) was established din signal with support of USAID. In 1986 PRODEM (Foundation for the promotion and development of micro enterprise), whish was established by USAID and ACCTION international in Bolivia stated micro finance later on. It was converted into a bank called bane 801 (Bank Solitaire) in 1992. In 1987, IDH (Instituto de desarrollo hondurando) was started in Honduras with the support of opportunity international. In 1992 BANPECO (Banco National Del Pequeno co meicro) that is national bank for small traders was renamed as BANCI (bank national de a Comerica interior), that is national bank for domestic commerce and started micro finance in urban areas of Mexico. Micro finance system gained the momentum, in mid-90s after the world smith for social development, held at Copenhagen in 1995. The summit which emphasized on the easy access to credit for small producers, landless framer, and to the low income individuals, particularly women, urged governments of various laundries to take appropriate actions in order to make easy accessibility of credit to the poor. Subsequently the microcenter summit (2-4 february.1997) held of Washington De launched a global movement to reach 100 million of the world’s poorest families, especially the woman of those families, with credit for self-development by the years 2005.

Limitations of the Study:
The study has certain Limitations. One of the Micro Finance Problems is that through these are number of Self-Employment Programmes functioning in Tamilnadu; the Present study is confined only to the Self Help Group (SHGs) Programme. Another Limitation is that the Researcher has confined his study area to the Pudukkottai District alone. Thus the results and findings can be generalized only to Pudukkottai District.

In spite of the detailed investigation mode in the present study it has got the following limitations.
• This study is based on the 200 sample respondents only. So the findings and suggestions of this study may not suitable to all the people in the study area.
• This study confined to Pudukkottai area only. Hence the conclusion derived from this study may not be applicable to other places.
• The respondents sometimes hesitated to give accurate and clear details for some questions.

Review of Literature:
Rimj him mousumi das (2004), in his article “micro finance through SHGs” has explained that micro finance through SHG has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally. He has also revealed that micro finance not only deals with credit part but also deals with the saving and insurance part. The most successful region for micro finance is the southern part of India.

Chidambaranatham, M. (2007), stated that most micro finance programmers in the country are currently delivered through women’s self-help groups(SHGs)
constituted at 15 to 20 women who come together to save their money. Extend small loans from it and access additional loans from the formal banking sector or NGOs/ micro finance organization.

Vinayagamoorthy, A. et all (2007) stated in their article that the income of the women increased after joining the SHGs. So that the monthly household expenditure also rose by a considerable level. But the savings are increasing at slow rate because the incremental expenditure is higher. Mostly they are spending for present consumption. The members should change it. The good practice of the women SHGs in the studied areas in that the repayment of the loan is in time.

Dr.C.Rangarajan (2006) in has topic “Microfinance and its future directions” in the introductory part of the book, outline the evolution of SHG through microfinance evolve through in there stages. First, to meet survival requirement need, in the second stage is to meet the subsistence level through investing in tradition activities and in the final stage by setting up of enterprises for sustainable income generation. Micro Finance Programs for women are currently promoted not only as a strategy for empowerment.

Banumathy, S. (2005), has explained in her article “self-help groups and bank linkages”. That the initial role played by SHGs. Promoted NABARD to venture linkage of SHG with banks in February, 1992. She has also stated that RBI has advised banks to initiate action for adopting SHG village programmers as a part of their corporate strategy.

Sinivasan (2005) has indicated in his paper “linkage to SHGs through banks” that the banking industry had recorded the utopian recovery rate of more than 95 per cent of loans to women SHGs with an added bonus on timely repayment. Risks were transformed into safe options in the form of SHGs. He has also explained that the SHGs showed to the world. The most innovative ways of savings- almost refining thrift.

Objectives of the study:
Further the study is to offer suitable suggestions to improve the Women Self Help Group.
- To find out the demographic variables of self Help Groups in Pudukkottai area.
- To find out the women development organization of Self Help Groups
- To find out the technological of Self Help Groups
- To offer suitable suggestions to improve the Women Self Help Groups.

Research Methodology:

Data Collection:
This study covers both primary and secondary data. The primary data were collected from the sample respondents with the help of schedule method. Secondary data were collected through various journals, magazines report and website.

Statistical Tools:
A proper and suitable statistical tools has been used to analyses the date. The following are the statistical tools used in this study.
- Percentage analysis
- Friedman test ( Rank Correlation)
- Kendall’s Coefficient
- Chi-square test

Research and Discussion:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Age</th>
<th>Sample chosen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 30 years</td>
<td>79</td>
<td>39.5</td>
</tr>
<tr>
<td>2</td>
<td>30-40 years</td>
<td>49</td>
<td>24.5</td>
</tr>
<tr>
<td>3</td>
<td>40-50 years</td>
<td>45</td>
<td>22.5</td>
</tr>
<tr>
<td>4</td>
<td>Above 50 years</td>
<td>27</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table exhibits that out of 200 respondents selected for the present study, 79 (39.5%) of the respondents are below 30 years, 49 (24.5%) of the respondents are 30-40 years, 45 (22.5%) of the respondents are 40-50 years and 27 (13.5%) of them are above 50 years. So, majority of the respondents are below 30 years of age.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Religion</th>
<th>Sample chosen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hindu</td>
<td>143</td>
<td>71.5</td>
</tr>
<tr>
<td>2</td>
<td>Muslim</td>
<td>28</td>
<td>14.0</td>
</tr>
<tr>
<td>3</td>
<td>Christian</td>
<td>29</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table reveals that out of 200 respondents selected for the present study, 143 (71.5%) of the respondents are Hindus, 28 (14.0%) of the respondents are Muslim and 29 (14.5%) of them are Christian. So, majority of the respondents are Hindus.
Table 3

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Residence</th>
<th>Sample chosen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Villages</td>
<td>120</td>
<td>60.0</td>
</tr>
<tr>
<td>2</td>
<td>Town</td>
<td>80</td>
<td>40.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table reveals that out of 200 respondents selected for the present study, 120 (60.0%) of the respondents are villages and 80 (40.0%) of them are Town. So, majority of the respondents are residing at Villages.

Table 4

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Occupation</th>
<th>Sample chosen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>House wife</td>
<td>72</td>
<td>36.0</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural Labour</td>
<td>64</td>
<td>32.0</td>
</tr>
<tr>
<td>3</td>
<td>Non-Agricultural Labour</td>
<td>64</td>
<td>32.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table reveals that out of 200 respondents selected for the present study, 72 (36.0%) of the respondents are House wife, 64 (32.0%) of the respondents are Agricultural Labour and 64 (32.0%) of them are Non-Agricultural Labour. So, majority of the respondents are house wife.

Table 5

<table>
<thead>
<tr>
<th>Caste</th>
<th>Inadequate financial assistance from bank</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ho: There is no association between inadequate financial assistance from bank and caste.

It is observed from the obtained statistical result that the calculated Chi-square value is greater than the table value. It is significant (P<0.05). So the alternative hypothesis is accepted and null hypothesis is rejected. Therefore it is concluded that there is an association between inadequate financial assistance from bank and caste.
Table-6
Friedman test and Kendall’s co-efficient of concordance test results regarding the Rank the major problem

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean Rank</th>
<th>Assigned rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial problem</td>
<td>3.99</td>
<td>5</td>
</tr>
<tr>
<td>Raw material problem</td>
<td>3.81</td>
<td>4</td>
</tr>
<tr>
<td>Investment problem</td>
<td>2.51</td>
<td>2</td>
</tr>
<tr>
<td>Interest problem</td>
<td>2.19</td>
<td>1</td>
</tr>
<tr>
<td>Savings problem</td>
<td>2.51</td>
<td>3</td>
</tr>
<tr>
<td>Chi square (df=5)</td>
<td>231.60</td>
<td></td>
</tr>
<tr>
<td>Kendall W</td>
<td>0.042</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>0.001</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary sources

It is inferred from the above table, as per the ranking given by the respondents for the expected Rank the major problem ranked first which is followed by Interest problem, Investment problem and Savings problem.

According to the Friedman test results, the respondent’s ranking for expected financial problems are significantly different at 1% level of significance. Since the Kendall’s value (w) is moderate, it is inferred that the significantly different at 0.01 level (P<0.01).

Table-7
Friedman test and Kendall’s co-efficient of concordance test results regarding the financial problems

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean Rank</th>
<th>Assigned rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortage of working capital</td>
<td>1.64</td>
<td>1</td>
</tr>
<tr>
<td>To deploy the legal formalities</td>
<td>1.70</td>
<td>2</td>
</tr>
<tr>
<td>Repayment of loans</td>
<td>2.65</td>
<td>3</td>
</tr>
<tr>
<td>Chi square (df=2)</td>
<td>136.78</td>
<td></td>
</tr>
<tr>
<td>Kendall W</td>
<td>0.024</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>0.001</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary sources

Table shows that as per the ranking given by the respondents for the expected financial problems ranked first which is followed by Shortage of working capital, to deploy the legal formalities and Repayment of loans.

According to the Friedman test results, the respondent’s ranking for expected financial problems are significantly different at 1% level of significance. Since the Kendall’s value (w) is moderate, it is inferred that the significantly different at 0.01 level (P<0.01).

Findings:
- Also result shows that 79 (39.5%) of the respondents are below 30 years, 49 (24.5%) of the respondents are 30-40 years, 45 (22.5%) of the respondents are 40-50 years and 27 (13.5%) of them are above 50 years respondents age. (table 1)
- Result inferred that 143 (71.5%) of the respondents are Hindu, 28 (14.0%) of the respondents are Muslim and 29 (29.0%) of the respondents Christian of them are Hindu religion. (table 2)
- Further result exhibits that 120 (60.0%) of the respondents are residing in villages and 80 (40.0%) of them are residing at Town. (table 3)
- Result inferred that 72 (36.0%) of the respondents are House wife, 64 (32.0%) of the respondents are Agricultural Labour and 64 (32.0%) of them are Non-Agricultural Labour. (table 4)
- Result inferred that there is an association between Inadequate financial assistance from bank and caste (table 5)
- Result inferred that respondent’s ranking for expected financial problems are significantly different at 1% level of significance. Ranked first which is followed by Interest problem, Investment problem and Savings problem. (table 6)
- Analysis exhibits that respondent’s ranking for expected financial problems are significantly different at 1% level of significance. Ranked first which is followed by Shortage of working capital, to deploy the legal formalities and Repayment of loans. (table 7)

Suggestions:
Entrepreneurship by definition implies being in control of one’s life and activities. It develops the cognitive abilities and managerial skills. It leads to the inculcation of leadership attributes over a period of time. As a manager of the enterprise, they learn to collaborative, coordinate and communicate with relevant institutions and individuals. Women work more but the value of this effort is underestimated by the families which take their work for granted. They live longer compared to men and work more number of hours per day. Women are mainly treated as care-takers and are invisible responsibility bearers of the family events. Entrepreneurial identity brings along with it an assured status both within and outside the family.
Misappropriation of funds by the groups' leaders as well as members are corrected by periodical, checking up of the groups' accounts.

Annual auditing is being done for each SHG in order to keep their accounts up to date.

Literacy and numeric trainings are conducted to maintain accounts properly.

Imparting and knowledge on new schemes and future guidance in upgrading the standard of SHGs are being given through Block level Co-ordination Committee (BLCC) and panchayat Level Federation (PLF).

Conclusion:

The present study aimed to know the micro financial problems of women self-help groups with special reference to Pudukkottai District. Based on that some objectives and hypotheses were framed and questionnaires were prepared. Based on 200 sample, the date were analyzed using the statistical tools like Rank Correlation, ANOVA and Chi-square, percentage. The result were derived only after the analyzing the data. The overall performance of the Self Help Group is good. The study reveals that the government should support more to improve their quality of life. Because they are in the need of support to overcome basis problems.

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