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RESEARCH ARTICLE

SELF HELP GROUPS FACILITATE THE ECONOMIC GROWTH IN RURAL WOMEN ENTREPRENEURS THROUGH MICROFINANCE

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ABSTRACT

Microfinance through Self Help Group (SHGs) has been documented worldwide as the modern tool to combat poverty and for rural development. Self-help group is a method of organizing to poor people and the marginalized to come mutually to solve their individual problem. All the group members should be encouraged to do business also to develop their skills and talents by participating in various training programs. SHGs have witnessed a lot of new dimensions for the successful running and carrying out of new process.

Key words:

Microfinance, Self-Help Group,
Women entrepreneurs, Economic growth.

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INTRODUCTION

Self-Help Group aims at providing alertness among the rural poor about the on-going development programmes. The most important social innovation to help the poor in recent years has been the success of the thrift and credit-based self-help groups (SHGs), especially those formed by women. These groups assisted by NGOs have successfully developed a system of credit for the benefit of group members. Linking of SHGs to formal financial institutions has further enhanced availability of micro credit financing to the groups. The delivery of microcredit, though initially in progress by women's group and non-governmental organizations (NGOs) to empower poor people at local level, microcredit more broadly microfinance is no longer a micro or local phenomenon. The microcredit industry and the later expansion to microfinance has become a global enterprise. Microfinance Institutions (MFIs) in India exists as Non-governmental organizations registered as societies or trusts, Section 25 companies and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), Cooperative Societies and other apex institutions have played an important role in providing financial services. Banks have also leveraged the Self-help Groups (SHGs) channel to direct credit to group members.

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Review of Literature

Stephen and Seilan (2005) "it is realized that NGOs can play a decisive role as an effective delivery mechanism in rural development they have innate advantage to involve people and ensure their participation in the development process. Networking with governmental agencies and fellow NGOs is an added advantage to them. The NGOs are taking keen interest in providing micro finance through SHGs and there are by empowering poor women. The success of NGOs in helping rural poor to organize SHGs for credit delivery in a way highlights the importance of NGO-SHG linkage for the betterment of the later".

Saminathan (2008) stated that, "women entrepreneurs encounter two sets of problems, viz., general problems of entrepreneurs and problems specific to women entrepreneurs. In order to ensure that development of women entrepreneurship takes plans as possible this is a case for setting up apex bodies at the state level and organization at district level which could be affiliated to the apex body. Such an integrated effort would serve as effective machinery to render necessary women entrepreneurs, and secure help for them whenever needed from the Government bank financial institutions and others".

Mayoux and Hartl (2009) the basic idea behind microfinance is offering financial services to low income households, based

on the premises that women in poor households are more likely to credit constrain, and hence less able to undertake income-generating activities. Access to credit contributes not only towards financial sustainability, but also a series of virtuous spirals of economic empowerment, increased well-being and social and political empowerment for women themselves, there by addressing goals of gender equity and empowerment.

Harendar Kumar (2009) the contribution of women and their role in the family as well as in the economic development and social transformation are pivotal. Women constitute 90 per cent of total marginal workers of the country. Rural women who are engaged in agriculture form 78 per cent of all women in regular work.

Objectives of the study

- To access the utilization form of micro credit among the women self-help group members for building the entrepreneurial skill.
- To examine the role of microfinance on women's empowerment.
- To study the economic gains derived by the members after joining the Self-Help Group.

Research methodology

This study to know and assess the role of microfinance in empowering women SHG members in Orathanadu taluk (Thanjavur District). It further uses the Primary data collection with a convenient sample size of 100 respondents of the members. In addition secondary data has been collected through Books, Journals and websites, Internet etc.,

ANALYSIS OF RESULTS

The study conducted with the help of statistical tools like Percentage Analysis and Chi Square Test.

Table 1. Types of Loan received by the SHG members

Loan Received	No.of the Respondents	Percentage
Agriculture	25	25
Petty shop	10	10
Milk Production	28	28
Tailoring	15	15
Others	22	22
Total	100	100

Source: Primary Data

Interpretation

The above table indicates the occupation of the respondent Out of 100 respondents. 25% of the respondents received agricultural loan, 10 % of the respondents received petty shop loan, 28 % of the respondents received milk production loan and 15% of the respondents received for Tailoring shop and others like 22% educational loan etc...

Applying Chi Square Test for the Table 2

H₀: There is no significant Difference between income of the respondents and their overall social relationship development

H₁: There is a significant Difference between income of the respondents and their overall social relationship development

Table 2. The income of the respondents and their overall social relationship development

Income of the Respondents	Overall social Relationship Development		Total
	Low	High	
Less than Rs.1500	11	7	18
Rs 1500to3000	30	12	42
Rs3000 to 5000	18	2	20
Rs 5000 to 7000	9	2	11
Above Rs.7000	7	2	9
	75	25	100

Source : Primary Data

O	E	O-E	(OE)2/E
11	13.5	-2.5	0.462
30	31.5	-1.5	0.071
18	15	3	0.6
9	8.25	0.75	0.068
7	6.75	0.25	0.009
7	4.5	2.5	1.388
12	10.5	1.5	0.214
2	5	-3	1.8
2	2.75	-0.75	0.204
2	2.25	-0.25	0.027
Calculated			4.84733

Degrees of Freedom 4

X² (Chi square) Table value at 5% Significant level =9.488
Calculated value = 4.84733

Since the calculated value is less than the table value, H₀ accepted. Therefore, there is no significant difference between the income of the respondents and their overall social relationship development

Suggestions and Conclusion

Empowering women particularly rural women is a challenge. Micro enterprises through SHGs in rural area can help to meet these challenges and not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women. SHGs not only empower women, but also their personal problems apart from their economic development and the group members should be encouraged to do business and the members should be properly trained to undertake more profitability business venture now need to move further ahead in encouraging their clients to actually set up the business by providing access to acquire specific business related skills, access to marketing, networking, etc.

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