

REGRESSION MODEL FOR THE IMPROVEMENT OF ECONOMIC STATUS OF SELF HELP GROUPS

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In olden days Indian women were mainly rendering services to the family members particularly to the husband and children. So women were not allowed to go outside for earning income. In most areas they were not allowed even to go for higher education. India being a country, with 70% of its population belonging to rural sector, depends on agriculture and allied activities. Due to climate, rainfall failure and some other reasons the farmers do not generate adequate income to meet their family needs and suffer a lot most of the time except during harvest. The villages strive hard to run their family and to satisfy their children's requirements. Due to this reason the women have started ventures to generate income. At present women contribute much for the development of all sectors of the country. Employment gives economic status to women. Economic status increases social status and thereby empowers them. Keeping this in view all the governments try to improve the status of women in all possible ways. SHGs are considered as the main channel for generating income to the women in all areas particularly in rural and semi-urban areas. The growth of Self-Help Groups (SHGs) is evidence of the fact that women are coming out of their shells, shunning their secondary citizen status and are using their potentialities and talents for individual and societal benefits. Earlier SHGs were formed by the less educated womenfolk, but today even educated women are coming forward to form SHGs because of its various obvious benefits. In this context though the SHGs are improving the socio-economic status of women, a specific study is needed for every region because of its unique economic and cultural environment. Therefore, the present study has been carried out with 240 members of SHGs operating in Coimbatore District.

INTRODUCTION

Self Help Groups are about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination and the like) to support each other and to work together to change the disadvantages affecting them. It is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities come through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common problems and plan for solution, share information, and make efforts to improve their health and literacy skills. Self Help Groups are not charity or simply community based groups. They are made of and controlled by the people affected. Group members are not volunteers. Although

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the work is usually unpaid, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous, and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. Self-help groups build on the strengths of their members.

EVOLUTION OF MICRO FINANCE IN INDIA

The irrepressible desire and inherent capacity of poor to improve their living for themselves is considered as the foundation for the concept of Micro Finance propelled by the demonstrative success of Bangladesh Grameen Experiment. Micro Finance is acknowledged as an effective channel to take the poor into a new domain of economic empowerment. Micro Finance movement assumed global advocacy through Micro Credit Summit held in February 1997 at Washington. The summit representing 1500 institutions and 137 countries is a landmark in the collective crusade against poverty undertaken by the developed and developing countries together. The Micro Credit Summit launched a campaign to reach 100 million of the worlds poorest families. Micro Finance is referred to as providing credit for self employment, financial and other business services including savings and technical assistance.

In India self-help groups (SHGs) are an integral part of the National Bank for Agriculture and Rural Development (NABARD) program for linking banks and SHGs. Nevertheless, they are generally not registered. Under Indian law, SHGs are only required to be registered (as a society, trust or cooperative) if they have more than 20 members. For this reason, many SHGs restrict their membership to 20 persons or less. It is also found in Gujarat and some other parts of the country that some larger SHGs operate informally and are not registered.

STATEMENT OF THE PROBLEM

Nowadays women are flourishing in all fields. They have started to improve their status, standard of living and personality. Women are no were dependent. They are finding their own way of generating income. They not only improve themselves but they associate other poor women with them and jointly work to improve their status. In order to create awareness among the women and to give a detailed analytical performance of micro finance, the researchers have attempted to analyze the impact of micro finance in Coimbatore District. This district has a large agricultural community and the women folk are involved in various SHGs. This study has been undertaken to study the impact of micro finance and the role of SHGs in the development of women and their empowerment.

OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the impact of micro finance on women members in SHGs in Coimbatore District. The specific objectives of the study are:

1. To study the relationship between demographic factors and socio-economic conditions of members of Self Help Groups.
2. To identify the inter relationship among demographic of Self Help Group members and
3. To offer valuable suggestions on the basis of findings of this study for the successful implementation of micro finance activities through SHGs.

SCOPE OF THE STUDY

The current study, which is basically a research, provided an opportunity to bring awareness among women about their situation, discrimination of rights and opportunities as a step towards gender equality. Collective awareness building provides a sense of group identity and the power of working as a group. This research study will help the women to strengthen their economic activities, to create positive linkages and to support for access to raw materials, skill training, marketing opportunities and credit needs. The present study is aimed at analyzing the impact of micro finance in terms of economic status of the SHGs members and the role of SHGs in the development of women and their empowerment from the point of view of SHGs and its members. The findings and suggestions will throw light on certain broad features of the micro finance and as such the study may be a practical guide in formulating better plans.

METHODOLOGY

The present study is based on primary data. The main source of the primary data has been collected from SHGs members. The schedule has been used for collecting information relating to the socio economic conditions and the impact of micro finance on SHGs members. The fieldwork for the study was conducted during the period between June 2009 and November 2009. The data thus collected was categorized and posted in the master table for further processing. The collected data were analyzed through simple descriptive statistics to 'F' test. The extent and variation of economic status achieved by the members were measured through scale and analysis on the basis of the scores of components. The factor wise analysis was made. In order to find out the significance of the difference between the average, analysis of variance, 'F' test, co-efficient of correlation analysis and partial regression analysis have been applied.

Sampling

The present study proposes to cover the SHGs in Coimbatore District. As census method is not feasible, the researchers have proposed to follow sampling. The sample respondents have been selected by following Cluster Sampling Method. The district has been divided into three revenue divisions namely Coimbatore, Pollachi and Tirupur. Each division is considered a cluster. The 60 SHGs have been selected by simple random sampling method, using the lottery method from each revenue division at the rate of 20. As the study follows Cluster Sampling Method, proper attention was made to include the 3 models of SHGs of Direct linkage with banks, NGO as facilitator and NGO as intermediary from each cluster in the sample. The present study selected 240 SHGs members from the selected 60 SHGs. In each selected SHGs, four members have been selected as sample respondents from the nominal rolls of the respective SHGs by using the Tippets Random Numbers. Thus, on the whole 240 sample respondents were selected for the study and this number is inclusive of animators and representatives as well as members of the SHGs.

Multiple Regression Analysis

In this foregoing analysis, the relationship of each factor with the SHGs members' economic status has been studied. The analysis has been carried forward into a regression analysis in this section. The simple correlation analysis made in the previous section is given in table 1, it shows that there is a significant relationship between six factors with economic status.

Table 1, Simple Correlation of Selected Factors with Economic Status

Sl. No.	Factors	Correlation Co-efficient	Table value "r"	Significance
1.	Age Group	0.076	0.125	Not Significant
2.	Gender	-0.216	0.125	Significant
3.	Marital status	0.073	0.125	Not Significant
4.	Social status	-0.128	0.125	Significant
5.	Education	0.139	0.125	Significant
6.	Type of family	-0.024	0.125	Not Significant
7.	Size of the family	0.161	0.125	Significant
8.	Role in SHGs	0.037	0.125	Not Significant
9.	Occupation	0.007	0.125	Not Significant
10.	Monthly Income	0.018	0.125	Not Significant
11.	Awareness	0.199	0.125	Significant
12.	Participation	0.397	0.125	Significant

Inter-Correlation

Table 2 shows the inter-correlation among the twelve selected factors. The relationship of economic status (Y) with the factors age group (X_1), marital status (X_3), type of family (X_6), role in SHGs (X_8), occupation (X_9) and income (X_{10}) is not significant. The relationship of age group (X_1) with residence (X_2), marital status (X_3), social status (X_4), size of family (X_7) and income (X_{10}) is not significant. The relationship of gender (X_2) with social status (X_4), size of family (X_7), occupation (X_9) and income (X_{10}) is not significant. The relationship of marital status (X_3) with social status (X_4), type of family (X_6), and occupation (X_9) is significant. The relationship of social status (X_4) with income (X_{10}) is not significant. The relationship of education (X_5) with role in SHGs (X_8), occupation (X_9) and awareness (X_{11}) is not significant. The relationship of type of family (X_6) with occupation (X_9), income (X_{10}) and awareness (X_{11}) is not significant. The relationship of size of the family (X_7) with income (X_{10}) and participation in SHGs (X_{12}) is not significant. The relationship of role in SHGs (X_8) with income (X_{10}) is significant. The relationship of occupation (X_9) with income (X_{10}), awareness (X_{11}) and participation in SHGs (X_{12}) is significant. The relationship of income (X_{10}) with awareness (X_{11}) is not significant. The relationship of awareness (X_{11}) with participation in SHGs (X_{12}) is significant.

Table 2, Inter Correlation Among Independent Variables

	Y	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀	X ₁₁	X ₁₂
Y	1												
X ₁	0.076	1											
X ₂	-0.216	0.117	1										
X ₃	0.073	-0.108	0.164	1									
X ₄	-0.128	0.067	0.010	-0.251	1								
X ₅	0.139	0.259	0.216	-0.065	0.151	1							
X ₆	-0.024	-0.473	-0.265	0.180	-0.444	-0.288	1						
X ₇	0.161	-0.026	0.023	-0.047	-0.166	-0.285	0.151	1					
X ₈	0.037	0.150	0.127	-0.040	0.347	0.049	-0.269	-0.491	1				
X ₉	0.007	-0.134	0.085	-0.176	0.172	0.072	0.075	-0.160	0.063	1			
X ₁₀	0.018	-0.074	0.032	0.057	0.069	-0.252	-0.001	-0.087	0.286	-0.338	1		
X ₁₁	0.199	-0.262	-0.283	-0.039	0.222	-0.102	0.088	-0.428	0.092	0.228	-0.022	1	
X ₁₂	0.397	0.257	0.366	0.089	-0.259	0.152	-0.345	0.048	0.003	-0.0204	0.238	-0.243	1

Table 'r' value for 5 % = 0 .125

STEP-WISE MULTIPLE REGRESSION ANALYSIS

The step-wise multiple regression analysis of economic status (Y) was performed with the variables age group (X_1), gender (X_2), marital status (X_3), social status (X_4), education (X_5), type of family (X_6), size of family (X_7), role in SHGs (X_8), occupation (X_9), income (X_{10}), awareness (X_{11}) and participation in SHGs (X_{12}) and the following regression model is fitted for performance :

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + \dots\dots\dots$$

and the results are presented in Table 3.

Table 3, Regression Model for Economic Status

Sl. No.	Factors	Regression Co-efficient	Standard Error	t - value (DF = 234)
1.	Constant	58.465	4.958	11.793
2.	Participation (X_{12})	-9.938	1.311	-7.578**
3.	Age Group (X_1)	4.498	1.042	4.315**
4.	Awareness (X_{11})	3.613	1.393	2.594*
5.	Marital status (X_3)	2.910	1.181	2.464*
6.	Income (X_{10})	0.899	0.384	2.342*

* = Significant at 5 %

** = Significant at 1% level

$$R^2 = 0.2510$$

$$\text{Regression Fitted } Y = 58.465 - 9.938 X_{12} + 4.498 X_1 + 3.613 X_{11} + 2.910 X_3 + 0.899 X_{10}$$

The final step-wise multiple regression model indicated that of the 12 variables, five variables namely participation (X_{12}), age group (X_1), awareness (X_{11}), marital status (X_3) and income (X_{10}) have made significant contribution to the economic status. The analysis of variance of multiple regression models for economic status is presented in Table 4.

Table 4, Analysis of Variance for Regression

Source	Degrees of freedom	SS	MS	F
Regression	5	6555.23	1311.046	15.665**
Residual	234	19584.16	83.693	
Total	239	26139.39		

** = Significant at 1 % level

The analysis of variance of multiple regression models for economic status indicates the overall significance of the model fitted. The co-efficient of determination R^2 value shows that these variables put together explain the variations of economic status to the extent of 25.10%.

SUGGESTIONS

In the light of the findings made in this study, the following suggestions are offered to improve the function of the micro credit at the grass-root level.

1. The government should come forward to provide minimum entrepreneurship program through District Industries Center. This may pave the way for practical and technical training in new areas. Natural talents, aptitudes, capabilities can be multiplied through training programmes to develop self-confidence, self-esteem, assertiveness, courage and risk.
2. Training programmes should be designed in such a manner that members can benefit out of their strengths and overcome their weakness; and should provide special assistance for selection of procedure / service so that members can be in a position to perceive and respond to various profitable opportunities.
3. Income generating activity should be based on available local resources and reasonably assured market with profits. Goods to be produced should be either for local needs or to facilitate traditional manufacture.
4. The process of SHGs formation has to be systematic, whether it is formed by a bank or an NGO. Due to their closeness to the people and flexibility of operations, the NGOs seem to be better equipped to undertake SHGs formation.
5. Every group should frame a policy on how to manage the savings of members who leave the group voluntarily or are asked to leave for some unavoidable reason.
6. Micro credit should be used to meet the current demands of the poor women, whether it is for health, education or consumption purposes. This will lead to a gradual improvement in the quality of their life and will enable them to identify activities for economic betterment. In this process they will learn fiscal discipline and be ready to take on market oriented economic activities.
7. Strong members of old groups can be motivated to take up promotional and conflict resolution responsibilities in the new SHGs. They can visit problematic/sick groups to explain and resolve various issues for smooth functioning of new SHGs.
8. Training in book-keeping, accounts, fund management and other financial matters related to SHGs are essential to make the members competent enough to deal with the increasing volume of transaction.
9. Annual plans for SHGs activities should be done by the group in consultation with the NGOs. The group leaders from different villages can meet once in a month and present the progress of their groups. Such review by all the groups will promote mutual learning.
10. Exposure visits to relatively successful group ventures of other SHGs can be organized to share the knowledge, experience and expertise.
11. The vertical structure and their management require capacity building and promotion of leadership from the grass-roots upwards within the SHGs structure. But they should not be imposed from above.
12. The involvement of politicians in the selection of the eligible beneficiaries may be avoided. The Panchayat Raj Institution or the Grama Sabha under the New Panchayat Raj System in Tamil Nadu may be involved in selection of the beneficiaries and the nature of assistance under the micro finance to the people living below the poverty line.

13. Voluntary organization operating in the rural areas should be encouraged to participate in the effective implementation of the programme. The programme may provide separate funds for the projects to be taken by such organization.
14. Government should organize micro credit camps and credit cum-recovery camps to facilitate early completion of the formalities required for sanction of loans and to avoid hardship to the beneficiaries.
15. A proper infrastructure facility should be given to the micro credit beneficiaries for effective implementation of schemes like sheep, goat, small dairy farming and processing etc.
16. The Government, NGO and Financial agencies should help the SHGs in selecting the project or the venture. Depending upon the local condition, availability of raw materials and other factors they can advice SHGs to select a feasible and profitable venture. Ideas of SHGs should be scrutinized with the help of management experts before the venture is finalized. Error in selecting the project may make for closure, as a result the time and money put into the project could become wasteful. Hence, right direction may enable the SHGs to select the right venture.
17. Most of the SHGs procure their raw materials locally for the production. When there is shortage or non-availability of raw materials agencies like SHGs Resource Bank may be established and help the SHGs. Such agencies may create a link with SHGs and they may try to solve the problems of SHGs.
18. The commercial banks should give wider publicity on the availability of credit facilities that can be offered to the SHGs. Government should also play an important role in it and it can give information to the public through the District Development Authorities and lead bank. The bank officials can give more information on the procedures in getting the loan, utilization of loan amount repayment and other related information in securing the credit. Simple procedures and the right encouragement from these bank officials may enable women to form more SHGs in their locality.
19. Government should make the rural people realize that SHGs are the main medium for rural employment generation, Encouragement and support by the government will solve the problem of rural unemployment. The entrepreneurial abilities are realized by everyone and India needs rural entrepreneurs to solve the employment problems. This paves a way for women empowerment in India.

CONCLUSION

The researchers present this study with the fervent hope that this will draw the attention of the authorities, departments and organizations concerned with micro finance and SHGs on various issues in respect of the development of women and their empowerment. If the study helps the women towards their empowerment in any way, the researchers will feel happy that they are amply rewarded.

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