

Role of Micro Finance in Development of Self-Help Group in Tirunelveli District – A Study

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Abstract: Finance helps the poor catch up with the rest of the economy as it grows. Finance also helps extend the range of individuals, households and firms that can get a foothold in the modern economy, and it reduces damaging concentration of economic power. There was a need for an innovations programme for credit which must be collateral free, flexible and must fulfil the needs of underprivileged classes. It was also realized that majority of the poor people were ignored by the most of the programmes, so they remained laggard and less participate in poverty alleviation processes. In India there are certain misconceptions about the poor people that they need loan at subsidizes rates of interest of on soft terms; they lack education, skills, capacity to save credit worthiness and therefore are not bankable. Nevertheless, the experience reveal rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertaken any economic activity rather than credit subsidy. Meanwhile, to compensate for the relative lack of success with which formal banks have been able to serve the poor, new microfinance approaches are being developed. Microfinance in India is mainly provided through Self-Help Groups (SHGs), Microfinance Institutions (MFIs) and some other methodologies. The network of many financial institutions like public and private sector commercial banks, co-operative banks, regional rural banks and MFIs is used to provide microfinance to the poor people in India.

Keywords: SHGs, Micro finance, Economy, Micro credit, Micro Finance Institution.

I. INTRODUCTION

Development of a country will move on the development path if all the citizens are involved in the development process and enjoy good standard of living by having access to basic amenities if life such a food, clothing, housing, health, clean water, education, employment and good natural and social environment. But, if the people of a country are poor they will think about earning their livelihood only and their inclusion in the progress of nation will be miles away. India is developing country in which about 30 per cent of its total population still lives in rural areas , hence the prosperity of India lies in the prosperity of its villages. Even though the Indian Economy is experiencing a GDP growth rate of about seven percent, almost a third of the rural and a quarter of the urban population is still living below the poverty line. These poor people are malnourished and most of them are unemployed. Rural credit can be one important means in alleviations of poverty . A governing body of research form around the world shows that well developed and inclusive financial systems are associated with faster growth and better income distribution.

1.1 OBJECTIVE OF THE STUDY

The study entitled “**ROLE OF MICRO FINANCE IN DEVELOPMENT OF SELF-HELP GROUP IN TIRUNELVELI DISTRICT**” made an attempt to study on the role of micro finance through SHGs in rural development of Tirunelveli District. Following are the Objectives:

- To study the demographic profile of respondents (SHG members) in the study area.
- To study the profile of the financial service providers of SHGs in the study area.
- To analyse the awareness level of SHGs members towards micro finance in the study area,

- To know the problems faced by SHGs members in the availing financial assistance in the study area and the problems faced in the group as a member.

II. REVIEW

Dr.Suprabha.K ,(2014)¹ The main moto of micro finance is medium and long term Groups members to enable them to generating employment opportunities to sustainable in the economy.

S. Porkodi, and D. Aravazhi,(2013)² Present the Micro Financial Institutions and Government has initiated to start savings with availability of finance in rural finance and with the help of some formal sources of funds. The MFIs have immense opportunities In the new avatar of micro credit in India. However, in the light of recent experiences, and the need for qualitative growth , we suggest that Micro Finance will manage an fully support the self help groups in the terms of financial assistance to developmental activities.

RUPON Sakarsing Boro, (2012)³in their study on, “Women Empowerment through Self Help Group (SHGs): A Case Study of Bodo Women under Udalguri District, Btad”, this paper is based on a case study of Bodo Women participating in SHGs under Udalguri District of Assam. However, the present study covered only four Development Blocks of the District. From each development block 25 SHGs members were selected. An individual questionnaire was prepared for these SHGs members

III. RESEARCH METHODOLOGY

The study is confined to the District Industries Centre of Palayamkottai of Tirunelveli. A random sampling method was used in this study. Questionnaires have been administered to total number of 90 respondents. The collected data is classified and tabulated according to the objectives stated. First, the data was recorded on data sheets and then fed into the Excel Package manually to analyse. In this study we have applied percentages and ranking tools are also used for analyzing data.

IV. ANAYSIS

Table 1: Age-wise classification of Respondents

Age	Number of Respondents	Percentage
Above 20 years	21	23.33
21 to 30 years	26	28.89
31 to 40 years	20	22.22
Above 41 years	23	25.56
Total	90	100

SOURCE: Primary Data

The above table 1 reveals that the majority 26 (28.89 %) of the respondents are in the age group of above 21 to 30 years 23 (25.56%) respondents are in the group of above 41 years 21 (23.33%) respondents are in the age group of above 20 years and the remaining 20 (22.22%) respondents are in the age group of 31 to 40 years . Hence, it can be concluded that majority of the respondents are in the group of 21 to 30 years.

Table 2: Gender – Wise classification of Respondents

Gender	Number of Respondents	Percentage
Male	33	36.67
Female	57	63.33
Total	90	100

SOURCE: Primary Data

The table 2 provides information relating to the gender of the self help group and it is found that 57 (63.33%) of them were female and 33 (36.67%) of them were male. Hence, it can be concluded that majority of the respondents are female.

Table 3: classification of respondents based on Education level

Educational qualification	Number of respondents	Percentage
Illiterate	4	4.44
Primary school	24	26.67
Secondary school	39	43.33
Diploma , ITI	15	16.67
Under graduate	8	8.89
Total	90	100

SOURCE: Primary Data

The above table 3 reveals that the majority 39 (43.33%) of the respondents are in the educational qualification of secondary school 24(26.67%) respondents are in the educational qualification primary school 15 (16.67%) respondents are in the educational qualification 8(8.89%) of the respondents in the educational qualification of under graduate and the remaining 4 (4.44%) respondents are in the educational qualification of illiterate . Hence, it can be concluded that majority of the respondents are in the educational qualification of secondary school.

Table 4 : Classification of respondents based on occupation

Occupation	Number of respondents	Percentage
Agriculture	7	7.78
Daily labour	21	23.33
Salaried job	11	12.22
Self employed in petty Business	15	16.67
Home maker	36	40
Total	90	100

SOURCE: Primary Data

The above table 4 reveals that , 36 respondents representing 40% are home maker by occupation, 21 respondents representing 23.33% are occupied as daily labours , 15 respondents representing 16.67% are self employed in petty business , 11 respondents representing 12.22% are in salaried jobs , and 7 respondents representing 7.78% are occupied in agriculture. . Hence, it can be concluded that majority of the respondents are occupied in home maker.

V. FINDINGS

- Majority of the respondents belongs to the age group of 21 to 30 years.
- Majority of the respondents have secondary school education.
- Majority of the respondents are occupied in home maker.
- Majority of the respondents are female.

VI. SUGGESTIONS

More and more micro enterprises emerge and cease to exist after couple of months due to various reasons including no entry and exist barriers. So Government agencies need to identify causes and take steps including policy measures to ensure a higher rate of success of women mEs.

The Government agencies need to increase and expand their support and service in a proactive and liberal manner. Promoting agencies should ensure that norms are strictly followed while forming the groups. They should only aim not only the quantity, but also the quality of the groups. Especially the multiple memberships, which encourage multiple lending, should be avoided.

Most of the poor women are less educated. It is therefore essential that Government agencies have to ensure that they are not cheated by the NGOs or mFIs. TN Government has to make mFIs registration mandatory.

As noticed that different mFIs charge different interest rates and there is no interest rate cap on the lending by the microfinance institutions. Some mFIs charge higher interest rates of 36% and more. So it is recommended to put the cap on interest rates and regulate the mF industry. High transaction, administrative and risks of mFIs should also be considered.

VII. CONCLUSION

It is evident from the study that microfinance empowers on the ground of economic, social, political and also helpful in increasing the self confidence level of the participant. In the study area it is also found that microfinance has helped in development and has enabled the poor to expand and diversify their enterprises and also increase their income level. Micro financing through Self Help Group is undoubtedly contributing significantly in poverty alleviation and empowerment of the poor. Providing different capacity building training, providing different exposures and demonstration and empowering them to achieve their choices and opportunities is the definite way to contribute to the economic growth and the overall development. The present study is conducted to measure the performance of the microfinance through SHGs. It is evident from the study participant started to make saving monthly, increase their saving in comparison with the saving made at the time of joining of the group, increase availability of the fund, increase sources of fund, increase in income by utilizing funds provided by the groups, awareness related to the education of children is increased, participants are now discussing related with social and as well economic development.

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