



Comparative Study of Economic Progression of Women before and after Availing Micro Credit

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ABSTRACT

Microcredit is a small amount of money loaned to a client by a bank or other institution. Microfinance refers to loans, savings, insurance, transfer services, microcredit loans and other financial products targeted at low-income clients. Micro finance provides opportunity to the poor for getting sufficient amount of credit easily to start any income generating activity. Least formal and official obligation made the uneducated poor comfortable to get credit. Hence the researcher involved in analyzing the economic progression of women in Sivakasi and the data is collected from 200 respondents through pre – tested interview schedule with help of simple random sampling technique. The study suggests from its analysis to enrich their upliftment at economic level.¹

Keywords-- Micro insurance, Micro credit, Working capital

I. INTRODUCTION

Micro finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for women's economic empowerment. There are good reasons to target women. Gender equality turns out to be good for everybody. The World Bank reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living. Women are poorer and more disadvantaged than men. The UNDP's Human Development Report, 1995 found that 70% of the 1.3 billion people living on less than \$1 a day are women. Studies in Latin America, and elsewhere show that men typically contribute 50-68% of their salaries to the collective household fund, whereas women "tend to keep nothing back for themselves." Because "women contribute decisively to the well-being of their families," investing in women brings about a multiplier effect. Again, every micro finance institution

has stories of women who not only are better off economically as a result of access to financial services, but who are empowered as well. Simply getting cash into the hands of women (by way of working capital) can lead to increased self-esteem, control and empowerment by helping them achieve greater economic independence and security, which in turns gives them the chance to contribute financially to their households and communities.²

II. STATEMENT OF THE PROBLEM

In olden days, women were prohibited to take part in any social proceedings and not given roles in decision making in their family. The situation was even worst in rural and remote areas. Now the situation has been changed. Women are free from those restrictions. Further, micro credit enables the women to be away from the vulnerable and underprivileged position. Micro credit allows the women members to upgrade their living standard, contribute an handful benefits to their household and also to be literate. NGO and other financial institutions came forward to provide microfinance through self-help group. The government of Tamilnadu has implemented an initiative to encourage the women to empower themselves. They believe that a woman is the less credit risk and often benefits the whole family and the economic development of the country. Microcredit is provided with an aim to empower women socially, economically and psychologically. Thus the researcher had an interest to analyse the impact of microcredit on women progression in Sivakasi.

III. REVIEW OF LITERATURE:

Arti Mudaliar and Ayushi Mathur(2015) A study conducted on the impact of microfinance on women empowerment in Punjab revealed that women's involvement in microfinance programs has not only

considerably increased income, but has also developed regular saving habits among women. Apart from enhancing their social and psychological empowerment it has also enabled women to participate in household decision making through economic empowerment. Women's empowerment requires an ultimate change in the development scheme not only at the micro level but also at the macro level to challenge gender subordination at the micro-level. Microfinance should focus on the combination of both the aims that is the combination of women's empowerment with sustainability. This can be achieved only with the extensive discussion with women, examination of their needs, strategies and limitations, and a process of negotiation between women and development agencies.³

Bikash Dutta (2015) has given suggestion in his study to examine the role of self help groups in rural development of India. The Self Help Groups have contributed in a lot of development of Socio-Economic status of the rural people, Government initiatives Self Help Groups provides some financial assistance to its members by their increasing saving account, credits, KCC reflects overall economic as well as social development, which leads to increasing SHG day to day and their linkage with finance also increasing.⁴

Dipti Baghel and A.K. Shrivastava (2015) have stated that both social and economic indicators have significant positive impact on Socio-Economic development of rural women in Durg District. This study suggested that government should take initiatives to

promote income generating activities so that women can be economically developed.⁵

John Agyekum (2015) Microfinance serves both the unbanked and under-banked and reduces poverty. Microfinance is the provision of financial services to low-income clients through micro-credit, compulsory savings, micro-insurance within the reach of millions who are classified as too poor to be financed by the universal banks. Microfinance often targets women and as such has become a critical tool in empowering women.⁶

IV. OBJECTIVES OF THE STUDY:

- To know the socio-economic profile of the beneficiaries
- To investigate the purpose of Savings.
- To study the purpose of loan.
- To investigate the impact of micro credit on economic progression.
- To give findings and suggestions based on the study..

HYPOTHESES

- There is no significant difference between the socio-progression of the respondents before availing credit and after availing credit.
- There is no significant difference between the economic-progression of the respondents before availing credit and after availing credit.

Table1: Socio-economic profile of respondents

S.No	Particulars	No. of respondents	Percentage(%)
Age wise classification			
1	Below 25	5	5.00
2	26-35	55	27.50
3	36-45	108	54.00
4	46 Above	32	16.00
	Total	200	100.00
Marital wise classification			
1	Married	165	82.50
2	Unmarried	6	3.00
3	Widow	18	9.00
4	Separated	11	5.50
	Total	200	100.0
Educational qualification of Respondents			
1	literate	114	57.00
2	Illiterate	86	43.00
	Total	50	100.0
Children Wise classification			
1	0	6	3.00
2	0-2	140	70.00
3	3-5	47	23.50
4	Above 5	7	3.50
	Total	200	100.0
Monthly income			
1	Below 10000	57	28.50

2	10001-20000	75	37.50
3	20001-30000	56	28.00
4	Above 30000	12	6.00
		200	100.0

Table 1 shows that out of 200 respondents, 108 respondents fall in the age group between 36 to 45 years, 165 members are married, 140 members are having 0 to 2 children and 75m beneficiaries are having monthly income between Rs.100001 to 20000.

V. RANK THE PURPOSE OF SAVINGS

The Researcher has collected the data relating to purpose of savings. To identify the most preferred purpose of savings, the researcher has used Garrett's ranking method. The below Table 2 shows the result.

Table 2: Purpose of Savings

S.No	Purpose	1	2	3	4	5	6	7	8	9	10	Total
1.	Social Security	0	0	0	31	28	47	49	11	34	0	200
2.	Food security	0	11	44	13	41	69	11	11	0	0	200
3.	Education	102	87	11	0	0	0	0	0	0	0	200
4.	Medical expenses	49	53	40	31	9	12	6	0	0	0	200
5.	Marriage	0	0	0	10	33	0	54	62	24	17	200
6.	Festivals	0	0	29	77	0	49	1	44	0	0	200
7.	Emergencies	11	20	21	38	31	23	31	0	15	10	200
8.	Agriculture	0	0	0	0	0	0	37	11	82	70	200
9.	Asset building	38	29	23	0	15	0	11	11	7	66	200
10.	Self-respect	0	0	32	0	43	0	0	50	38	37	200

VI. GARRETT SCORES

The Garrett ranks are calculated by using appropriate Garrett ranking formula. Then based on the Garrett ranks, the Garrett table value is ascertained. The Garrett table values and scores of each rank in table are

multiplied to record scores in table. Finally by adding each row, the total Garrett score is obtained.

Per cent Position = $100 (R_{ij} - 0.5)/N_j$

R_{ji} = Rank given for i th item by the j th sample respondents

N_j = Total rank given by the j th sample respondents

Table 3: Calculation of Garret Value

S.No	Purpose of SHG	(100) $R_{ij} - 0.5/N_j$	Garret Value
1.	Social security	$1 - 0.5/10 = 5$	82
2.	Food security	$2 - 0.5/10 = 15$	70
3.	Education	$3 - 0.5/10 = 25$	63
	Medical Expenses	$4 - 0.5/10 = 35$	58
5.	Marriage	$5 - 0.5/10 = 45$	52
6.	Festivals	$6 - 0.5/10 = 55$	54
7.	Emergencies	$7 - 0.5/10 = 65$	42
8.	Agriculture	$8 - 0.5/10 = 75$	37

9.	Asset building	9-0.5/10 =85	30
10.	Self-respect	10-0.5/10 =95	18

Source: Calculated value

Table 3 shows the Garret scores. Firstly, the Garret ranks are calculated by using appropriate Garret ranking formula. Then based on the Garret ranks, the garret table value is ascertained.

VII. CLASSIFICATION ON THE BASIS OF PURPOSE OF LOAN (AMOUNT)

The researcher has also analyzed the purpose of loan and it is shown in the Table

Table 4: Classification on the Basis of Purpose of Loan

S.No	Purposes(Amount of Loan Aailed)	Respondent	Per cent
Household Expenses			
1	Un aailed	141	70.50
2	1000	12	6.00
3	5000	26	13.00
4	6000	20	10.00
5	13000	1	0.50
	Total	200	100.00
Agriculture			
1	Un aailed	200	100.00
	Total	200	100.00
Animal husbandry			
1	Un aailed	200	100.00
	Total	200	100.00
Asset Building			
1	Un aailed	162	81.00
2	7500	20	10.00
3	20000	18	9.00
	Total	200	100.00
Emergency/Marriage			
1	Un aailed	164	82.00
2	10000	19	9.50
3	11500	11	5.50
4	20000	6	3.00
	Total	200	100.00
Repayment of Existing Loans			
1	Un aailed	185	92.50
2	7000	1	0.50
3	9000	3	1.50
4	20000	11	5.50
	Total	200	100.00
Other Income Generating Activities			
1	Un aailed	74	37.00
2	5000	23	11.50
3	12000	11	5.50
4	15000	25	12.50
5	20000	34	17.00
6	30000	15	7.50
7	35000	11	5.50
8	45000	7	3.50
	Total	200	100.00
Education			
1	Un aailed	79	39.50
2	1000	6	3.00
3	1500	18	9.00
4	5000	10	5.00

5	6000	3	1.50
6	7000	13	6.50
7	8000	11	5.50
8	10000	14	7.00
9	16000	1	0.50
10	20000	12	6.00
11	24000	12	6.00
12	27000	11	5.50
13	29000	10	5.00
	Total	200	100.00
Medical Expenses			
1	Un availed	144	72.00
2	3000	11	5.50
3	7000	16	8.00
4	10000	11	5.50
5	16000	6	3.00
6	22000	11	5.50
7	35500	1	0.50
	Total	200	100.00
Total Amount of Loan Availed			
1	5000	15	7.50
2	10000	11	5.50
3	21500	18	9.00
4	25000	35	17.50
5	26000	11	5.50
6	27000	3	1.50
7	28500	31	15.50
8	30000	15	7.50
9	34000	13	6.50
10	36000	1	0.50
11	37000	6	3.00
12	40000	1	0.50
13	45000	7	3.50
14	49000	10	5.00
15	51000	11	5.50
16	55000	11	5.50
17	60500	1	0.50
	Total	200	100.00

Source: Primary data

Table 4 observed that out of 200 respondents, 13.00 per cent (26) of the respondents have availed loan of Rs.5,000 to meet out their household expenses, 10.00 per cent (20) of the respondents have availed loan of Rs.7,500 for asset building, 9.50 per cent (19) of the respondents have availed loan of Rs.10,000 for the purpose of meet out emergency/marriage expenses, 5.50 per cent (11) of the respondents have availed loan of Rs.20,000 for the purpose of repayment of existing loan, 17.00 per cent (34) of the respondents have availed loan of Rs.20,000 to generate income, 9.00 per cent (18) of the respondents have availed loan of Rs.1500 in order to meet out educational expenses of their children, 8.00 per cent of the respondents have availed loan of Rs.7,000 for

the purpose of meet out medical expenses and 17.50 per cent (35) of the respondents have availed loan to a maximum of Rs.25000.

It is clear that most (17%) of the respondents have availed loan of Rs.20000 to generate income

VIII. CHANGES ON SOCIO-ECONOMIC STATUS AFTER AVAILING CREDIT

Table 5 shows the information about changes on socio-economic status after availing credit and it is shown in the Table 5.

Table 5: Changes on Socio-Economic Status After Availing Credit

S.No	Changes	Respondents	Percentage
1	Improved	200	100.00

	Total	200	100.00
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Source: Primary data

The above table 5 expressed that among 200 respondents, 100.00 has improved either in the aspects of social or economic or both after availing credit through SHG.

It is evident that majority (100.00%) of the respondents opined that their status has improved either

in the aspects of social or economic or both after availing credit through SHG.

IX. ECONOMIC PROGRESSION

The researcher has investigated the economic progression of the respondents and it is shown in the Table 6

Table 6: Economic Progression

S.No	Economic Progression	Respondents	Percentage
PRE-CREDIT			
Monthly Income			
1.	Progressed	17	8.50
2.	Not progressed	183	91.50
	Total	200	100.00
Family Income			
1.	Progressed	17	8.50
	Not progressed	183	91.50
	Total	200	100.00
Purchase of Immovable Assets			
	Not progressed	200	100.00
	Total	200	100.00
Loan Amount			
	Not progressed	200	100.00
	Total	200	100.00
Saving Amount			
	Not progressed	200	100.00
	Total	200	100.00
Food Consuming Pattern			
	Not progressed	200	100.00
	Total	200	100.00
Access to Credit			
	Not progressed	200	100.00
	Total	200	100.00
Material Obsession			
	Not progressed	200	100.00
	Total	200	100.00
Acquisition Of Skill			
	Not progressed	200	100.00
	Total	200	100.00
Women's Own Income			
	Not progressed	200	100.00
	Total	200	100.00
Purchase of gold			
	Not progressed	200	100.00
	Total	200	100.00
Control Over Financial Resource			
	Not progressed	200	100.00

	Total	200	100.00
Expenditure on Cosmetics (Personality Development)			
	Not progressed	200	100.00
	Total	200	100.00

POST-CREDIT			
Monthly Income			
1.	Progressed	138	69.00
	Not progressed	62	31.00
	Total	200	100.00
Family Income			
1.	Progressed	138	69.00
	Not progressed	62	31.00
	Total	200	100.00
Purchase of Immovable assets			
1.	Progressed	55	27.50
	Not progressed	145	72.50
	Total	200	100.00
Loaning Amount			
1.	Progressed	200	100.00
	Total	200	100.00
Saving Amount			
1.	Progressed	200	100.00
	Total	200	100.00
Food Consuming Pattern			
1.	Progressed	184	92.00
	Not progressed	16	8.00
	Total	200	100.00
Access to Credit			
1.	Progressed	200	100.00
	Total	200	100.00
Material Obsession(aspects at home)			
1.	Progressed	173	86.50
	Not progressed	27	13.50
	Total	200	100.00
Acquisition of Knowledge			
1.	Progressed	184	92.00
	Not progressed	16	8.00
	Total	200	100.00
Women's Own Income			
1.	Progressed	151	75.50
	Not progressed	49	24.50
	Total	200	100.00
Purchase of gold			
1.	Progressed	132	66.00
	Not progressed	68	34.00
	Total	200	100.00
Control Over Financial Resource			
1.	Progressed	184	92.00
	Not progressed	16	8.00

	Total	200	100.00
Expenditure On Cosmetics			
1.	Progressed	136	68.00
	Not progressed	64	32.00
	Total	200	100.00

Source: Primary data

Table 6 analysed economic status of the respondents before availing micro-credit, out of 200 respondents, 100.00 per cent (200) of the respondents have not preferred to purchase immovable assets before availing micro-credit, 100.00 per cent (200) of the respondents have not preferred to avail loan, 100.00 per cent (200) of the respondents have not saved any amount before availing micro-credit, 100.00 per cent (200) of the respondents have not preferred loan for having better food consuming pattern, 100.00 per cent (200) of the respondents have not preferred to access credit, 100.00 per cent (200) of the respondents have not preferred pre-credit material obsession, 100.00 per cent (200) of the respondents have not acquired knowledge in the pre-credit period, 100.00 per cent (200) of the respondents did not earn income in the pre-credit period, 100.00 per cent of the respondents have not purchased gold, 100.00 per cent (200) of the respondents did not have control over financial resource, 100.00 per cent (200) of the respondents did not prefer spend on cosmetics.

Economic status of the respondents after availing microcredit is analysed in the table above and it is observed that out of 200 respondents, 100.00 per cent (136) of the respondents have preferred to avail loan, 100.00 per cent (200) of the respondents prefer to save, 100.00 per cent (200) of the respondents prefer to access credit, 92.00 per cent (184) of the respondents have control over financial resource, 92.00 per cent (184) of the respondents have interest to acquire knowledge, 92.00 per cent (184) of the respondents show interest on their food consuming pattern, 86.50 per cent (173) of the respondents have preferred for material obsession, 75.50 per cent (151) of the respondents support that women should have income, 72.50 per cent

(145) of the respondents have not preferred to purchase immovable assets, 69.00 per cent (138) of the respondents have monthly income, 69.00 per cent (138) of the respondents have preferred post-credit family income, 68.00 per cent of the respondents prefer to spend on cosmetics and 66.00 per cent (132) of the respondents prefer to invest in gold.

It is clear from the above table that the economic status of the respondents were not progressive before availing micro-credit as 100 per cent of the respondents were not in the condition to purchase immovable assets and gold, did not have access to credit, habit of savings, chance to acquire knowledge, no own income, did not have control over financial resources. But after availing availing micro-credit their economic status has been progressing as they have monthly income, family income, saving habit and control over financial resources.

X. PAIRED SAMPLE T-TEST

Significant difference between the economic-progression of the respondents before availing credit and the economic-progression of the respondents after availing credit".

The researcher has analysed the economic-progression of the respondents in the aspects of before and after availing microcredit by applying paired sample T-test.

"There is no significant difference between the economic-progression of the respondents before availing credit and the economic-progression of the respondents after availing credit".

Table 7: Calculated Value of Economic-progression

S.No	Particulars	Mean	No. of respondents	Std. Deviation	Std. Error Mean	Sig(2 tailed)
1	Pre-credit	14.8400	200	4.12547	0.29171	0.000
2	Post-credit	23.3750	200	2.71315	2.71315	

From the above Table 7, it is expressed that the mean value of economic-progression before availing credit is 14.8400, standard deviation of economic-progression before availing credit is 4.12547 and standard error mean value of economic-progression before availing credit is 0.29171. Mean value of economic-progression after availing credit is 23.3750, standard deviation of economic-progression after availing credit is 2.71315 and standard error mean value of economic-progression after availing credit is 0.19185. It is vivid that the paired sample T-test value

(.000) is less than the acceptable significance value (0.05).

The null hypothesis is rejected. Hence "There is significant difference between the economic-progression of the respondents before availing credit and the economic-progression of the respondents after availing credit".

XI. SUMMARY OF FINDINGS

1. It is observed from the study that majority (54.0%) of the respondents are under the age group of 36 to 45 years.
2. It is evident that most (50.0%) of the respondents are hindu.
3. It is obvious from the study that majority (82.5%) of the respondents are married.
4. It is disclosed that majority (70.0%) of the respondents are having children between 0 to 2.
5. It is vivid from the analysis that majority (57.00%) of the respondents are literate.
6. It is found that most (37.50%) of the members are having Rs.10000 to 20000 as their family income.
7. It is inferred that (100.00%) of the respondents said that their saving amount has increased after joining SHG.
8. It is inferred that most (13.50%) of the respondents have saved Rs.100 per month after joining SHG.
9. From the Garret Ranking Method, The Respondents ranked the purposes of savings and gave first Rank to social security, second rank to food security, third rank to education, fourth rank to medical expenses, fifth rank to festivals, sixth rank to marriage, seventh rank to emergencies, eighth rank to agriculture, ninth rank to asset building and tenth rank to Self-respect.
10. It is clear that no one has availed loan for the purposes like agriculture and animal husbandry. Most of the respondents (43.50%) have availed loan for educational purpose.
11. It is evident that majority (100.00%) of the respondents opined that their status has improved either in the aspects of social or economic or both after availing credit through SHG.
12. It is clear from the above table that the economic status of the respondents were not progressive before availing micro-credit as 100 per cent of the respondents were not in the condition to purchase immovable assets and gold, did not have access to credit, habit of savings, chance to acquire knowledge, no own income, did not have control over financial resources. But after availing availing micro-credit their economic status has been progressing as they have monthly income, family income, saving habit and control over financial resources
13. Paired sample T-test has been administered to find out the significant difference between economic-progression of the respondents before availing credit and economic-progression of the respondents after availing credit. The test revealed that "there is significant difference between the economic-progression of the respondents before availing credit and the economic-progression of the respondents after availing credit".

XII. SUGGESTIONS

1. The researcher suggest the self-help groups to influence the women who are below 35 years of age to join SHG.
2. The beneficiaries of SHG can earn maximum Rs.10000 by investing a small amount. Hence, the Government could increase the subsidy. So that they could develop their business.
3. Except business, the members have availed loan especially for their children's education especially. Hence the researcher suggests reducing the interest rate for educational loan.
4. Development and awareness programmes should be conducted in the members' residential origin and thus it enables all the members to take part in the training programme without fail and also motivate the non-members to become members of SHG.
5. The government may provide interest free loan for widow and unsupported women.
6. For ensuring women progression, self-help groups must be continued for long period.

XIII. CONCLUSION

Self-help groups are actively involved in uplifting their members' living standard and make them capable of providing jobs to others. With the aid of SHGs, women can utilize their potentials with 100%. Exclusively, the SHGs members are somewhat benefitted rather than those who are not members of the same. The study presents that the micro credit has a positive impact on women's economic progression and the economic status of the respondents after availing credit is increased when compared the same with before availing credit.

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