



MICRO FINANCE AND ITS IMPACT ON SHG'S TOWARDS INCLUSIVE GROWTH: A STUDY ON RAYAGADA DISTRICT IN ODISHA

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Abstract: *The purpose of this study is to show how microfinance functions by using a SHG for poverty reduction and how this affects women's empowerment and living standards. The impact of microfinance on self-help groups' living standards, empowerment, and obstacles they encounter are the topics of a developed research problem that has been discussed between positivist and interpretive scholars. Based on the random sampling technique, I selected a sample of the Rayagada district in the state of Odisha and spoke with people who were already involved in self-help and microfinance organizations. Therefore, the accuracy of the study mostly depends on the data provided by the interviewees via a questionnaire. Data analysis have demonstrated that microfinance improves the standard of life for self-help participants.*

Keywords: SHG, microfinance, empowerment.

INTRODUCTION

Microfinance is a strongly supported development strategy that offers low-cost financial services to help disadvantaged women reduce their poverty. One widely used version in South Asia is the Self-Help Group (SHG) model, which the Indian government recognized in 2011 as a government project to reduce poverty as part of the integration of health literacy services for rural women. The information on who engages in SHG projects and who continues to benefit from inclusive growth and microfinance for the sustainable development of Grameen India is still scant. The study's elaborative elements are the characteristics that determine integrated microfinance and its effect on self-help organizations in the direction of inclusive growth.

It is argued that combining women's empowerment with microfinance programs is a crucial strategy for eradicating poverty and empowering women. Financial service circumstances that encourage micro business growth can have a variety of effects.

- Women's economic control grows along with their income, leading to an increase in their economic independence.
- Women's increased involvement in family unit decisions over spending and other

issues, and most importantly, increased expenses to women's well-being, are all positive impressions of women's contribution in the family circle. These networks and marketplaces also offer the potential for new social and political responsibilities to develop.

- In addition, the roles that women play in the household and community have been reevaluated.

In the workplace, Indian women haven't achieved the success they anticipated. An important part in empowering women, according to a recent study, is played by self-help organizations. District of Rayagada in Odisha. It makes up around 15% of all self-help groups. The influence of microfinance on self-help organizations towards inclusive growth is being studied by the researcher. Self-help groups in this district have been assisting in the development of the country. However, much research is still needed to fully comprehend the role that microfinance plays in empowering women personally, socially, and economically, as well as the difficulties those self-help groups in this district face.

To investigate microfinance and its influence on Self-Help Groups in terms of inclusive growth, and

if microfinance programmes assist self-help groups in terms of empowerment and inclusive growth.

Self-Help Groups: The participation of HGS and other membership-based Civil Society organisations, such as cooperatives, unions and risk-sharing groups, producer groups, resource management groups, and local governments, is a participatory development approach in which communities determine their own development path. They are particularly widespread in South and Southeast Asia as a type of microfinance (Brody et al., 2015). Women in groups of 10-20 are urged to save money on a regular basis and lend money to one another when they need it.

Empowerment of Women: Empowerment is the gift of power. The phrase empowerment is also known as power. An international dictionary defines power as "the ability and resources necessary for one's life or career to be steered in the direction of social, political, or economic goals." Power is defined as the capacity to dominate material commodities, intellectual resources, and ideology. Women must play an important role in any economy.

Women's Personal, Social, and Economic Transformation: The following are examples of women's socioeconomic transformation: It improves women by, for example, empowering women. The capacity approach may be used to investigate and evaluate human well-being and social systems, as well as to develop policy suggestions. It is also used to create suggestions for societal improvements. Among the applications are development studies, social policy, and political philosophy. As a result, he or she can assess inequality, poverty, and an individual's or group's overall well-being. As an alternative method, it may also be used for the planning and analysis of initiatives, ranging from the design of the welfare state in prosperous nations to development programmes by governments and non-governmental organisations in impoverished countries.

Research approach

To gain a deeper grasp of the issue, the researcher employed a qualitative study approach. It involves a wide range of commentary techniques in qualitatively interpreting the meaning of various

events, as well as decoding, commenting, and translation (Sergey & Holin, 2011).

The current study is based on primary nature data. Basic data was collected through a field survey. Surveys are an efficient method of gathering information. Capturing questions and responses (Blackwell, R. et al., 2001). A survey is a planned collection and classification of data. In statistics or other research, survey data is often analysed in varying degrees of depth.

Impact of Microfinance on SHG:

It is mostly concerned with microfinance, problems, and other issues. The chapter is specifically created to see urban slum poverty as an intervention technique to eliminate poverty and empower women. Microfinance is available. An attempt is made in the framework study to explain why relative poverty and income measurements rather than absolute ones have been championed. Microfinance is a common approach for establishing or growing income-generating enterprises connected to agriculture or its ally, the non-farm sector, by providing lending, saving, and insurance facilities to the needy, so reducing poverty. Microfinance requires a fairly traditional, well-known sort of organisation. Microfinance has shown to be a valuable development support product. It affected millions and sparked a revolution. It is a viable alternative that has achieved the previously unreachable through financial and technological means.

Linking up women empowerment through Microfinance programmes:

A substantial strategy to poverty alleviation and empowerment is now being pursued. When financial services lead to the establishment or expansion of micro-enterprises, a variety of effects may occur:

- Access to networks and markets, which allow for more global experience from home, access to information, and opportunities for advancement; Women and income management, which leads to more economic independence.
- Improving perceptions of women's contributions to family welfare and household income, increasing women's engagement in household expenditure

decisions and other concerns, and leading in increased spending on women's welfare.

Financing model adopted by banks in micro finance Industry

Direct financing model
 Most mfi's use groups as intermediaries for financial transactions. But there are different ways of working with groups
 The NGO's promotes, imparts training, forms groups and also gives credit to them
 Under this model either SHG's are formed by banks or by NGO's or informal agencies but are financed by banks

Reliability Testing through Cronbach Alpha

Reasons for joining in SHG [Assessment of reasons for joining SHGs]

Table:1. Descriptive Statistics

	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
To improve standard of living	612	3.89	.689	.475	-.843	.099	1.883	.197
Suitable for the women	612	3.89	.702	.492	-.560	.099	.966	.197
Friend referred	612	3.78	.752	.566	-.720	.099	1.000	.197
To participate in child welfare services	612	3.77	.681	.464	-.711	.099	1.175	.197
Reference by community head	612	3.91	.821	.674	-.704	.099	.429	.197
To create self employment	612	3.81	.730	.532	-.547	.099	.664	.197
To enhance identity in community	612	3.26	.887	.788	-.120	.099	-.500	.197
Referred by family members	612	3.88	.761	.579	-1.177	.099	2.586	.197
To enjoy the credit facilities	612	3.87	.776	.602	-.787	.099	1.302	.197
To financially develop	612	3.75	.789	.622	-.800	.099	.986	.197
To get the SHG benefit	612	3.75	.766	.586	-.840	.099	1.239	.197
To support family	612	3.93	.829	.687	-.854	.099	1.027	.197
To satisfy the needs of my children	612	3.84	.783	.613	-.718	.099	1.080	.197
To increase my communication skills	612	3.25	.928	.860	-.040	.099	-.542	.197
Valid N (listwise)	612							

The table.1 is measured using 14 statements. The Table 2 shows that the average values of these 14 items vary from 3.25 to 3.93, with standard deviation values ranging from.681 to.928. The range is.464 -.860. Skewed values vary from -.040 to -1.177, and kurtosis values range from -.500 to 2.586. All values are close to meeting the threshold requirement. Table: 5.3The preceding table indicates that the value of KMO statistics is.879,

and the strength relationship between variables is high, and our null hypothesis for the Bartlett test was rejected since the P-value is.000. As a result, factor analysis is employed. Collectivities: preliminary versus extraction Communities - this is a ratio of the variation of each variable that can be explained by the primary components (e.g., underlying latent continua).

Table:2. Reliability Statistics

Cronbach's Alpha	No. of Items
.829	14

Table:3. Scale Statistics

Mean	Variance	Standard Deviation	NO. Of Items
52.57	37.080	6.089	14

Table:4. KMO and Bartlett's Test

Kaiser-Mayer Olkin Measure of Sample Adequacy		.879
Barletts Test of Sphercity	Approximate Chi - Square	4988.112
	df	91
	Sig.	.000

Table.4 Extraction communities, on the other hand, provide final communities that are generally smaller than the initial 1.0 community and indicate the proportion of variance variable accounted for by variables that surpass Eigen-values of 1.0. This demonstrates that, with the exception of the starting factor, the entire chosen variable contributes to the model of factor solution. We also want to look at any variables with low extraction community levels to see whether they should be excluded from factor analysis. In essence, such a variable has nothing to do with the development of factor analysis. Eliminating this low extraction community will considerably improve factor analysis results. The table below displays the amount of variance explained by each component after the initial analysis extraction part.

Table :5. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.990	5	4.598	25.806	.000b
Residual	107.974	606	.178		
Total	130.964	611			

table:5.138 Changes in the independent variables, while holding all other independent factors constant, would lead to the following LSS outcomes.

Findings, conclusions and Recommendation

- The majority of respondents, or 12 percent of the sample included for the study, stated that they joined a self-help group in 2009.
- According to the survey, around 39 percent of respondents stated a size group of 10 individuals.
- In terms of membership duration, 35% of respondents said they had been a member for ten years. • In terms of group role, 34.5 percent said they were an ordinary member.
- According to the survey, the majority of members, or 53 percent of respondents, believe the group leader is elected by election.
- According to the survey, the majority, or 37% of the sample respondents, subscribe to a monthly basis.
- The majority of responders, i.e., 40%, rated the performance functions of your SHGs as average.
- According to the survey, the bulk of respondents (34 percent) spent Rs:3000 per month before joining a self-help group.
- According to the survey, the majority of respondents, 42.6 percent, stated that they spent Rs:4000 per month after joining a self-help group.
- According to the survey, 86 percent of respondents had access to power, 83.2 percent had their own bathroom facility, and 83.7 owned a car after joining a self-help organisation.

- According to the survey, socioeconomic empowerment was cited favourably by the majority of respondents after joining a self-help group with the assistance of bank microfinance.

It was discovered that the majority of respondents, 47 percent, stated that they are not encountering many obstacles. 24.90% of respondents, or the majority, stated that they obtain a loan through a bank. Only Ice was named by the majority of responders when it came to using the loan for children's benefit (20%).

According to the report, fully 100 percent of respondents said they participate in group activities.

The majority, or 60%, of responses noted the members' health, immunity, and immunisation.

According to the study, 60 percent of the members of the sample chosen for the study receive nutritious meals from anganwadi.

Factor Analysis Results

It was discovered that two primary components removed, namely overall development and self-esteem, are essential reasons for entering SHGs [Assessment of reasons for joining SHGs].

It has been discovered that two primary components removed, namely Skill Development and Personal Development, are essential factors for Personal Empowerment.

RECOMMENDATIONS

The microfinance system has revolutionised the lives of women in rural communities in unprecedented ways. The streamlining and efficiency of the credit system will have a significant influence on rural living. Urban slum women would have the confidence to influence their own and their family' lives as a result of SHG empowerment. Although economic and social reasons differ, it is recommended that government initiatives reduce these disparities and that self-help organisations continue to grow. Based on the high benefits of microcredit documented in this study, SHG programmes in India may have an economic and social impact on rural families. Politicians must be urged to establish regulatory environments that promote microfinance development.

CONCLUSION

The paper gave descriptive data from a survey done in the Odisha State district of Rayagada. This study focuses on self-help group members' livelihoods and the influence of microfinance on SHGs. The e-survey includes a variety of questions on the respondents' social and economic factors. In particular, the baseline survey asks about quality of life indicators, consumption and expenditure patterns, access to finance in the form of savings and loans, women empowerment, inclusive growth, and a series of additional questions about women empowerment and sustainability. The findings provide useful information regarding the influence of self-help groups on microfinance. The results have been analysed and correctly concluded. It has been revealed that the majority of the people do not participate in the group discussions. This might be due to a lack of education and numbness. As a result, efforts are made to become friendlier, and people are encouraged to participate in talks. In either event, the rationale for establishing SHGs is defeated. Government officials and non-governmental organisations (NGOs) must be far more enthusiastic in persuading and sorting out impoverished people and SHGs, particularly in more vulnerable parts of the general public.

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