Chapter 3

Research Design and Methodology

Research in common parlance refers to a search for knowledge. The advanced Learner’s Dictionary of current English provides the meaning of research as “a careful investigation or inquiry especially through the search for new facts in any branch of knowledge.” Redman and Mory\(^1\) define research as a “systematized effort to gain new knowledge” Some people consider research as a movement, a movement from known to unknown. It is actually a voyage of discovery. We all possess the vital instinct of inquisitiveness because, when the unknown confronts us, we wonder and our inquisitiveness makes us probe and attain more and better understanding of the unknown.

This chapter explains the research design and overall plan for the study. It is concerned with the setting of study, sampling techniques, data collection techniques, tools, pilot study, means used to obtain the needed data and plan for data analysis.

The research design of this topic too consists of a review of the impact of microfinance schemes in economic development of Self-help groups (SHG) in Pune metropolitan area.

3.1-Rationale and Significance of the study

To justify the importance of the current study, it is important to mention that this area of study is very important for promoting socio-economic development of countries like India, this type of study is essential. It should help to identify the role of microfinancing in uplift of backward rural community.

Poverty and unemployment are the major problems of any under developed country and India is no exception. In India, 26.1% population was living below poverty line and the overall unemployment rate is 8.5% at the end of the ninth five year plan. This is because of low growth rate of new and productive employment. At the end of ninth five year plan various schemes were implemented to reduce poverty and to promote gainful self-employment/employment. But the more attractive scheme with less effort is “Self Help Group”. Evolution of the information groups of the rural vulnerable poor has been recognised as the people’s movement, at the grass root level of fight against poverty and accelerates economic and social development. The
expectations of the SHGs have been focused mainly on improving the financial strength of the poor women by providing easy access to savings and credit besides enhancement of their economic means of livelihood. It is important to know impact of microfinance scheme in economic development of SHGs. It is equally important to examine the impact of microfinance schemes in social development of SHGs.

The present study is significant to understand the nature of these obstacles and to identify measures for removing the obstacles in economic development of SHGs. It is also important to study the utilisation of microfinance and its relationship with living standard of members of SHGs.

The report on the outcome of this study will enrich the literature on this topic. The information and analysis will be useful to microfinancing institutions, Local Self Governments like Pune Municipal Corporation and of course to the SHGs and the society at large.

3.2-Objectives of the study

The main objective of the present study is to find out the impact of microfinance in economic development of Self Help Groups, Keeping this basic approach in mind, the following objectives are identified for the present study.

1) To study the impact of microfinance in economic development of Self Help Group members.
2) To study the impact of microfinance in social development of Self Help Group Members.
3) To know what are the obstacles in microfinance of SHG.
4) To know how these obstacles can be removed in microfinance of SHGs.
5) To study the utilization of microfinance by SHG and its relationship with living standard of SHG.

3.3-Formulation of Hypothesis

During Last few years, the topic of Microfinance scheme in economic development of Self-help Groups has generated a lot of interest in the corporate sector and finance sector. As stated earlier, a microfinance scheme has always been important for the in improving living
standard of the poor. With a view to conduct research study with this as the objective, the hypothesis to be tested was formulated as follows-
1) Utilization of microfinance leads to improving better living standard of SHG members.
2) Microfinance, if not utilized properly, can affect the individuals and SHG adversely.

3.4- **Scope and limitations of the study**

The study is not claimed to be highly comprehensive and the researcher is aware of its limitations. It would be, therefore, important to define at the outset the scope of this study. The present study covers the SHGs in Pune metropolitan area. The geographical scope of the study is limited to the Pune metropolitan area. All the SHGs in the present study survey are from this area. This study also covers the study of impact of microfinance scheme in economic development of SHGs in Pune area and the scope of the present study is limited to understand the nature of obstacles and how obstacles in economic development of SHGs can be removed.

3.5- **The Sources of Data**

Broadly, researcher has relied on two sources of information on the present topic; the literature on the micro finance in economic development of SHGs and the survey.

The literature on this subject is in the form of articles, research papers, reference journals, reference books and thesis and information available on the internet.

The survey work has consisted of personal interviews with members of SHGs in Pune Metropolitan area. The questionnaire was framed for this purpose and it was filled up in the course of interview. The factual information regarding the study had to be gathered from the relevant literature.

In brief, for the purpose of the study, survey method was used for collection of primary data with the help of a questionnaire. The questionnaire was administered to the individual of the selected sample and their responses about themselves have been recorded. The collected and recorded responses were through personal interview with each and every selected member of the SHGs. Their views and opinions have been taken into consideration.
3.6- **Sampling frame and sample design**-

The study includes a sample of 100 SHGs spread over of the Pune Metropolitan area. Before identifying the sample member, sample frame was prepared. This sample frame constituted of SHGs from Pune Municipal Corporation area (Except Pune Cantonment & Khadki Cantonment). While selecting the respondents care has been taken to have proper representation. In order to overcome biases, the researcher has selected SHGs by cluster sampling method.

A Total of 8300 SHGs in the city as per registered in Pune Municipal Corporation (Except Pune Cantonment & Khadki Cantonment) as on 23 Aug 2012, were divided in four zones.

Total Register SHGs are 8300 out of that currently working 1200 SHGs. 500 SHGs are continuously working from last 3 years. By using cluster sampling method researcher has divided in four clusters. 25 SHGs were selected from each cluster by using the simple random method. 05 respondents were selected from each selected SHGs by using the convenience sampling method. All respondents were members of SHGs (i.e. 05 respondents x 100 SHG). Total 500 members were selected as respondents. Sample size is 20% i.e. 100 SHGs.

3.7- **Details of questionnaire**

A structured questionnaire was designed to extract information about the objectives. A questionnaire was developed on the basis of pilot study, discussion with SHG members, literature review and objectives of the study. The questionnaire consists of 25 questions with multiple choice answers and open ended questions based on the different criteria such as profile of self-help group, income, expenditure, saving, loans, repayment, literacy level of children, type of house, self-confidence, reaction to social evils, behavioural change and health, water supply and sanitation, obstacles in economic development, etc.

In addition to the questionnaire, primary information has been also collected through discussions with the Microfinance organisation officials, respondents and personal observations made by the researcher during the interactions with them. This information has been used in appropriate places while analysing the data and for arriving at appropriate conclusions and suggestions.
3.8- **About Pilot Study**-

The Pilot Study is an exploratory study done preliminarily, to help in refining the problem, to develop or refine hypothesis or test and to refine the data collection methods. It is always desirable, if at all possible, to conduct a pilot study before administering a self-completion questionnaire or structured interview schedule to the selected sample. In fact, the desirability of piloting such instrument is not solely to do with trying to ensure that questions operate well, piloting also has a role in ensuring that questions operate well, piloting also has a role in ensuring that the research instrument as a whole functions well. Pilot study may be particularly crucial in relation to research based on the self-completion questionnaire, since there will not be an interviewer present to clear up any confusion. Also, with interview, persistent problems may emerge after a few interviews have been carried out and these can then be addressed. Considering this fact, researcher has also conducted a pilot study. A pilot study was conducted on 40 respondents for the feasibility of the study.

The objectives of the pilot study were-
1) To assess the feasibility of the tool.
2) To test the tool for content and language.
3) To assess the time taken for the study and
4) To identify the problems expected during data collection.

The important observations during the pilot study were recorded and necessary corrections were made in the questionnaire.

3.9- **Method of Data Analysis and statistical tools used**-

The statistical techniques such as tabulations, graphs, charts and diagrams are used for presentation of data and mean, standard deviation, co-efficient of correlation, Chi square test for testing the hypothesis are used for data analysis and interpretation by using the SPPS Software.

3.10- **Chapter scheme of the study report**

The present study report has been arranged in the following sequence of chapters-
1) Chapter-I -Introduction
2) Chapter-II - Historical Background
3) Chapter-III - Research Design and Research Methodology
4) Chapter-IV - Review of Microfinance
5) Chapter-V - A Profile of study Area
6) Chapter-VI - Statistical Analysis and Data Interpretation
7) Chapter-VII - Major findings, Conclusions and Suggestions
   Bibliography
   Annexure

3.11 References:

