Abstract of Ph. D Thesis Titled

“Micro Finance and its Socio-Economic impacts on Women Self Help Group Members: An In-depth study of selected WSHGs Operating in North Gujarat (India)”

Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for microenterprise, and insurance and savings for risk mitigation and consumption smoothing.

It is widely believed that micro finance and the Self Help Groups (SHG) is a powerful tool to alleviate poverty and empowerment of rural women and it is effective in bringing social and economic changes in the rural areas with improved managerial abilities of women. The empowerment of women through micro finance benefits individual woman, her family and the community as a whole through collective action for development. Group formation, provision of collateral free credit, participatory efforts for income generating self employment, knowledge and awareness, skill development can improve the socio economic conditions of rural poor. The microfinance scene is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism for providing financial services to the “Unreached Poor”. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. Since women’s empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of the government. The ministry of rural development has special components for women in its programmes. The government of Gujarat has also focused on microfinance by linking rural women under ‘Mission Mangalam Programme’. As a result of collective effort of the Government of India and Banks, more number of rural women has access to the benefits of the modern banking system. The SHG Bank linkage programme is yielding promising outcomes. Over the last five years, there has been a significant increase in the performance of the banks in terms of no. of saving linked, credit linked SHGs and loan repayment. Though there is a rapid increase in the no. of SHGs all over India, but the growth is not uniform throughout the country. The growth of SHGs is dominant with the commercial banks. All banks have major portion of women SHGs that means they are focusing on
women empowerment and it has been observed that the social, economic and political status of women in rural areas remains very low, so it is necessary to evaluate the performance of SHGs in terms of women empowerment. This study assesses the socio-economic impacts of microfinance on women in rural areas of Gujarat (India).

In order to find the socio-economic impacts of microfinance programme, impact assessment studies have been done by many authors in different countries like Bangladesh, India, Pakistan, Nepal, Ghana, Peru and many other countries of South Asia and Africa. The literature on microfinance offers a diversity of findings relating to the type and level of impact of the programme. There are various studies which confirm that microfinance programme has a significant positive impact in increasing employment and reducing poverty. There are a number of studies which explain that participation in the programme has led to greater levels of women empowerment in terms of increase in knowledge, self confidence, economic, social and political awareness, mobility, development of organisational skills etc. However, some of the studies show that the programme is not reaching the bottom poor people and the group loans are utilised for non-income generating activities such as consumption and other emergency needs. Therefore, the programme results in limited empowerment of women participants. The review of literature provides an insight into both positive and negative aspects of the self help group bank linkage programme. In India, most of the studies had been carried out in central and southern regions and there is a lack of impact of microfinance studies in Western and Northern India including Gujarat. The current study is a modest attempt in this regard. There is hardly any comprehensive study of impact of microfinance on rural women of North Gujarat. Therefore, the present study is located in the area of North Gujarat. This study includes only Bank Linked women SHGs which are listed under Mission Mangalam Programme (Sakhi Mandals) of Government of Gujarat. This research has been carried out in two districts of North Gujarat namely Patan and Mehsana.

The descriptive research design has been used in this study. The study use both primary and secondary data. The population comprised all women members of bank linked SHGs and listed under Mission Mangalam Programme of Government of Gujarat before two years (The women must have joined the group before 31st December 2011). The samples were selected from Patan and Mehsana districts of North Gujarat, India using multi stage simple random sampling method. The sample women members have been selected randomly in three stages. In first stage, five Talukas as a block have been selected randomly from the each district. In second stage, three villages have been selected randomly from the each block. In third stage, seventeen women members have been selected randomly form the list of members of each
village. Total 510 women members have been selected from the two districts of North Gujarat for this study. Primary data on different socio-economic aspects of the women members and details of micro-financial services availed by the SHGs were collected directly from the respondents who had been joined for at least two years through the structured questionnaire and personal interview. In this study, mainly T-test, MANOVA analysis, rank analysis, factor analysis and multiple regressions have been used to interpret.

The impact has been measured by comparing the pre and post SHG situation of participants for various socio-economic variables. The impact has been also measured by multiple regression analysis. The result reveals that the most of the women members have joined SHGs for saving and financial constraints. The respondents save their money for mainly social occasions, food security and agriculture purpose. Majority of the respondents have taken loan from the bank and main purpose of this loan is social occasion and agriculture. Data analysis indicated that after joining SHGs, the nature of employment of women had changed and improved compared to previous nature of work. Perception of women has changed towards the work and they started their own business like garment sales shop, tea shop, weave work, village grocery shop, rearing goats, purchasing milking buffalo and milking cow etc. The study reveals that most of the respondents involved in decision making in household after joining SHG. The socio-economic status of women has increased after joining the SHG. From the study, six important socio-economic factors were identified from the exploratory factor analysis namely development in personality, enhancement in social attentiveness, enhancement in decision taking ability, increment in income generating activities, improvement in economic condition and improvement in financial liberation. Results of multiple regressions indicate that there is positive impact of microfinance services on self confidence, development of entrepreneurship skill, reduction of poverty, improvement in standard of living, improvement in social status of women members. Women feel fearless, open and self-confident after joining self-help group. It can be concluded that there is positive impact of micro finance activity on socio-economic indicators of women members.

The present study discusses the key policy issues and implications for the policy makers. The study also discusses the challenges of this programme with limitations and future scope for the further research.

**Key Words:** Microfinance; Self Help Group; Women Empowerment; Income, Saving, Expenditure; Poverty alleviation