

A study on economical empowerment of women through self-help group and comparison of utilization of loan in Marathwada region

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ABSTRACT

Self-help Groups (SHGs) are playing a major role in rural India today. The group-based model of self-help is widely practised for rural development, poverty alleviation and empowerment of women. SHG banking, or linking banks and self-help groups, in India is the largest and fastest-growing microfinance programme in the developing world. This paper contributes by arguing that women empowerment takes place when women challenge the existing social norms and culture, to effectively improve their well being. It empirically validates this hypothesis by using quasi-experimental household sample data collected for eight districts in Marathwada region of Maharashtra State in India for 2007 and 2010. The results of the study strongly demonstrated that, there was significant improvement in utilization of loan borrowed from SHG for productive purpose. It was observed that the new members (less than three years) of SHG utilized loan for non-productive purpose and matured member (more than five year) utilized loan for productive purpose.

KEY WORDS : Self-help group, Microfinance, Microfinance Institution, Rural development

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In most of the developing countries today, more and more importance is laid on the need for development of women and their active involvement in the main stream of development process. It is also widely accepted that apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the fields to working in factories or running small and petty businesses. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important

and utmost necessary to make rural women empowered in taking decisions to enable them to be in the central part of any human development process. The empowerment of women also considered as an active process enabling women to realize their full identity and power in all spheres of life.

In recent years, governmental and non-governmental organizations in developing countries have introduced microfinance programmes offering financial services to low income households, particularly targeting women. This was based on the promise that women in deprived households are more likely to be credit constrained, and hence less able to undertake income-earning activities. Access to credit has received even greater attention in the context of poverty reduction and women's empowerment objectives. With the aim to meet the Millennium Development Goals and Microfinance programmes' role in supporting it, there has been an increasing expectation on their impact on women empowerment. However, only a few studies have effectively investigated this impact in a rigorous manner (Pitt *et al.*, 2006).

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For the most part, pragmatic research on microfinance’s effect on women’s empowerment has been abstractly ungrounded and tends to estimate an over-extended definition of empowerment or a truncated aspect of it (Goetz and Gupta, 1996). A number of these studies also suffer from possible bias due to endogeneity of decisions implicated in programme participation and the unobserved households, individual, and area characteristics. Measuring women empowerment is another problem, as it cannot be directly observed and has multiple facets. Past studies on women empowerment have also suffered from treating ordinal variables as continuous variable and treating the latent variable of women empowerment as observed.

This paper contributes by arguing that women empowerment takes place when women challenge the existing norms and culture, to effectively improve their well being and how they utilize loan borrowed from SHG. Since women empowerment is unobservable, it is measured as a latent variable (Swain and Wallentin, 2007).

METHODOLOGY

Data analysis and interpretation:

The study is heavily relied on literature as well as both primary and secondary data. Broad literature survey was carried out to recognize the theoretical underpinnings and experiences of different nations and regions on behalf of applying microfinance as effective tool for the development and upliftment of poor and empowering women.

For the analysis of this article, 800 women of self-help groups from Marathwada region were randomly selected. In the present study, to achieve the objective of enlightening the role of microfinance in women empowerment, conducted primary survey through structured and pre-tested questionnaire. Questionnaire was consisted of 43 (questionnaire A – 22 and questionnaire B – 21) questions

related to general particulars of the member, household details, decision making, knowledge and self-worthiness of the respondents.

Several comparisons were evolved through analysis of data and explored the utilization of loan for different purposes. Here, different aspects of utilization of loan were categorized in two categories like productive and non-productive. The non-productive category included the expenses made on marriage ceremony, rationing, medical care etc. and productive category covered the expenses for education, agriculture, shop keeping etc.

ANALYSIS AND DISCUSSION

Table 1 presents the distribution of SHGs by the year wise maturity and utilization of loan in productive and non-productive categories.

The observation of data of Table 1 shows the comparative status of the utilization of loan for productive and non-productive purposes and it is clearly seen that as the maturity of group increased the utilization for productive purpose also increased.

The distribution of non-productive utilization in different aspects is given in Table 2.

Table 2 represents the comparative status of the utilization of loan for non-productive purposes and it is indicated clearly that as the maturity of group increased the utilization for non-productive purpose decreased. The most of expenses by entire groups was made for marriage ceremony and medical benefits. The expenditure made for scattered purposes categorized under ‘other expenditures’ was highest and shows a support for multiple use of loan for the members of groups.

The utilization in productive field is summarized in Table 3.

As per Table 3, the pattern of distribution shows that as

Table 1 : Year wise maturity of SHGs and utilization of loan

Utilization of loan	Maturity of SHGs						
	1 year	2 years	3 years	4 years	5 years	6 years	More than 6 years
Productive purpose	0	17	35	62	74	82	92
Non-productive purpose	86	83	65	38	26	20	22
Total	86	100	100	100	100	102	114

Table 2 : The summary of utilization of loan in non-productive categories

Utilization of loan	Maturity of SHGs							Total
	1 Year	2 years	3 years	4 years	5 years	6 years	More than 6 years	
Marriage ceremony	18	14	12	8	6	8	8	
Medical	37	0	21	18	12	0	14	
Rationing	19	0	32	12	8	6	0	
Other expenditure	12	104	0	0	0	6	0	
Total	86	100	100	100	100	102	104	

Table 3 : The summary of utilization of loan in non-productive categories

Utilization of loan	Maturity of SHGs							Total
	1 year	2 years	3 years	4 years	5 years	6 years	More than 6 years	
Education	0	0	8	12	16	21	28	85
Agriculture	0	17	21	32	28	21	18	137
Agro-business	0	0	6	12	21	28	34	101
Other business	0	0	0	6	9	10	12	37
Total	0	17	35	62	74	82	92	362

the maturity of SHGs increased the investment in productive fields also increased. Maximum investments were made for agriculture and agri-related businesses and then education.

Most of the SHGs belonged to rural area therefore, a large utilization was found in agriculture and agri-related businesses but the maximum utilization was made for non-productive purposes. An interesting pattern was found that as the maturity of the group increased the utilization for long term purposes also increased. Due to maturity, the financial stability of the group became more firm and this lead the groups to productive expenses. The groups had strong concern with low socio-economic status therefore, they found SHGs for the daily life expenses like medical services, rationing etc. It is also a good sign that the groups having maturity

more than 6 years were also in large quantity which shows that the SHGs were rooted very well.

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