

Financial Challenges of Self Help Group Women in Chennai

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In order to reduce poverty, Government started to make people self reliant. Government thought independency will improve the growth of Indian economy. For this purpose, Government started to motivate women to be independent. Self help group is a tool used by the Government to make women self reliant. Initially microfinance institutions provided micro-credit to the poor households both in urban and rural areas. Alternate mode of releasing fund to individuals is through self help groups. A self-help group is a formal or informal group of people with social or economic background. A group consists of 10 to 20 members especially women. In India, NGO linked SHG, MFI linked SHG and Bank linked SHG prevails. But Bank linked SHG plays a vital role in Chennai. Self-help groups play an important role in women empowerment. This has greater impact on Indian economy. This research helps to analyze the financial aspects of urban women (SHG) in Chennai. The study covers the impact of women after joining SHG in their income, expense, savings, borrowing and loan repayment.

Statement of the Problem

The SHG members are offered micro credit from Microfinance Institutions and Bank to improve their business and income. Despite the potential and efforts of MFIs (SHG) to improve the lives of poorest women of India, there is less statistical evidence of its impact. The study will take all efforts to analyse financial aspects of SHG women and their growth financially.

Research Gap

Though lot of reviews on Socio-cultural challenges is found, there is no in depth study on financial challenges of SHGs Women. Many reviews indicate the improvement in standard of living and status of SHGs women, but have failed to elaborate the financial difficulties faced by women after getting financial support from SHG. The reviews are restricted to rural areas and have ignored urban areas. The gap is confirmed as financial challenges of urban women.

Need for the Study

The study will identify the reasons for the below mentioned constraints and will suggest for further improvements.

- What is the impact of financial inclusion of SHG women? How to improve on it?

The above stated problems should be addressed to confirm the financial aspects of women in SHG

Objective of the Study

- To analyse the financial profile of SHG women
- To study the level of income and level of expenditure of urban women before and after joining SHG
- To analyse the savings pattern and their preference of expense
- To identify the relationship of income and expenditure that affect the financial aspects of urban women
- To know the impact of borrowing after joining SHG
- To provide suggestions to self help group and women entrepreneurs for better financial management

Research Methodology

Research Design - Descriptive research was carried on for the purpose of study. **Descriptive research** is a study designed to depict the participants in an accurate way.

Data Collection - Primary data and Secondary data was used for the study. Questionnaire was used as an instrument to collect primary data. Secondary data was collected through intense review of literature.

Sampling Method - Data is collected from SHG women in Chennai District on the basis of Convenient Sampling Method. **Convenience sampling** is a sample taken from a group you have easy access to. The idea is that anything learned from this study will be applicable to the larger population.

Reliability Test - Reliability generally refers to the consistency of a measure. For the purpose of the study reliability analysis is done. Its Cronbach's Alpha value is 0.901, the scale is near to 1, and therefore it is a reliable measure for examining the current sample.

Hypothesis:

1. Joining SHG increases their income level
2. Joining SHG have impact on expenditure level

3. Preference of expense depends on educational qualification of the members
4. Relationship exists between increase in income level and educational expenses
5. Pattern of savings is associated with preference of expense
6. Age of the member have impact on the source to borrow money
7. Amount of borrowing depends upon adequacy of SHG loan amount
8. Nature of business influences delay in repayment

Research Tools—The tools used for analysis are Percentage, Chi-square, T test, and Correlation. SPSS software is used for analysis purpose.

Results and Discussion

Table 1: Financial Profile

Variables		Frequency	Percentage
Income before joining SHG	Rs. 2000-4000	219	56.40 %
	Rs. 4000-6000	169	43.60 %
Income before joining SHG	4000-6000	222	57.20 %
	Above 6000	166	42.80 %
Expense before joining SHG	Less than 1000	31	8.00 %
	1000 – 3000	300	77.30 %
	3000 – 5000	57	14.70 %
Expense after joining SHG	1000 – 3000	247	63.70 %
	3000 – 5000	40	10.30 %
	Above 5000	101	26.00 %
Preference of Expense	Self needs	114	29.40 %
	Education	256	66.00 %
	Food	6	1.50 %
	Household items	12	3.10 %
Savings Pattern	Monthly	382	98.50 %
	Weekly	06	1.50%
Savings Mode	Bank	306	78.90 %
	SHGs	82	21.10 %
Borrowing increased after joining SHG	Yes	128	33.00 %
	No	260	67.00 %
Mode of Borrowing	Friends	199	51.30 %
	Banks	63	16.20 %
	Savings	126	32.50 %

- Majority of the respondents (56.4%) income level before joining SHG lie between Rs 2000-Rs.4000 per month. 43.6% of their income level before joining SHG lies between Rs.4000-6000 per month. After joining SHG, majority of the respondents (57.2%) income level lies between Rs 4000-6000 per month. 42.8% of their income level is above Rs.6000 per month after joining SHG. This infers that majority of

the members income level has increased after joining the SHG. Only few (less than 1%) of the members income level has reduced

- 77.3% of the respondents, level of expenditure before joining SHG were between Rs.1000-Rs3000 per month, 14.7% of their expense level was between Rs.3000-Rs.5000 per month and only 8% of them spent less than Rs.1000 per month. After joining SHG, 63.7% of the respondents' expenditure level was between Rs.1000-Rs.3000 per month. 26% of them spent above Rs.5000 per month. 10.3% of them spent between Rs3000-Rs5000 per month. This shows that their level of expenditure has increased after joining SHG
- 66% of the members have spent money for the education purpose. 29.4% of the members spent money to meet their personal expenses. 3.1% of them spent to buy household items and only 1.5% of them spent for consumption of food. It infers that majority of the members give importance for education in the proportion of their expense
- All the respondents have the habit of savings. This is a positive note on the SHG for inculcating the habit of savings. Majority of the members (98.5%) have monthly savings pattern. Only 1.5% of them are under weekly savings pattern. Out of the 388 respondents, majority (78.9%) of them save their money in banks. 21.1% of them save their money in SHG itself. All the respondents confirm that their savings increased after joining SHG. Since all the members are part of the savings scheme in the SHG, it increases their savings
- Majority of the respondents (67%), amount of borrowing has decreased after joining SHG. 33% of their borrowing has increased after joining SHG. It shows that their amount of borrowing from other sources has reduced after joining SHG. Nearly (51.3%) of the members borrow from their friends. 32.5% of them use their personal savings. 16.2% of them borrow from the Banks. This shows that the members depend on their friends in case of shortage of money

Hypothesis 1:

Joining SHG increases their income level

Table 2: Joining SHG increases their income level

Paired variables	Mean	S.D	t value	df	Sig value
Income before joining SHG	2.44	0.469	- 41.711	387	.000*
Income after joining SHG	3.43				

* indicates 5% level of significant value

Hypothesis 2:

Joining SHG has impact on expenditure level

Table 3: Joining SHG has impact on expenditure level

Paired variables	Mean	S.D	t value	df	Sig value
Expenditure before joining SHG	2.07	0.689	-15.914	387	.000*
Expenditure after joining SHG	2.62				

* indicates 5% level of significant value

Paired t-test was done to study the significant difference between the level of income and level of expenditure of urban women before and after joining SHG. Significant value (0.000) is less than 0.05, which shows that there is significant difference in their income and expenditure after joining SHG. The mean values show that there is increase in income level (2.44-3.43) and expenditure level (2.07-2.62) after joining SHG. The standard deviation value infers that there is only a slight increase in income (0.469) and moderate increase in expenditure level (0.689). This shows that expense increased than the income after joining SHG. It is a result of improvement in standard of living.

Hypothesis 3:

Pattern of savings is associated with preference of expense

Table 4: Association of savings pattern and preference of expense

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	3.142	3	0.370*

* indicates 5% level of significant value

Using Chi-square analysis, association of savings pattern and preference of expense is tested. It shows that p value = 0.370, therefore null hypothesis is accepted. There is no association between pattern of savings and preference of expense.

Hypothesis 4:

Preference of expense depends on educational qualification of the members

Table 5: Preference of expense depends on educational qualification of the members

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	126.971	9	0.000*

* indicates 5% level of significant value

Chi-square analysis is used to test whether the preference of expense depends on educational qualification of the members. It infers that 97 members prefer education and 6 members prefer food at primary level education. 86 members prefer to spend for their self needs, 65 members prefer to spend for education and 8 members prefer to buy household items at high school. Members with higher secondary education (28) prefer to spend for education. Graduated

women prefer to spend for education (66 members), self needs (28 members) and household items (4 members). From the above table, it can be inferred that p value (0.000) is less than 0.05, therefore there is association between preference of expense and educational qualification.

Hypothesis 5:

Age of the member has impact on the source to borrow money

Table 6: Age of the member has impact on the source to borrow money

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	113.844	6	0.000*

* indicates 5% level of significant value

Chi-square analysis result shows that there is association between age of the member and source to borrow money. It infers that age group above 50 years (12 members) uses their savings for additional usage, where 31-40 years (112 members) and 41-50 years (81 members) age group maximum borrow from their friends. Less than 30 years use their savings and also borrow from Bank for additional fund.

Hypothesis 6:

Amount of borrowing depends upon adequacy of SHG loan amount

Table 7: Cross Tabulation

	Adequacy of Loan				
	Low	Moderate	High	Very High	Total
Borrowing after joining SHG					
Yes	30	0	92	6	128
No	17	44	79	120	260
Total	47	44	171	126	388

Table 8: Association of borrowing amount and adequacy of loan amount

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	120.801	3	0.000*

* indicates 5% level of significant value

Association between adequacy of SHG loan and amount of borrowing is tested using Chi-square analysis. p value is less than 0.05, therefore there is significant association between adequacy of SHG loan and amount of borrowing. This shows that the members are borrowing money from other sources if the SHG loan amount is not adequate. But nearly one-fourth of the members are borrowing even if the loan amount is adequate. The above table also infers that maximum members responded that the loan amount is adequate and they are not borrowing from other sources.

Hypothesis 7:

Relationship exists between increase in income level and educational expenses

Table 9: Income and educational expenses

	Correlation Coefficient	Sig value
Income and expenditure	0.143**	0.005

**correlation is significant at the 0.01 level

Correlation analysis is used to test the relationship between increase in income level and educational expenses. There is very low correlation between increase in educational expenses and the increase in income level. It infers that increase in income level does not make much difference in educational expenses done by them. ($r = 0.143$, $p = 0.005$)

Hypothesis 8:

Nature of business influences delay in repayment

Table 10: Nature of business influences delay in repayment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	95.342	6	0.000*

* indicates 5% level of significant value

Chi-square analysis is used to test whether the nature of business influences delay in repayment. p value is less than 0.05, so alternate hypothesis is accepted. This shows that delay in repayment is influenced by nature of business.

Recommendations and Conclusion

Over the years, number of SHGs has been increased and SHGs has contributed for the growth of economy. Women in SHG are doing different kinds of business to earn money. Women's level of income and level of expenditure have been increased after joining SHG. This shows an improvement in standard of living. SHG has inculcated the habit of savings in women. But, the members were not able to manage the finance properly. SHG head should monitor whether the loans are utilized properly. The study has found that women are economically empowered through Self Help Groups. But they are facing some financial challenges and this has to be rectified for further improvements. The study would be highly useful for formulating policy and procedures to improve financial aspects of SHG women in general and particularly in Chennai District.

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