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Socio Economic Impact of Micro Finance on Self Help Groups in Prakasam District, Andhra Pradesh

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Abstract: For developing countries like India financial support is most indispensable factor to develop their countries gross domestic product by developing micro and small businesses in the country. For that purpose the government developed many schemes and programmes. As all we know government providing micro finance to self help groups as one of the programme which helps to the development of the nation by facilitating loan to all people in the group who ever in need in that group. In this research researcher made an attempt to find out how this micro finance to self help group programme helps to the vulnerable poor in the Indian nation, as a matter of fact India has around 5.6 Lakh villages in our country, so that in this paper researcher is going to identify how micro finance to self help groups shows impact for the development of rural poor especially women in Prakasam District.

Keywords: Self help groups, Prakasam District, micro finance, women empowerment.

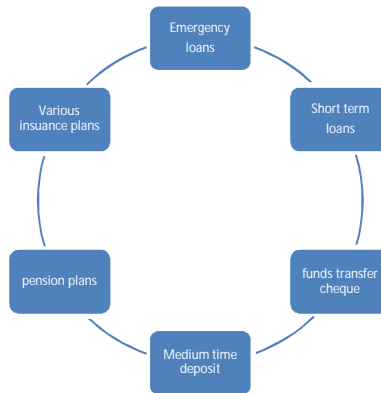
I. INTRODUCTION

Over time, Microfinance has emerged as a larger movement whose object is "a world in which as everyone, especially the poor and socially marginalized people and households have access to wide range of affordable, high quality financial products and services, including not just credit but also savings, insurance, and fund transfers. Many of those who promote microfinance generally believe that such access will help poor people out of poverty, including participants in the Microcredit Summit Campaign. For many, microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses for others it is a way for poor to manage their finances more effectively and take advantage of economic opportunities while managing the risks. The terms have evolved-from micro-credit to micro-finance, and now 'financial inclusion'. Microfinance is a broad category of services, which includes microcredit. Microcredit is only about provision of credit services to poor clients only one of the aspects of micro finance, and the two are often confused. Critics often point to some of the ills of micro-credit that can create indebtedness. Due to diverse contexts in which microfinance operates, and the broad range of microfinance services, it is neither possible nor wise to have a generalized view of impacts Microfinance may create. Many studies have tried to assess its impacts. Proponents often claim that microfinance lifts people out of poverty, but the evidence is mixed. What it does do, however, is to enhance financial inclusion.

Self Help Groups (SHGs) Self help groups are a homogenous group of 10-20 individuals who come together for saving and internally helping each other in times of need. Group members are engaged in livelihood activities such as running a retail shop, cattle rearing, zari work, tailoring jobs, making candles, artificial jewelers etc. Each individual saves a fixed amount on a monthly basis. Our Self Help Group-Bank Linkage Programme (SBLP) aims to deliver financial products & services to the section of Indian population that lacks access to formal banking. This segment, often from the lower income, meets its financial needs through informal sources such as money lenders, traders, family and friends etc.

However, these sources have their own limitations. Under SBLP, 10-20 individuals are organized in groups known as Self Help Groups (SHGs) by NGOs commonly known as Self Help Promoting Institutions (SHPI). The SHGs are also encouraged to take up livelihood activities, for which skill training is provided by certain NGOs. The members of the SHG are encouraged to save and internally lend the savings to members during times of need. SHPIs also provide knowledge on managing books of accounts. SHGs get linked to banks via NGOs, for opening savings account and for their credit requirements. Banks lend to SHGs after assessing their credit worthiness on parameters such as group discipline, regularity of meetings, savings, rotation of funds, maintenance of books of accounts, group record keeping, repayment of loans etc.

A. Various Micro Finance Products



Source: Mathwood Consulting Company

B. Ways In Which Poor People Manage Their Money

The basic problem that poor people face as money managers is to gather a 'usefully large' amount of money. Building a new home may involve saving and protecting diverse building materials for years until enough are available to proceed with construction. Children's schooling may be funded by buying chickens and raising them for sale as needed for expenses, uniforms, bribes, etc. Because all the value is accumulated before it is needed, this money management strategy is referred to as 'saving up'.

Often, people don't have enough money when they face a need, so they borrow. A poor family might borrow from relatives to buy land, from a moneylender to buy rice, or from a microfinance institution to buy a sewing machine. Since these loans must be repaid by saving after the cost is incurred, Rutherford calls this 'saving down'. Rutherford's point is that microcredit is addressing only half the problem, and arguably the less important half: poor people borrow to help them save and accumulate assets. Microcredit institutions should fund their loans through savings accounts that help poor people manage their myriad risks.

C. Micro Finance Objectives' And Principles

- 1) Poor people need not just loans but also savings, insurance and money transfer services.
- 2) Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.
- 3) "Microfinance can pay for itself." Subsidies from donors and government are scarce and uncertain and so, to reach large numbers of poor people, microfinance must pay for itself.
- 4) Microfinance means building permanent local institutions. Microfinance also means integrating the financial needs of poor people into a country's mainstream financial system.
- 5) "The job of government is to enable financial services, not to provide them."
- 6) "Donor funds should complement private capital, not compete with it." "The key bottleneck is the shortage of strong institutions and managers.
- 7) "Donors should focus on capacity building. Interest rate ceilings hurt poor people by preventing microfinance institutions from covering their costs, which chokes off the supply of credit.
- 8) Microfinance institutions should measure and disclose their performance both financially and socially.

II. NEED FOR THE STUDY

To find out the Socio economic impact of micro finance on self help groups Specifically in Prakasam district, Andhra Pradesh.

III. REVIEW OF LITERATURE

- A. S.Poominathan, Dr.s.amilan (2016) explained about the impact of microfinance on women empowerment through self help groups.
- B. Dr.A.Durga Prasad (2015) analyzed faster pace in micro credit facilities
- C. CMA. Koushik Sen (2015) examined a positive leap towards poverty eradication with the help of self help groups.

IV. SCOPE OF THE STUDY

- A. This research can extend to know the impact of micro finance to entire growth of micro businesses in India.

B. This research methodology can be used to know the effect of micro finance on all other sectors of business in India.

C. This research can extend to know future prospectus of self help groups

1) Hypothesis

H0: There is no impact of providing micro finance on the growth of self help groups

H1: There is impact of providing micro finance on the growth of self help groups

V. POPULATION FOR THE STUDY

A. For doing this research the total population is the members of self help groups who received micro finance grants in 56 mandals which consists of 1081 villages entire Prakasam district.

B. Each mandal have self help groups as well as micro finance facility to them they are considered as population to this research

VI. SAMPLE FOR THE STUDY

A. Because of the money constraint and time constraint from the above total population of 56 mandals separated

B. Examiner considered 10 members from each mandal. In prakasam district total 56 mandals, sample size is 560. Here self help group members were taken based on random sampling technique to study the impact of micro finance on self help groups.

VII. RESEARCH METHODOLOGY

Table 1: Based on Age Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
Up to 18	30	5.35
19-24	60	10.71
25-29	90	16.07
30-34	180	32.14
35-39	130	23.21
40 and more	70	12.50
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage is from age limit of 30-34, they covered 32.14% in terms of beneficiaries are concerned.

Table 2: Educational level Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
Illiterate	210	37.51
Can sign	185	33.03
Primary	110	19.64
Higher	55	9.82
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage of educational level is from Illiterate, they covered 37.51% in terms of beneficiaries are concerned.

Table 3: Marital status Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
Married	410	73.21
Unmarried	70	12.50
Widowed	60	10.71
Divorced	20	3.57
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage of marital status is from Married members, they covered 37.51% in terms of beneficiaries are concerned.

Table 4: Community Wise Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
General	30	5.37
OBC	70	12.50
BC	110	19.64
SC	175	31.25
ST	165	29.46
Others	10	1.78
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage of marital community is from SC members, they covered 31.25% in terms of beneficiaries are concerned.

Table 5: Income per month Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
Up to 2000	85	15.17
2000-4000	185	33.03
4000-6000	162	28.92
6000-8000	87	15.53
8000-10000	29	5.17
Above 10000	12	2.14
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage of income per month is from 2000-4000 category members, they covered 33.03% in terms of beneficiaries are concerned.

Table 6: Family Size (Including dependents) Parameter of the Respondents

Particulars	No. of. Frequency	Percentage value
Two to Four	38	6.78
Five to six	116	20.71
Seven to Eight	290	51.79
Nine to Ten	71	12.68
Eleven and more	45	8.04
TOTAL	560	100%

Source: Primary Data collected from the respondents

Interpretation: From the above it is clear that majority percentage of family size (including dependents) is from Seven to eight category members, they covered 51.79 % in terms of beneficiaries are concerned.

VIII. LIMITATIONS FOR THE STUDY

- A. This study taken only one district to do the research
- B. Many respondents are can't be able to understand the questions of research because of illiteracy, so the observer noted the entire primary data.
- C. Parameters are limited for this research



IX. SUGGESTIONS

Government should help self help groups by providing necessary subsidies to the rural poor women by introducing various schemes

X. CONCLUSION

After conducting the P-TEST researcher got 0.02 value. Hence if in case the P value greater than 0.05. The null hypothesis is accepted and in that we conclude There is no impact of providing micro finance to the growth of self help groups. On the other side of coin if p value is less than 0.05 then null hypothesis is rejected i.e., There is impact of providing micro finance to the growth of self help groups. In this research evaluator got 0.02 value which means reject the null hypothesis. i.e., there a clear impact of providing micro finance on the growth of self helps groups.

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