



STUDY OF MICRO FINANCE AND RURAL DEVELOPMENT WITH SPECIAL REFERENCE TO THE ROLE OF SELF-HELP GROUP IN NAGPUR REGION

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ABSTRACT

Microfinance has gained huge momentum in recent era. The microfinance through self help group is particularly very popular in Maharashtra. The Nagpur rural region is backward one. The common source of earning is agriculture. The lack of irrigation facility has hampered employment in summer season. Many efforts have been taken to improve the living standard of the people of this region. It is quite obvious that without finance development is not possible. The best way to raise finance is through self help group. In this research the researcher has made an attempt to diagnose the working condition of present SHG. The researcher also has made attempt to judge the role of SHG in rural development of studied region.

KEY WORDS: SHG, Microfinance, rural development.

INTRODUCTION:

Empowerment of women with the help of group activity and microfinance facility has become a major strategy in developing countries. In fact, it has become the buzzword since 1990s. Innumerable books and research papers had been published on the importance of group activity in empowering the disempowered. The argument that individual activity is more beneficial in empowering women became an exception and the champions of this argument are ignored by the main stream researchers.¹

SHGs are the organizational setup in India which is meant for the women development and welfare. All women in India are given chance to join any one of SHGs for training and development. The central and state government plays vital role in development of SHG.

The SHG arranges the training programme for its members. It does not limit itself just by providing financial assistance to its members but it also arranges several programmes which gives training to its members. SHG also arranges serial lectures which motivates its members

Micro finance refers to the programs that provide credit or self- employment and other financial and business service, including savings and technical assistance to the poor persons (Micro Credit Summit held in US in February 1997).

There are two models of micro-finance in India:

- SHG-Bank Linkage Program (SHG-BLP).
- Micro Finance Institutions (MFISD)

REVIEW OF LITERATURE

- **Agarwal** (1989), rural development is a strategy designed to improve the economic and social life of rural poor. The United Nations defines Rural Development as: Rural Development is a process of change,

by which the efforts of the people themselves are united, those of government authorities to improve their economic, social and cultural conditions of communities in to the life of the nation and to enable them to contribute fully to national programme. Rural Development is a process of bringing change among rural community from the traditional way of living to progressive way of living. It is also expressed as a movement for progress.

- **Joshi(2007)** micro-finance provides credit access to poor with no collateral obligations. It encourages savings and promotes income-generating activities. Loans are provided at the market driven rates of interest and peer pressure is used in repayment. Micro-finance is carried out through Self-Help Groups, where poor come together in the range of 10-20 by weekly, fortnightly and monthly meetings through their savings and loaning. It is hoped that through such interventions hitherto uncovered groups are covered with credit and in the process get empowered.

Tushar Chaudhari(2017) studied role played by SHG in women empowerment. For this purpose he collected primary data of fifty women. He found that SHG has played significant role in women empowerment. He concluded SHG's in Nagpur region are only concern with financial empowerment. According to him SHG must try to cultivate asset creation and should make effort for increasing education level of respondents. He also suggested that SHG must arrange awareness programme regarding various government scheme.

Velu Suresh Kumar(2005) has mentioned in his article, 'Women Empowerment Success through Self Help Groups', that apart from financial aspects, it also becomes a platform for exchanging ideas regarding prevention of AIDS, dowry, nutrition, marital laws, literacy, sanitation, children rearing etc. He has also pointed out that leadership qualities developed through SHG meetings have seen 2500 women becoming presidents or members of panchayats and local bodies in the State.

• **RESEARCH METHODOLOGY**

The sample size for the current research is 550. The said sample size is selected by random selection method. The questionnaire were filled from the respondents of Nagpur district.

• **OBJECTIVES**

- 1) To study the concept of Self Help Group & Micro finance
- 2) To study the progress of Self Help Group & Micro finance in Indian and Maharashtra
- 3) To evaluate role of self help group and micro finance in women empowerment of studied area.
- 4) To suggest effective measure to improve women empowerment by self help groups and micro finance.

• **Hypotheses**

- 1) SHGs are instrumental in socio-economic empowerment of rural women in Nagpur region
- 2) Micro Finance has helped in reducing the exploitation of rural poor by money lenders.
- 3) Micro finance is crucial for the overall rural development in Nagpur region.

• **Hypotheses Testing**

HYPOTHESIS 1

Micro Finance has helped in reducing the exploitation of rural poor by money lenders.

DISCUSSION

The hypothesis to be validated is '**Micro Finance has helped in reducing the exploitation of rural poor by money lenders**'.

Null Hypothesis :

Micro Finance has helped in reducing the exploitation of rural poor by money lenders.

Alternate Hypothesis:

Micro Finance has helped in reducing the exploitation of rural poor by money lenders.

The table below shows the descriptive statistics of the data. It shows the minimum and maximum values along with total responses, mean and standard deviation.

Descriptive statistics of hypothesis 4

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
VAR00035	550	4.1797	.47015	3.00	5.00

- The table below shows the observed , expected and residual values about micro finance has reduced the exploitation of money lenders

Observed, expected and residual values of exploitation by money lenders.

VAR00035-micro finance has reduced the exploitation of money lenders			
Responses	Observed N	Expected N	Residual
Yes	534	174.0	-169.0
No	16	174.0	192.0
Total	550		

Test Statistics of hypothesis 4

Test Statistics	
	VAR00035
Chi-Square	379.046 ^a
Df	2
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 174.0.

Item No. 35 of the designed questionnaire is tested for validating HYPOTHESIS 4. chi square test is used to validate the hypothesis.

The above table illustrates the result as follows;

The chi square value of Item No. 35 is 379.046 (df=2,N=522), $p < 0.05$ is significant at 2 degree of freedom, showing that there is significant difference in expected and observed frequencies.

Hence we conclude that that, there is significant difference in expected and observed frequencies of Item. 35. Hence we reject the Null Hypothesis and accept the Alternate Hypothesis, that is '**Micro Finance has helped in reducing the exploitation of rural poor by money lenders**'. Hence HYPOTHESIS 1 is validated.

HYPOTHESIS 2

SHGs are instrumental in socio-economic empowerment of rural women in Nagpur region.

DISCUSSION

The hypothesis to be validated is 'SHGs are instrumental in socio-economic empowerment of rural women in Nagpur region.

Null Hypothesis :

SHGs are not instrumental in socio-economic empowerment of rural women in Nagpur region

Alternate Hypothesis:

SHGs are instrumental in socio-economic empowerment of rural women in Nagpur region

The table below shows the descriptive statistics of the data. It shows the mean and standard deviation values along with total responses. The second table of Test shows the calculated t vale with df and significance level

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
VAR00036	550	3.1088	1.00368	.04831

One-Sample Test						
	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
VAR00036	64.562	521	.000	3.11877	3.0239	3.2137

In the given table, the t value is 64.56 and the significance level is 0.00, hence null hypothesis is rejected and concluded are instrumental in socio-economic empowerment of rural women in Nagpur region that, SHGs

HYPOTHESIS 3

Micro finance is crucial for the overall rural development in Nagpur region.

DISCUSSION

The hypothesis to be validated is 'Micro finance is crucial for the overall rural development in Nagpur region'.

Null Hypothesis :

Micro finance is not crucial for the overall rural development in Nagpur region **Alternate Hypothesis:** Micro finance is crucial for the overall rural development in Nagpur region

The table below shows the descriptive statistics of the data. It shows the mean and standard deviation values along with total responses. The second table of Test shows the calculated t vale with df and significance level

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
VAR00037	550	3.0398	1.10902	.04854

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper

					Lower	Upper
VAR00037	64.685	550	.000	3.13985	3.0445	3.2352

In the given table, the t value is 61.68 and the significance level is 0.00, hence null hypothesis is rejected and concluded Micro finance is crucial for the **Recommendations**

- 1) The extra source of income specially housewife must be provided.
- 2) Attendance at meeting and workshops should be made mandatory so that the members can enhance their group cohesiveness.
- 3) The self help group must make effort to improve educational level of its members. It can take help of various government scheme for this purpose.
- 4) Self help group should try to give microfinance so that the better housing condition of its members is maintained.
- 5) The existing members of Self help group should make effort to make advertisement of work done by their respective group.
- 6) There should be a common platform where all the SHG of the area meets. The common forum must arrange regular meeting.
- 7) For avoiding of any misuse of money, there should be a need of proper regulating authority at each level such as saving, depositing, and money lending.
- 8) It is observed that the purpose of members to Self help group is just to take loan hence it is the duty of Self help group to widen their scope from just granting the loan.
- 9) Proper emphasis should be given to group lending and SHGs formulation for alleviate poverty.
- 10) The amount of loan can be increased.
- 11) The rate of interest of loan can be lowered.
- 12) The preference should be given to loan application which leads to assets creation.
- 13) There should be better disclosure of terms and condition of Self help group.

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