



## **IMPACT OF MICRO-CREDIT ON DEVELOPMENT OF WOMEN – A STUDY WITH REFERENCE TO MADURAI DISTRICT**

**Dr. S. KARTHIKEYAN**, Assistant Professor, Department of Economics and Centre for Research in Economics, The Madura College (Autonomous), Madurai – 625 011

**Dr. S. SENTHILKUMAR**, Assistant Professor & Head, Department of Economics, Cardamom Planters' Association College, Bodinayakkanur – 625 513.

### **Abstract**

The micro credit as provision of thrift credit other financial services and products very small amount to the poor in rural or urban areas for enabling them to improving their income level and standard of living. Hence often savings facilities, education training networking and micro credit targets the rural and urban households, with are emphasis on women borrowers, provisions of finance for creation of assets and the maintenance and the micro - credit plays an important role to development of women so as to enhance their social and economic activities as well as empowering in social economic and decision - making process. The income of then beneficiaries their family income, savings increase the capacity of individuals to make and asset position.

**Keywords:** *Micro Credit, family budget, employment, savings, women development.*

### **Introduction**

The micro – credit programs provide a tow tiered approach to the credit facilities for the purchase of capital equipment in order to promote the self- employment and the noncredit series micro – credit in the global contest is commonly understood to refers to programmes meant for providing credit for self – employment and other financial and business services to poor people. The task force set up by the NABARD has defined the micro credit as” Provision of thrift, credit other financial services and products very small amount to the poor in ruralor urban areas for enabling them to improving their income level and standard of living.

Micro credit means the extension of small loans to every person for self- employment projects that generate earnings allowing them to care for themselves and their family. In most cases, micro – credit programmes offer a combination of services and resources to their clients in further to credit for self- employment. These often include savings facilities, education, training, networking and peer support. Loans under micro – credit programme are very small, on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. Micro – credit targets the rural and urban households, with are emphasis on women borrowers, provisions of finance for creation of assets and the maintenance and brining in greater quality of services. The beneficiaries are identified by micro- credit providers themselves independently or through non-Governmental organizations and self- help groups.

### **Statement of the Problem**

The overall development of women, it is important to initiate income generating economic activities through the provision of credit. Micro – credit aims at making the women beneficiaries self – reliant. It also focuses on women development and empowerment. In India synergy among banks, nongovernmental organization government working in the field of micro – credit enabled the banking system to provide micro – credit to 134 million very poor households as a on March 2021, as compared to compared to 106 million households as on March 2020. In this context the

effectiveness of micro credit in improving the economic and social conditions of the beneficiaries has to be analyzed.

**Objectives**

This research paper aims to discuss about:

1. To study the socio – economic conditions of the sample women beneficiaries in Madurai District.
2. To assess the impact of micro – credit on income, family income savings and assets.
3. To evaluate the impact of micro – credit on socio – economic and decision-making empowerment of sample women beneficiaries.

**Samples and Methods**

The study is based on primary data were collected from 120 women beneficiaries with the help of a comprehensive interview schedule. They were selected from random sampling method and the sampling list obtained from banks. The primary data was collected from April 2020 to March 2021 in the chosen study area.

In order to examine relationship, chi–square test was applied. It is calculated by adopting the following formula:

$$\text{Chi – Square} = \sum \frac{(O - E)^2}{E} \dots\dots\dots (1)$$

with (r - 1) (e - 1) degrees of freedom

were,

- O - Observed frequency
- E - Expected frequency

$$E - \frac{\text{Row total} \times \text{Column total}}{\text{Grand Total}}$$

- c - Number of columns in a contingency table
- r - Number of rows in a contingency table.

In order to find out the difference in mean values of income, savings and assets between pre and post credit periods, t- test has been employed.

The empowerment of women in the present study has been measured in terms of their decision-making capacity which has been classified on the basis of self, myself more than husband/family members, both equal, Husband/family members more than myself and husband/family members. The five aspects are applicable for seven variables which are identified for measuring the decision-making power of women. The identified variables are:

- Preparation of the family budget,
- Education of children,
- Health and medication,
- Leisure Activities
- Purchase of Home appliances
- Giving away items to others
- Personal needs.

The responses have been obtained from the sample women beneficiaries in five aspects for each variable. The responses observed for each variable have been scored. To secure the total empowerment score of a woman beneficiary, five points are given for "self", four points for "myself more than husband/family member", three points are given for "both equal", two points for husband/family member more than myself and one point for "husband/family member" responses.

Thus, the total empowerment score of a respondent is obtained by adding up the scores of all 5 variables.

## Results and Discussion

This section devotes to discuss the results obtained from the collected data.

### Socio-Economic Profile

Table 1 shows the socio-economic profile of the selected sample women beneficiaries in the sample collected area.

**TABLE – 1 SOCIO – ECONOMIC PROFILE OF THE SAMPLE WOMEN BENEFICIARIES**

S.No	Particulars	No. of Respondents	Percentage
1.	<b>Age</b>		
	Below 30	25	20.83
	30-40	57	47.50
	40-50	21	17.50
	50 and above	17	14.17
2.	<b>Education</b>		
	<b>Illiterate</b>	22	18.33
	I-V std	38	31.67
	VI – X std	29	24.17
	Higher Secondary	25	20.83
	Above Higher Secondary	6	5.00
3.	<b>Marital Status</b>		
	Unmarried	21	17.50
	Married	80	66.67
	Widow	11	9.17
	Separated	8	6.66
4.	<b>Family Size</b>		
	Less than 3	9	7.50
	3-5	58	48.33
	5 and above	53	44.17
5	<b>Earning members in family</b>		
	One	44	36.66
	Two	60	50.00
	Three	8	6.67
	Four	5	4.17
	Above Four	3	2.50

Source: Primary data

Age of sample beneficiaries, it has been observed that around 120 of the total Respondents are in the age group of 30-50 years whereas around 25 (20.83 per cent) of the Respondents belong to the age group of less than 30 years. The members who are above 50 years constitute 17 (14.17 per cent) to the total.

It has been inferred that the maximum of 38 (31.67 per cent of the total members have studied from I- V standard, followed by 29 (24.17 per cent) with the educational level of VI – X standard. Only 6 (5.00 per cent) of the members have higher education, that is, above higher secondary level whereas 22 (18.33 per cent) of the respondents are illiterates.

The marital status of women beneficiaries, is has been revealed that 80 (66.67 per cent) of the respondents are married whereas the windows and separated constitute 11(9.17 per cent) and 8(6.66 per cent) respectively.21 (17.50 per cent) of the respondents are unmarried.

It has been observed that nearly 58 (48.33 per cent) of the total members have a family size of 3-5, whereas only 9 (7.50 per cent) have a family size of less than 3 members and 53 (44.17 per cent) of them have a family size of 5 and above.

It has been inferred that families with two earning members constitute 60 (50.00 per cent) followed by 44(36.66 per cent) with only one earning respondents in the family. The families with four earning respondents constitute 5 (4.17 per cent) the family with above four earning respondents together constitute only 3 (2.50 per cent) to the total.

Table 2 indicates the parent's / spouse's income and selected sample women beneficiaries after availing loan.

**TABLE – 2 INCOME OF THE BENEFICIARIES AFTER AVAILING LOAN**

S. No	Particulars	No. of Respondents	Percentage
1	Parent's / Spouse's Income		
	Below 5,000	74	61.67
	5, 000 -7,000	27	22.50
	7,000 and above	19	15.83
2	Monthly Income		
	Below Rs. 1,000	16	13.33
	Rs. 1,000 – Rs. 2,000	78	65.00
	Rs. 2000 and above	26	21.67
3	Family Monthly Income		
	Less than 2000	7	5.83
	2000-3000	48	40.00
	3000—4000	34	28.34
	4000 and above	31	25.83

Source: Primary data

The above table - 2 it has been revealed that out of 120 respondents, 74 (961.67 per cent) of them has parents / spouse who belong to the category of income below 5,000 (27 (22.50 per cent) of their parents/ spouses belong to the income group of Rs5,000 to 7,000 and 19 (15.83 per cent) of them are in the income group of Rs. 7,000 and above.

It has been observed that around 78 (65.00 per cent) of the total respondents of beneficiaries earned between Rs. 1,000 – 2,000 at their monthly income through the activities, followed by 26 (21.67 per cent) of them who earned Rs. 2,000 and above. Only 16 (13.33 per cent) of them had a monthly income of below Rs. 1,000.

It is seen that 48 out of 120 of the total beneficiaries family income is between Rs. 2,000 - 3,000 followed by 34 (28.34 per cent) of the beneficiaries whose family income is between Rs. 3,000 -4,000 and 31 (25.83 per cent) is between Rs. 4000 and above.

### Chi – square Test

An attempt has been made in this section of examine the relationship between the income of the members and their family characteristics namely family size, family income and spouse's income.

**TABLE – 3 FAMILY CHARACTERISTICS – CHI SQUARE TEST**

Particulars	Calculated value of chi – square	Table value at 5 per cent level	df*	Inference
Family size Vs. Monthly income	18.8896	7.5744	3	Significant
Monthly income Vs Family income	26.66152	9.836	5	Significant
Monthly income Vs. Income of parent/ spouse	4.3321	7.9072	3	Significant

df - degrees of freedom

It is inferred from the Table – 3 that the family size of the beneficiaries has influenced their monthly income. Further, the monthly income of the beneficiaries has highly influenced family income and income of their parent/ spouse.

### Impact of Micro Credit on Income, Family income, Savings and Assets

In this section an attempt has been made to analyse the impact of micro- credit programme on income of the beneficiaries, their family income, savings conditions and asset position in the study area.

**TABLE – 4 INCREMENTAL INCOME BETWEEN PRE AND POST LOAN PERIODS**

Particulars	Average (in Rs.)		Difference	t- Statistic
	Pre-Micro Credit	Post Micro Credit		
Income	888.792	1495.232	606.44	1.6136*
Family income	2414.84	3445.08	1030.24	1.88624*
Savings	36.816	99.592	62.776	2.09552*

Assets	14535.32	21.563	7027.68	2.254*
--------	----------	--------	---------	--------

Significant at 5 per cent level.

The change in the income is statistically significant since the 't' value is greater than the table value at 5 per cent level. This indicates that availing loan under micro credit scheme by women beneficiaries makes significant changes in the income position of the beneficiaries. Thus, it may be proved that income has been generated after availing micro credit.

The changes in the family income are statistically significant since the 't' value is greater than the table value at 5 per cent level. There is significant change in the family income of beneficiaries after availing loan under micro credit.

The 't' test shows that there is a significant difference of average savings in pre and post periods of data. On an average basis there are significant changes in savings amount in pre and post loan period. Thus, it may be proved that savings of the beneficiaries have been increased significantly after availing loan under micro credit scheme.

The 't' test result is significant in the case of asset position. It indicates that a significant change in assets position of beneficiaries. Thus, it may be proved that after availing loan, assets have been generated significantly.

### IMPACT OF MICRO – CREDIT ON EMPOWERMENT OF WOMEN

This section an attempt has been made to study the impact of micro-credit on empowerment of women with the support of economic empowerment, social empowerment and decision making empowerment components.

**TABLE – 5 MICRO CREDIT ON EMPOWERMENT OF WOMEN**

Particulars	Average (in Rs.)		Difference	t- Statistic
	Pre-Micro Credit	Post Micro Credit		
Economic Empowerment	33.06	52.54	19.48	4.08936
Social Empowerment	33.10	63.60	30.50	3.0504
Decision making Empowerment	40.98	58.08	17.12	3.03296

Significant at 5 per cent level.

The changes of the economic empowerment index socio – empowerment index and decision-making empowerment index during the two periods are statistically significant since its't' value is greater than table value at 5 per cent level. Thus, it may be concluded that after availing micro credit by women have empowered in socio – economic decision making.

### Conclusion

The micro – credit plays an important role to development of women so as to enhance their social and economic activities as well as empowering in social economic and decision-making process. Further, micro – credit scheme has enhanced the income of the beneficiaries their family income, savings increase the capacity of individuals to make and asset position. Thus, is may be concluded that micro – credit scheme is to be viewed as catalyst of the development of women.

### References

Anand, U.K., "Micro Credit: Avenue for Sustainable Empowerment of Rural Women", *Social Welfare*, Vol.48, No.4, 2001.

Appa Rao, C.H., "Role of SHG and DWCRA in Economic and Social Empowerment of Women in Andhra Pradesh", in A. Renga Reddy (ed.), **Empowerment of Women and Ecological Development**, Serial Publications, New Delhi, 2002.

National Bank for Agriculture and Rural Development (NABARD), "NABARD and Micro Finance (2000-2001)", Micro Credit Innovations Department, Mumbai.

Sudha Rani, K., Uma Devi, R., and Surendra, G., "SHGs, Micro Credit and Empowerment", *Social Welfare*, Vol.48, No.11, 2003.

International Journal of Recent Technology and Engineering (IJRET) ISSN: 2277-3878, Volume- 8 Issue – 3, September 2019.