

## **MFI-A STUDY OF SOCIO-ECONOMIC INDICATORS OF WOMEN SHG's IN SOUTH RAJASTHAN WITH PERSPECTIVE OF FINANCIAL SUSTAINABILITY**

**Rahul Vyas<sup>1</sup> and Nidhi Nalwaya<sup>2</sup>**

Assistant Professor, Pacific University, Udaipur, Rajasthan, India

Email: <sup>1</sup>rahulv09@gmail.com, <sup>2</sup>nalwaya.nidhi86@gmail.com

### **ABSTRACT**

*Micro finance and its linkage to SHG's is the key to financial sustainability of rural poor and "bottom-up" local economic and social development. Microfinance is an instrument that under the right conditions, fits the needs of a broad range of the population—including the poorest— people living below the poverty line and tribal's. Micro finance, more accurately Micro Credit is an essential tool in economic development helping to establish or to expand income-generating activity.*

*This study is an attempt to examine the change in socio economic indicators of SHG women especially with emphasis to financial sustainability. The question that must be asked is to what extent are socioeconomic opportunities expanded through supplemental income from microcredit loans? To answer this question, measurable indicators that display characteristics of socioeconomic development need to be utilized. The indicators that have been used as representative of such development are: new employment generation, increase in wages, women rejoining workforce ,improvement in education level etc. For the purpose of this study both Primary and secondary data have been used.*

**Keywords:** Micro-finance , SHG's ,Socio-Economic indicators ,Financial Sustainability

### **INTRODUCTION**

#### **Microfinance**

Microfinance refers to small-scale financial services including both credits and deposits provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; in both rural and urban areas. Microfinance means the provision of banking services to lower-income people, especially the poor and the very poor.

In India, over 260 million live in poverty. The poor are plagued by high levels of unemployment, low levels of income, and significant debt. Many are trapped in this financial position. They rarely can offer collateral against their loans and therefore are continually denied access to formal credit institutions. Even when loans are awarded, high interest rates and unrealistic repayment schedules leave families unable to escape the poverty cycle.

In Tribal South Rajasthan a significant number of families are forced to repay intergenerational debt. Mining is a common family occupation and, in this type of bonded labor, debt is passed down through successive generations. Additionally, many in Tribal South Rajasthan have experienced chronic difficulty with underemployment and low levels of income. Tens of thousands of families struggle to rise above the poverty line, but lack the essential financial resources to meet even their most basic needs. Approximately one thousand Indian NGOs have emerged to help the poor acquire loans and increase their assets. Many of these organizations focus on supporting women because, historically, the voice of women in financial and decision-making positions has been marginalized and/or ignored.

Microfinance is an option to resolve this problem of poor people. Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their micro enterprises. Microfinance is an approach that has been proven to empower people around the world to pull themselves out of poverty. Relying on their traditional skills and entrepreneurial instincts, recipients of small loans, other financial services, and support from local organizations called microfinance institutions (MFIs) to start, establish, sustain, or expand very small, self-supporting businesses. A key to microfinance is the recycling of loan rupees. As each loan is repaid usually within six months to a year the money is recycled as another loan, thus multiplying the value of each rupee in defeating global poverty, and changing lives and communities.

## **RESEARCH METHODOLOGY**

### **Research Objectives**

- To Study how the Microfinance Institutes have benefited women SHG's in South Rajasthan in terms of socio-economic development by studying changes in Socio Economic Indicators.

### **Data Source**

- Primary Data: Data from SHG s in South Rajasthan.
- Secondary Data: Data from Library, Books, Journals, Published Reports, Newspapers, Magazines, Electronic Data and Annual Publications from MFIs.

### **Research Design**

For my study work I chose 4 SHGs actively working in Tribal South Rajasthan. I have analyzed its last five year progress, growth, performance, benefits, funds distributions and other welfare activities.. Hence through the secondary data the hypothesis has been formulated and also analyzed with the effective test. The Comparative study (Intra-comparison) of last five (05) years i.e. 2006-07 to 2010-11 is taken. Data has been collected from the SHG s in Tribal South Rajasthan and from its Annual Reports.

### **Tools of Analysis**

For this study ANOVA-test was used to analyse and interpret the data.

**Population** -35 members \*4

**Sample Size**- 10 members \* 4

**Importance of the Research**

- The research studied that SHG s provide employment opportunities which improves the life of the tribals in South Rajasthan.

**Hypothesis****A**

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN significantly generate employment through various activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN did not significantly generate employment through various activities in South Rajasthan.

**B**

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN significantly helped in wage increase through its various activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN does not significantly helped in wage increase through various activities in South Rajasthan.

**C**

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN significantly helped women rejoin workforce through various activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN does not significantly helped women rejoin workforce through various activities in South Rajasthan.

**Hypothesis Testing A**

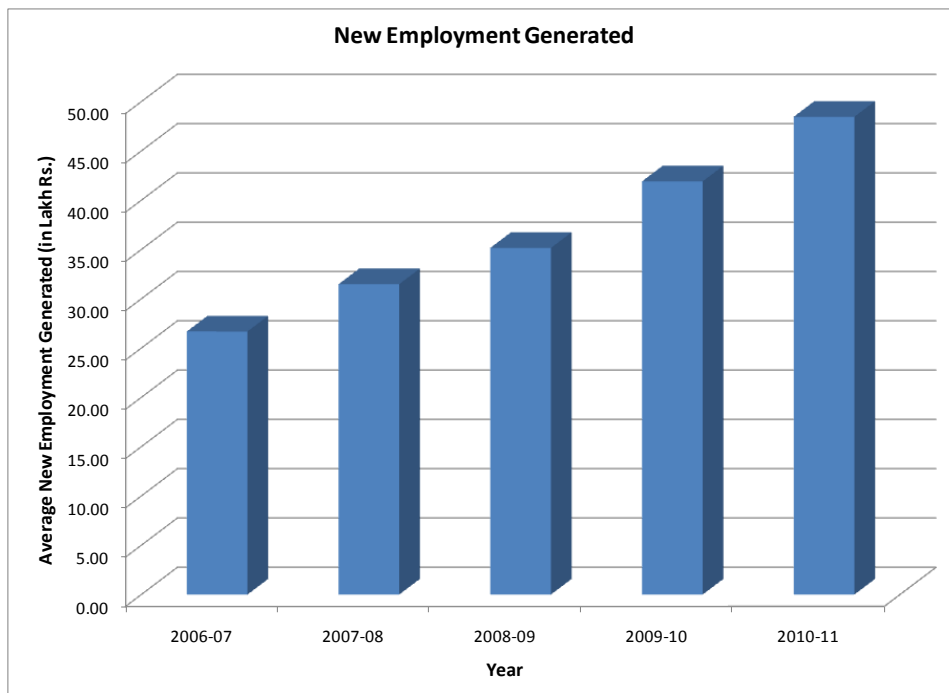
- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN Significantly Generated Employment through Various Activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN did not Significantly Generate Employment through Various Activities in South Rajasthan.

Table of New Employment Generated through Waste Paper-Pickers, Manual Laborers and Home-based workers, Beauticians, Tailors

					figs in lacs
New Employment generated	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Kotda	29.58	34.46	38.78	50.21	59.86
Gogunda	61.76	70.54	78.31	90.48	102.72
Bhalaria	6.21	7.43	8.21	9.32	11.69
Barapal	9.2	13.5	15.35	17.65	19.6

**ANALYSIS RESULT****Table 1.** New Employment Generated

Year	N	Mean	SD	F	Result
2007-08	4	26.69	25.58	0.265	NS
2008-09	4	31.48	28.50		
2009-10	4	35.16	31.59		
2010-11	4	41.92	36.87		
2011-12	4	48.47	41.87		

**Interpretation**

The above chart shows that employment generated by SHGS IN TRIBAL SOUTH RAJASTHAN through various activities in tribal areas of Tribal South Rajasthan for the last 5 years has had a positive incremental effect. Through the applied ANOVA- test it shows a gradual increase but the variations according to the hypothesis shows Non-significant result.

**Result of Hypothesis**

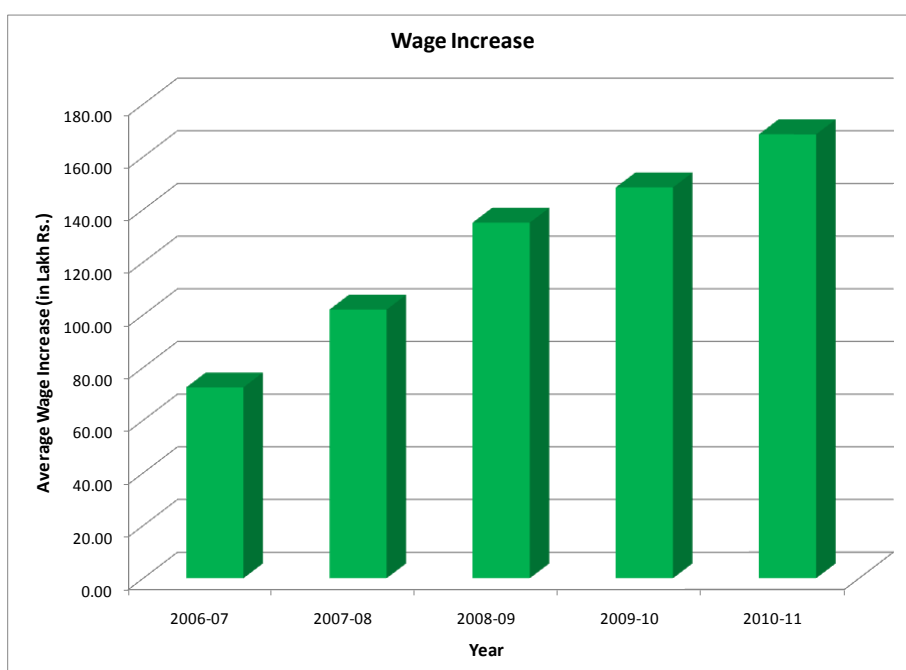
Hence,  $H_0$  = Null hypothesis **is rejected** at 5% level of significance.

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN Significantly Generated Employment through Various Activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN does not Significantly Generated Employment through Various Activities in South Rajasthan.

**Hypothesis Testing B**

**Table 2. WAGE INCREASE**

Year	N	Mean	SD	F	Result
2007-08	4	72.46	115.64	0.125	NS
2008-09	4	101.98	168.46		
2009-10	4	135.01	227.59		
2010-11	4	148.39	246.27		
2011-12	4	168.56	279.83		



**Interpretation**

The above chart shows that wage increase by SHGS IN TRIBAL SOUTH RAJASTHAN through various activities in tribal areas of Tribal South Rajasthan for the last 5 years has had a positive incremental effect. Through the applied ANOVA- test it shows a gradual increase but the variations according to the hypothesis shows Non-significant results.

**Result of Hypothesis**

Hence,  $H_0$  = Null hypothesis is **rejected** at 5% level of significance.

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN Significantly helped in wage increase through Various Activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN did not significantly help in wage increase through Various Activities in South Rajasthan.

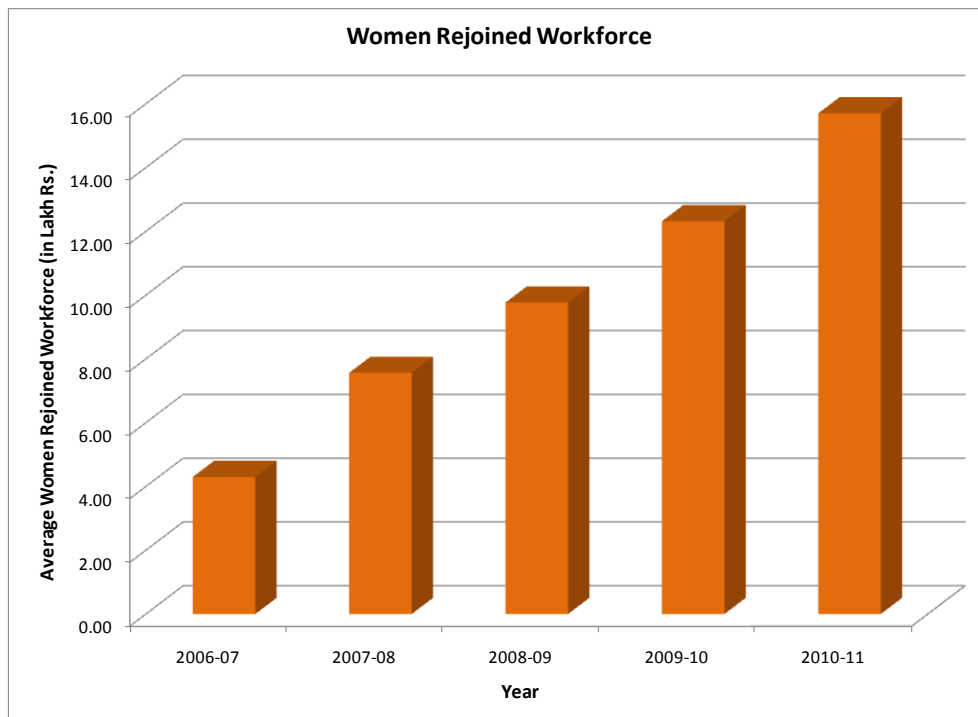
**Hypothesis Testing C**

**Table 3:** Table of women rejoined in workforce

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Women rejoined workforce					figs in lacs
Kotda	2.69	3.65	4.87	5.76	4.2
Gogunda	2.5	7.8	10.7	15.9	20.3
Bhalaria	5.6	7.5	9	11.4	18.5
Barapal	6.4	11.3	14.5	16.2	19.8

**Women Rejoined Work Force**

Year	N	Mean	SD	F	Result
2007-08	4	4.30	1.99	3.379	*
2008-09	4	7.56	3.13		
2009-10	4	9.77	3.99		
2010-11	4	12.32	4.89		
2011-12	4	15.70	7.70		



**Interpretation**

The above chart shows that women rejoin workforce through by SHGS IN TRIBAL SOUTH RAJASTHAN through various activities in tribal areas of Tribal South Rajasthan for the last

5 years has had a positive incremental effect. Through the applied ANOVA- test it shows a rapid increase and the variations according to the hypothesis are significant.

### **Result of Hypothesis**

Hence,  $H_0$  = Null hypothesis is accepted at 5% level of significance.

- $H_0$  = SHGS IN TRIBAL SOUTH RAJASTHAN Significantly helped women rejoin workforce through various activities in South Rajasthan.
- $H_1$  = SHGS IN TRIBAL SOUTH RAJASTHAN did not significantly help women rejoin workforce through various activities in South Rajasthan.

### **CONCLUSIONS**

1. Access to financial services is crucial in reducing the Poor's vulnerability versus income and expenditure shock.
2. In order to succeed, the focus must be one of building sustainable M.F. institutions and not of running a project.
3. Permanency, scale and long term commitment are key characteristics of successful M.F.
4. Retail capacity is today the single most important constraint when it comes to increased outreach.

### **SUGGESTIONS**

1. Innovative loan, deposit, remittance and insurance products especially adapted for low income groups.
2. Systems and procedures adapted to the microfinance operation, e.g. systems that support immediate follow up on missed savings / loan repayments.
3. Appropriate risk management techniques and practices.

### **REFERENCES**

1. <http://www.microfinance.org/>
2. <http://www.cgap.com/>
3. <http://www.grameenfoundation.org/>
4. <http://www.finca.org/site/c.6fIGIXMFJnJ0H/b.6088193/k.BE5D/Home.htm>
5. <http://www.accion.org/>
6. [www.third-way.org/MicroFinance](http://www.third-way.org/MicroFinance)
7. <http://www.microfinancegateway.org/p/site/m/>
8. <http://www.mixmarket.org/>
9. [www.smartcampaign.org/toolsa-resources](http://www.smartcampaign.org/toolsa-resources)
10. <http://www.mfinindia.org/mfin-code-conduct>
11. <http://www.SHGs in Tribal South Rajasthan.org/>