

Rural Development through Financial Inclusion – An Empirical Study of Women SHGs in Kashmir

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ABSTRACT

Out of 1.2 billion Indians, 833 million people (about 69 per cent) are living in rural areas of the country. In spite of their being in majority, they have been lagging behind in the fields of education, civic amenities, medical facilities and economic well being. To achieve the objective of inclusive growth number of schemes and programs have been launched by Central and State governments in India since 1951. Among various policies and programs the financial inclusion by way of microfinance is believed to be one of the most effective policy intervention for reducing poverty, inequality and generating self employment opportunities for poor in general and those living in rural areas in particular. It is in this context that present study has been carried out to find out the role of Self Help Groups (henceforth SHGs) in socio-economic development of rural women in Kashmir valley. The findings of the study revealed that access to credit and financial assistance to SHGs had a positive impact on their living conditions, income, savings, asset creation, health, mobility and decision making at various levels in household and society in the study area.

Keywords: *Rural development, Financial Inclusion, Empowerment, Microfinance, Poverty, Self Help Groups (SHGs), SHGs Bank Linkage Programme.*

INTRODUCTION

Though India is currently one of the fastest growing economies in the world, but still more than one fifth of the country's population is living below poverty line. Poverty is found to be more prevalent in rural areas of Indian economy. The percentage of persons below the poverty line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole (Census 2011). India has an overall population of 1.2 billion, with 833 million people (about 69 per cent) living in rural areas of the country. Living conditions of the rural people are very poor. In spite of their being in majority, they have been lagging behind in the fields of education, civic amenities, medical facilities and economic well being. Despite the efforts made over the few decades rural poverty in India continues to be significant. Under such a situation, development of rural areas must receive satisfactory attention in various schemes designed for the development of Indian economy. India's poverty cannot be eradicated unless the rural areas become developed in socio-economic spheres. It is in this context that development of rural areas assumes a significant importance.

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The concept of rural development is quite comprehensive and extensive. Rural development refers to the process of improving or uplifting the quality of life and economic well-being of people living in rural areas. It is well reflected in the World Bank Policy Paper

(1975) which states "Rural development is a strategy designed to improve the economic and social life of a specific group of people - the rural poor. In a wider connotation the term 'rural development' implies the integrated development of rural areas. Here the emerging focus is the human development which strikes a harmonious balance between the individual, the community and the country and which carried the planning to the grass-root level into the hands of rural people, who can meaningfully contribute to its formulation and implementation. Developing an inclusive financial system by providing equal opportunities to all to access financial services at affordable costs is a pre-condition for achieving rural development and thereby inclusive economic growth. Without an inclusive financial system, poor and marginalized section of the society would not be able to take advantages of growth opportunities. Development in true sense occurs when it is inclusive in nature which means every member of the society has equal access to opportunity and freedom. Keeping in view the evolving needs of rural population it is widely accepted that the availability of reliable financial services in rural areas is extremely important for the growth of the economy as this will enable the rural households to finance the growth of their livelihoods.

Realizing the importance of rural development through financial inclusion in achieving the overall development of whole country concerted efforts have been made by Indian government since independence to ameliorate the living standard of rural masses. For uplifting the rural sector of our country, the Ministry of Rural Development and the Government of India in coordination with Department of Rural Development and Department of Land Resources have been carrying forward various schemes. The focus of the Rural Development Programmes is poverty alleviation, generating better livelihood opportunities, training unemployed youths of rural areas in various programmes of wage/self-employment, and developing infrastructure facilities in rural areas. However, despite many significant changes in the approach and strategy of rural development, we are yet to achieve the minimum desirable targets in field of education, nutrition, health, safe drinking water, sanitation, hygiene, employment and capacity building initiatives towards women empowerment. Major rural development programs being implemented in India since 1951 can be broadly divided into five categories: (i) Self-employment programs (ii) Wage employment programs (iii) Public distribution systems (iv) Nutritional program (v) Social security programs. Out of these above mentioned programs, 'Self-employment programs' assumed significance as only they could provide income to the rural poor on a sustainable basis. But even these programs failed to provide desired results in the country due to lack of proper social intermediation, absence of desired linkages and implementation being more concerned with achieving individual program targets rather than focusing on the substantive issue of sustainable income generation. To rectify the situation government decided to restructure the various

ongoing self employment rural development programs. One among these is microfinance through SHGs.

Microfinance through SHGs: A Tool to Uplift Rural Poor

Poverty is one of the main impediments in achieving higher growth and enhancing living standards of people in most of the low developed countries. It is a multifaceted problem (Simanowitz, 2002), and that is why its alleviation methods have been discussed by people from all walks of life. The United Nation Organization announced Millennium Development Goals (MDGs) in 2000, and the first of eight critical goals was to get rid of poverty by the year 2015. In view of achieving this goal, most of the countries have been pursuing various policies and measures to eradicate poverty. Among these policies and programs microfinance is believed to be most effective policy which, in last couple of years, has been adopted by low and middle income countries in a bid to reduce poverty. U.N claims that the aims of the Millennium Development Goals (2000) can be achieved by the noteworthy contribution of microfinance. Microfinance is defined as the provision of broad range of financial services such as deposits, loans, payment services, money transfers and insurance to low income households and their micro enterprises. Improved access and efficient provision of saving, credit and insurance facilities would facilitate the poor people to set up micro enterprise, build up economic assets, manage the risks better, improve income earning capacity and resultantly enhance their standard of living. After the success of Grameen Bank of Bangladesh initiated by Doctor Muhammad Younnis, microfinance has been widely recognized as a poverty lessening instrument. Apart from credit accessibility there are various other social services offered by the microfinance institutions which help their members combating poverty and several other related adversities of their lives.

Microfinance in India is also considered as a major tool for reducing poverty and generating self employment opportunities for poor people. Microfinance, by providing small loans and savings facilities to those who are excluded from formal banking services has been developed as a key strategy for reducing poverty throughout the country. The origin of microfinance in India can be traced back to the early 1970s when the Self Employed Women's Association ("SEWA") of the state of Gujarat formed an urban cooperative bank, called the Shri Mahila SEWA Sahakari Bank, with the intention of providing banking services to poor women employed in the unorganized sector in Ahmadabad City, Gujarat. In 1980s microfinance sector went on to evolve around the notion of self help groups (SHGs). SHGs form the basic constituent unit of the microfinance movement of India. An important mile-stone in this direction is NABARD'S SHGs Bank linkage programme started in 1992. SHGs Bank linkage programme involves forming self help groups (a group of usually 5-20 members) and providing them credit through bank linkage. The RBI has also encouraged the growth of SHGs by pursuing a strategy of reckoning credit to SHGs as priority sector credit. A vast number of SHGs has been established in recent years in India, in which 90% of the members have been women. Most of them have been from the lowest strata and other vulnerable groups of population. SHGs aim at providing cost effective

mechanism for financial services to the unreached poor. Availability of credit through SHGs helps the poor to increase their household income level and thereby get out of poverty.

It is against this background that present study has been carried out to study the role of SHGs in socio-economic development of rural poor in Kashmir valley of Jammu and Kashmir state. The state of J&K lags behind other states of India in its vital financial inclusion of vulnerable groups. Easy access to credit is believed to be an important tool to eradicate poverty. Lack of capital is a serious constraint to the development of poor who find little or no access to credit. At this juncture the introduction on “Microfinance through SHGs” comes from the recognition that this can serve the interests of disadvantaged and vulnerable groups of our society. Microfinance through self help groups (SHGs) intends to improve the access of finance particularly to poor people which can enhance their living standards and thereby help to accelerate the economic development of the state. In order to overcome the problem of poverty alleviation the scheme of microfinance has been launched in J&K state along with other states through SGSY program in 1999. Under this programme in Kashmir division during 1999-2013, the total number of 6195 self help groups were formed, out of which 4232 were women self help groups. However, this scheme is now being restructured as National Rural Livelihood Mission (NRLM). NRLM scheme was launched in April 2013 in Jammu region and in Kashmir region the project was started in June 2013. The scheme aimed at empowering rural women in Jammu and Kashmir by organizing them into self help groups and amalgamating those groups into large federations which will have their own competence of creating capital and providing loans to the neediest within the community. Under the scheme during the financial year 2017-18 (ending Oct-17) against a target of 7880 Self Help Groups, 2678 SHGs have been formed in Jammu and Kashmir state (J&K economic survey 2017). Besides government schemes there are various governmental and non-governmental organizations such as J&K Women’s Development Corporation, Department of Social Welfare, HELP foundation, IGSSS, Action Aid, Kashmir Corps etc. that have started micro financing in J&K by reaching out to the poorest section of society who cannot access the formal banking and other financial institutions.

LITERATURE REVIEW

Poverty is one of the main obstacles in achieving inclusive growth and enhancing living standards of people in most of the low developed countries. Among various policies and programs targeted towards poverty reduction and rural development the scheme of microfinance has been found as an effective instrument for lifting the poor above the poverty line by providing them increased self-employment opportunities and making them credit worthy. The importance and role of microfinance in socio-economic development of rural poor has been the focus of a number of studies conducted in recent times. A brief review of some of these studies is presented below.

Goankar, Rekha (2001) have noted that the program of microfinance through SHGs can considerably add towards the decline of poverty and unemployment in the rural sector of the economy and the SHGs can lead to social change in terms of economic growth and the social modification. Swain (2007) studied

the impact of SHG bank linkage programmes on poverty, vulnerability and social development of the programme participants. In order to find out the real impact of microfinance programme, the program beneficiaries were compared with a group of non beneficiaries who were un-exposed to the concept of SHGs till the time of survey. The comparison between the SHG participants and the control group showed drastic differences. The level of mobility, confidence, and exposure and communication skill was better for SHG participants. Panda (2009) in his study showed that there was a positive impact of microfinance facility on income, assets position, savings and literacy level of participants and a significant reduction in migration from rural areas in search of jobs. Audil Rashid Khaki and Prof. Mohi-ud-Din Sangmi (2012) in their study “Microfinance and Self Help Groups: An Empirical Study” revealed that the microfinance initiatives in District Anantnag in the form of SHG-Bank Linkage programme had a significant impact on socio-economic development of SHG members. The study further stated that the household income and savings of the SHG members has shown a significant increase after joining to SHGs. However, there was no change in the loan pattern of the SHG members since they borrow mostly for the purpose of family expenditure. Thus, there is a need for up-scaling of microfinance interventions so that the entrepreneurial talent of the poor is unleashed to achieve the laudable objective of inclusive growth and poverty alleviation. Naseer Ahmad Rather and Parvaze Ahmad Lone (2014) conducted a study on “Addressing Financial Exclusion through Micro Finance: Lessons from the state of Jammu and Kashmir”. The study found that microfinance largely addresses the issue of access to financial services. All the beneficiaries of microfinance accept that they have gained greater economic and social security due to access to microfinance services through financial inclusion. Maroof Sheikh Aftaabul, Prof. Sangmi Mohi-Ud-Din (2015) in their study showed that the microfinance scheme has been successful in providing access to finance to a large number of financially excluded people. Microfinance has been a source of socio-economic empowerment as income and savings of beneficiaries have improved after joining the program and people have felt a positive change so far as their decision making, awareness and participation, leadership quality, self confidence, communication skills bargaining and recognition dimensions are concerned. Dr. Roopali Patil and Dr. Vani Kamath (2017) attempted to examine the impact of microfinance on rural development in Gulbarga Division of Karnataka State. The study found that there is a noticeable and positive impact of microfinance activities on the living standards, empowerment and poverty alleviation among the poor people in the society. Microfinance activities improved the living standard of poor families not only in economic but also in social terms.

OBJECTIVES OF THE STUDY

- To study the role of SHGs in socio-economic development of rural women in Kashmir.
- To highlight the challenges faced by the beneficiaries of microfinance and suggest measures thereof.

METHODOLOGY

The study has been carried out in Kashmir valley of Jammu and Kashmir and is primarily based on primary data. In order to make the sample a representative in nature and give due coverage to the area of the study survey was carried out in three districts of Kashmir valley, covering north, south and central Kashmir. A primary survey was carried out in the sample districts of Kashmir valley during November 2015-March 2016, to capture the realistic experiences and observations from the women beneficiaries of microfinance programme. A multi-stage sampling technique was adopted to select the appropriate sample. Stage I- Selection of district, Stage II - Selection of community development blocks, Stage III- selection of self help groups, and Stage IV- Selection of beneficiaries. In the first stage, 30% sample was taken purposively from the study area i.e. 3 districts namely district Baramulla from north Kashmir, district Budgam from central Kashmir and district Anantnag from south Kashmir out of 10 districts of Kashmir valley. In the second stage, a sample of 9 community development blocks from the selected three districts was taken on the basis of purposive sampling i.e. those 3 community development blocks from each of the selected districts which had registered the largest number of SHGs over the period of time. In the third stage a sample of 90 SHGs was selected through random sampling technique from these selected 9 community development blocks i.e. 10 SHGs from each block. In the final stage, from each sample SHGs four members were selected randomly. In this way total number of 360 ($9 \times 10 \times 4 = 360$) microfinance beneficiaries constituted the final sample for investigation. For analyzing the data reliable statistical tools like simple average, t-test, Garret Raking Technique (Garrett, 1969) and multiple regression analysis have been used.

Data and its Analysis

Micro-credit

Micro-credit' or 'micro loans' is one of the important provision of microfinance and the entire performance of the microfinance sector is measured by the magnitude of 'loans' or 'credit' services. As such, success of microfinance programmes depends to a greater extent on the supply of loans to microfinance beneficiaries. Table-1 below presents the information about credit facilities availed by group members after joining SHGs.

Table 1: Credit facilities availed and frequency of loans obtained by SHG members

Responses			Number of loans taken			
Yes	No	Total	One	Between 2-4	More than 4	Total
360 (100)	0 (0.00)	360 (100)	36 (10)	198 (55)	126 (35)	360 (100)

Source: Author's calculation based on primary data

**Figures given in brackets indicate percentage*

From the above table, it is inferred that all the respondents i.e. 100% in the study area have availed the credit facilities after joining self help groups (SHGs). The performance of beneficiary depends on the amount of loan taken provided by financial institutions through SHGs. So, an effort has also been made to know about the frequency of loans obtained by respondents through SHGs in the study area. The findings reveal that more than half of the respondents in the study area (55%) have obtained loans between 2-4 times, 35 percent of the respondents have obtained loans for more than 4 times and there 10 percent of the respondents have availed this facility taken only once since their joining to SHGs. This finding makes one to conclude that, credit needs of the rural women who really want to be self dependent have been fulfilled through SHGs to a large extent.

Purpose of Credit

While conducting the personal interviews of women beneficiaries' efforts were made to ascertain purpose for which credit was availed by them. The four frequently recorded reasons are: to improve household consumption, to improve asset building, to repay old debts, and to promote income generating activities. For carrying out this analysis, the Garret Raking Technique (Garrett, 1969) was used. To analyze this, all the possible purposes were made known to the members of SHGs. They were asked to rank the purposes as per their priority and the outcome of such ranking has been converted into score value with the help of following formula:

$$\text{Percent Position} = [(R_{ij} - 0.5)/N_j] \times 100$$

$$J=1$$

Where, R_{ij} = Rank given for the i th items by j th individual, and

N_j = Number of items ranked by j th individual.

The percent position of each rank was then converted into Garrett scores by referring to the Table given by Garret (1969).

Table 2: Purpose of credit

Ranks	Purpose				Percentile Position	Garrett's Score
	Improvement in household consumption	Asset building	To repay old debts	Promote Income generating activity		
I	90	17	5	248	12.5	73
II	221	30	14	95	37.5	56
III	34	188	123	15	62.5	44
IV	15	125	218	2	87.5	27

Table 3: Calculated Garret Value

Purpose	Ranks				Score		Rank
	I	II	III	IV	Total	Mean	
Improvement in household consumption	6570	12376	1496	405	20847	57.91	2
Asset building	1241	1680	8272	3375	14568	40.47	3
To repay old debts	365	784	5412	5886	12447	34.57	4
Promote Income generating activity	18104	5320	660	54	24138	67.05	1

Source: Author's calculation based on data collected through field survey

Table 2 and 3 revealed that promoting income generating activities was ranked first by the respondents with a mean score of 67.05 Garret points. Thus, it is clear that the most important purpose of credit mentioned by sampled members was to promote income generating activities and they have relatively taken more loans for this purpose only. The next purpose was to improve household consumption, followed by to promote asset building. To repay old debts stood as the last purpose of credit availed by the SHG members. The findings are in line with those of Mr. Basavaraj Biradar (2014) who reported that nearly half of the microfinance beneficiaries used the loan amount for starting a new business or for expanding the existing ones.

Socio-Economic Status of Beneficiaries

The economic status of beneficiaries depends on their participation in economic activities such as ability to access credit, increase in income, increase in savings, Improvement in standard of living, etc. Economic empowerment of beneficiaries can lead to their social and personal empowerment in the community. Social interaction with outsiders, awareness about social issues, enhancement of self confidence, improvement in education etc. are the indicators of social empowerment. The impact of microfinance on the socio-economic development of beneficiaries is analyzed by recording the observations of respondents about their self assessment of impact of the scheme on their socio-economic life. The impact level has been analyzed by calculating the average score for each activity.

Table 4: Impact on Socio-Economic status of beneficiaries after joining SHGs

Areas	To some extent	Below Average extent	Average	Above average extent	To a large extent	Average score
Increase in income	86 (23.89)	51 (14.17)	149 (41.39)	43 (11.94)	31 (8.61)	2.672
Increase in savings	175 (48.61)	42 (11.67)	65 (18.05)	33 (9.17)	45 (12.50)	2.253
Increase in family and personal expenditure	119 (33.06)	50 (13.89)	104 (28.89)	48 (13.33)	39 (10.83)	2.55
Ability to access credit sources	198 (55.00)	62 (17.22)	38 (10.55)	42 (11.67)	20 (5.56)	1.956

Improvement in asset building	269 (74.72)	29 (8.06)	23 (6.39)	22 (6.11)	17 (4.72)	1.581
Improvement in standard of living	162 (45.00)	58 (16.11)	104 (28.89)	15 (4.17)	21 (5.83)	2.097
Expansion in business activity	78 (21.67)	76 (21.11)	137 (38.05)	37 (10.28)	32 (8.89)	2.636
Interaction with outsiders	119 (33.06)	61 (16.94)	94 (26.11)	36 (10.00)	50 (13.89)	2.547
Literacy/ education of dependents	174 (48.33)	40 (11.11)	97 (26.94)	21 (5.83)	28 (7.78)	2.136
Access to sanitation facility	137 (38.06)	68 (18.89)	115 (31.94)	25 (6.94)	15 (4.17)	2.203
Attainment of knowledge and skills	162 (45.00)	43 (11.94)	105 (29.17)	40 (11.11)	10 (2.78)	2.147
Awareness enhancement	94 (26.11)	68 (18.89)	104 (28.89)	61 (16.94)	33 (9.17)	2.642
Enhancement in self confidence	69 (19.17)	82 (22.78)	100 (27.78)	43 (11.94)	66 (18.33)	2.875
Decision making capacity in family and community	215 (59.72)	18 (5.00)	73 (20.28)	40 (11.11)	14 (3.89)	1.944
Participation in development programmes	227 (63.06)	51 (14.17)	39 (10.83)	25 (6.94)	18 (5.00)	1.767

Source: Author's calculation based on data collected through field survey

**Figures given in brackets indicate percentage*

Scale: To some extent = 1; Below average extent = 2; Average = 3; Above average extent = 4; To a large extent = 5

It is observed from table-4 that the socio-economic conditions of members have improved after joining SHGs to some extent. The respondents perceived improvement in most of the aspects of economic empowerment. The highest perception of improvement was with respect to income level and expansion in business activity with an average score of 2.672 and 2.636 respectively, followed by family and personal expenditure, and improvement in savings. However, other economic indicators such as standard of living, ability to access credit, and asset building have been ranked as of slight impact. This shows that microfinance has been able to mark some impact on the economic status of the beneficiaries as they reported improvement in such indicators. On the social front the highest perception of improvement was with respect to improvement in self confidence among the beneficiaries with an average score of 2.875, followed by awareness of social issues, and interaction with outsiders. Access to sanitation facilities, attainment of knowledge and skills and improvement in literacy level were ranked as that of having moderate impact on the social status of beneficiaries. While rest two social indicators i.e. decision making capacity in family and community, and participation in development programmes have been ranked as of slight impact. Thus, participation in microfinance programs has moderately improved the social status of beneficiaries. The findings are in line with those of Maroof Sheikh

Aftaabul and Prof. Sangmi Mohi-Ud-Din (2015) who reported that microfinance has been a source of socio-economic empowerment as income and savings of beneficiaries have improved after joining the microfinance program and people have felt a positive change so far as their decision making, awareness and participation, self confidence, communication and recognition dimensions are concerned

In order to determine whether socio-economic conditions of respondents had improved after joining SHGs one sample t-test was utilized. The calculated t- values have been presented in table 6, which is compared with the tabulated t- value at 5 percent level of significance and the results have been shown in the table below.

Table 5: Computed t-values

Areas	t-values	Df	p- value	Results
Increase in income	41.9939	359	0.000	Significant
Increase in savings	29.4939	359	0.000	Significant
Increase in family and personal expenditure	35.7621	359	0.000	Significant
Ability to access credit sources	29.1090	359	0.000	Significant
Improvement in asset building	26.2189	359	0.000	Significant
Improvement in standard of living	33.3333	359	0.000	Significant
Expansion in business activity	42.1575	359	0.000	Significant
Interaction with outsiders	34.6310	359	0.000	Significant
Literacy/ education of dependents	31.3420	359	0.000	Significant
Access to sanitation facility	36.5438	359	0.000	Significant
Attainment of knowledge and skills	34.2084	359	0.000	Significant
Enhance awareness	39.0720	359	0.000	Significant
Enhance in self confidence	40.2504	359	0.000	Significant
Decision making capacity in family and community	29.2051	359	0.000	Significant
Participation in development programmes	28.1676	359	0.000	Significant

Source: Author's calculation based on primary data

From the above t-test table it can be seen that calculated t- values are greater than the tabulated t-value (1.966) at 1 degree of freedom and p-value or significance value is less than 0.05 for all the socio-economic indicators. This is to mean that there is a significant improvement in the socio-economic status of beneficiaries with participation in microfinance schemes. There was found to be a significant increase in income of respondents as result of participating in microfinance programs (t cal = 41.9939, p = 0.000). There was also found to be a clear shift in business activity with a significant expansion of business activity as result of participating in microfinance programs (t cal = 42.1575, p = 0.000). Similar shifts have also been observed in other socio-economic indicators. Thus, the results of the one sample t-test indicate that microfinance has been able to mark some impact on the socio-economic status of sampled beneficiaries.

Regression Analysis

An attempt has been made to assess the impact of microfinance on income level and savings of beneficiaries. Accordingly the regression model was specified to find out the major determinants of income and savings of respondents.

- **Multiple regression analysis between different variables related to income level of SHG members:**

Table 6: Regression estimates: dependent variable- monthly average income per member

Variables	Coefficients	t	Sig.	R ²	F Value	Sig.
(Constant)	4.67024	10.77	0.000	0.7457	207.63	0.000
Amount of micro credit availed by the member	0.18666	4.06	0.000			
Monthly average micro savings per member	0.2020	6.40	0.000			
Age of SHGs in years	0.07963	3.19	0.002			
Microfinance training attended	0.12196	3.10	0.002			
Average education of members in the SHGs	0.02183	0.58	0.559			

Source: Computed data on the basis of field survey

Number of cases – 360;

Significant at 5 percent level.

In the above table monthly average income per SHG member has been considered as dependent variable and amount of micro credit/loan availed by the SHG members, monthly average savings per member, age of self help groups, microfinance training attended by the SHG members, and average education of SHG members as independent variables. The value of R-square for the model is 0.7457. This means that 74.5 percent of the variation in the average monthly income per SHG member can be explained from the above mentioned five independent variables. The regression model is statistically significant (F ratio=207.63, probability level 0.000). Coefficient analysis showed the relationship between dependent variable and independent variables. The parameters of independent variables are positive implying that the direction of change is positive, i.e. as the independent variables increase, the dependent variable also increases and vice versa. According to multiple regression the amount of micro credit availed by the SHG members has contributed to their monthly average income positively. Every time the micro loan provided to the member increase by 1 unit, monthly income per member will increase on an average by 0.187 units, when the other variables are held constant. Similarly, the change in monthly income per member is 20.2% for each unit change in micro-savings per member; and 12.2 % for each unit change in micro-finance training. Age of SHGs also contributes positively to the average monthly income of SHG members. The estimate of average education level of members in the SHGs

shows positive contribution to the SHG members' monthly average income. On an average, one year of additional schooling results in an increase in monthly income per member by 0.0218 units, when the other variables are held constant. Correspondingly, the coefficients' p-value or significance value for micro credit, $p=0.000<0.05$; micro-savings, $p=0.000<0.05$; age of SHGs, $p=0.002<0.05$; and microfinance training, $p=0.002<0.05$ indicate that the results are statistically significant at the 95% confidence level. On the contrary, average education of SHG members, $p=0.559 >0.05$ was found to be statistically insignificant at the 95% confidence level.

➤ **Multiple regression analysis between different variables related to monthly average savings of SHG members:**

Table 7: Regression estimates: dependent variable- monthly average savings per member

Variables	Coefficients	t	Sig.	R ²	F Value	Sig.
Amount of micro credit availed by the member	0.34527	4.75	0.000	0.8057	293.60	0.000
Monthly average income per member	0.51408	6.40	0.000			
Age of SHGs in years	0.19495	4.99	0.000			
Microfinance training attended	0.25526	4.11	0.000			
Average education of members in the SHGs	0.17961	3.05	0.002			

Source: Computed data on the basis of field survey

Number of cases – 360

Significant at 5 percent level.

In the above table monthly average savings per SHG member have been considered as dependent variable and amount of micro credit/loan loan availed by the SHG members, monthly average income per member, age of self help groups, microfinance training attended by the SHG members, and average education of SHG members as independent variables. The value of R-square for the model is 0.8057. This means that 80.5 percent of the variation in the monthly average savings per SHG member can be explained from the above mentioned five independent variables. According to multiple regression model the change in average savings per SHG member is 34.5 percent for each unit change in micro credit, 51.4 percent for each unit change in average income, and 25.5 percent for each unit change in microfinance training. Age of SHGs and average education level of SHG members also contributes positively to the monthly average savings of SHG members. Correspondingly, the coefficients' p-value or significance value for micro credit, $p=0.000<0.05$; monthly average income, $p=0.000<0.05$; age of SHGs, $p=0.000<0.05$, microfinance training, $p=0.000<0.05$; and average education of SHG members, $p=0.002<0.05$ indicate that the results are statistically significant at the 95% confidence level.

Problems Faced By Beneficiaries

The main objective of microfinance programme is to build up the entrepreneurial capacities of poor belonging to weaker and backward sections of the society. However, many problems crop up at the

operational level in implementing a poverty alleviation program like microfinance. Hence an effort was made to identify the types of problems that were faced by the respondents in the study area. The problems highlighted by respondents are presented in Table 8.

Table 8: Type of problems faced by the respondents (Multiple Responses)

S. No.	Problem	Frequency	Percentage
1	Lack of knowledge in identifying the business/trade	286	79.44
3	Lack of training programmes	154	42.78
4	Marketing problem	111	30.83
5	Complexity of documentation	99	27.5
6	Lack of adequate infrastructure	150	41.67
7	Lack of transport facilities	48	13.33
8	Inadequate availability of raw material	106	29.44
9	Competition from established brands	57	15.83
10	Delay in disbursement of loan	90	25.00
11	Small loan size	112	31.11
12	Diversion of loans	109	30.28
13	High rate of interest	114	31.67
14	Guarantor problem	92	25.55
15	Lack of awareness of the program	113	31.39

Source: Field Survey

Most of the beneficiaries have expressed the view that they lack knowledge and skill to run a business. Identification of an economic activity and start up the business unit has been a cumbersome task in case of most of the beneficiaries. Lack of awareness and training programmes was another major issues raised by all beneficiaries. Diversion of loans to other purposes was resorted to in order to meet the economic exigencies arising out of family pressures and requirements. Lack of infra-structure to start a unit has also been a matter of great concern for those who really want to establish and run small scale business units. The amount of loan provided to the SHGs was considered insufficient by number of respondents to run their business units profitably or to create infrastructure for such units. About 30.83% of the respondents reported that they had good produce but due to lack of proper market for their products they could not manage their business on sustainable basis. Delay in disbursement of loan was another problem faced by the respondents. It was reported that the period between the application and the actual disbursement takes too long for the clients. Lack of transport facilities, inadequate availability of raw materials, competition from established brands, lack of awareness of the programme etc. were some other problems faced by respondents in the study area.

In view of the problems discussed above, it is recommended that since microfinance could contribute to socio-economic development of rural poor, there is a need for government and other institutions to support creation of an enabling environment for the future development of micro financing in the state by establishing a full-fledged microfinance institution which must be established on the pattern of

Grameen Bank of Bangladesh with sufficient branches in each district. For better functioning of SHGs periodical training at regular intervals both by government and NGO's must be imparted to all group members to enhance their entrepreneurship skills. Efforts should also be made to improve income earning opportunities by focusing on the development of necessary infrastructure and women oriented physical assets in rural and backward areas. Strong marketing network is called for effective and proper marketing of products and services of micro enterprises linked to SHGs. Easy access to micro financing institutions for women should figure in policy document of all women empowerment schemes. Credit size should be linked with performance of SHGs so as to allow SHG members to expand and diversify their investment opportunities. In order to make this scheme socially relevant it should be made inclusive for all women. Role of civil society, pressure groups, panchayats, social institutions, Mohala committees, and women organizations is very important to generate widespread awareness about the importance of these schemes in women empowerment especially in rural areas.

CONCLUSION

Financial inclusion as well as women empowerment is a buzz word in the changing scenario of present day rural economy of India. Microfinance is an attractive path towards making women partners to development and equity. Due to propagation of ideas of justice, dignity, equity and equality the contemporary society has found it difficult to avoid policies aimed at inclusion and more importantly financial inclusion. In a post-colonial country like India different social and transformative movements have been helpful in ushering into a period of empowerment of marginalized sections of the society, more especially the women. Women particularly are at the margins of delivery of services by the state. The erosion of traditional sources of our economy like agriculture and small scale handicrafts have severely affected the economic status of women hailing from weaker sections of society. On the one hand the new economic order and market economy has further damaged the traditional pillars of rural economy and on the other the emergence of start-up culture and skill oriented jobs have opened up new areas of employment and scope for creating self employments. It is necessary that women be made partners in all such sun-shine areas. In rural areas there is dire need for empowering women who are either unskilled or poor. Among the various measures targeted towards women empowerment, microfinance is treated as the key strategy to address the development issues of rural poor especially women.

It can be concluded from overall analysis of the data presented in the present chapter that although there is significant impact of microfinance on socio economic development of women in the study area but there is still lack clarity about the fundamentals of this programme. Targeting women without sufficient support networks and empowerment strategies can only shift all burden of household subsistence onto women instead of empowering them in real sense of the term.

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