Micro-Finance as a tool for Self Help Groups in Social Upliftment of Tribal Women in Yelagiri Hills of Tamil Nadu

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Abstract

Micro-finance institutions (MIFs) acts as a promoter to Self Help Group (SHG) for the development of women members by providing Micro-credit facilities in different terms under varying conditions with/without collateral. This study was conducted among SHGs women members in tribal areas of Yelagiri Hills in Vellore District, Tamil Nadu, in India. All these areas are below the poverty line with unemployment and lack of awareness relating to education, health, nutrition, employment, financial facilities, and entrepreneurship. None Government Organisations (NGOs), Banks/MFIs, and Government organizations are taking a lot of effort to uplift these area's people by providing guidelines to them. This study focuses on how micro-finance helps the tribal women members to overcome their problem to uplift social conditions. One hundred twenty questionnaires were distributed among the self-help group members. Through exploratory factor analysis, five factors were identified, namely an improvement in the quality of life, personality development, enhancement of social conditions, investment opportunities, and debt repayment. Multiple regression analysis results reveal that improvement in the quality of life, personality development, and enhancement of social has an impact on Social upliftment of tribal women in SHGs through Micro-finance.

Keywords: Microcredit, Self-help Groups, Social upliftment, Yelagiri hills and NGOs

Introduction

The concept of micro-finance was introduced in the year 1970s in Bangladesh with a prime motive of providing small credit to poor people in rural areas **(Md Aslam et al., 2017)**. In India, Micro-finance was introduced by the National Bank for Agricultural and Rural Development (NABARD) in the year 1992 with a pilot project by linking Self Help Groups (SHGs) with banks to enrich banking services in the form of Credit delivery mechanism to poor rural people **(Kavita & Vijay 2018)**. The project was successful after that, RBI decided to encourage the bank-linkage program to SHGs and directed the banks to give priority for providing micro-credit to SHGs **(NABARD 2016-17)**. Micro-Finance plays a vital role in the development of society, especially the weaker section and mostly for women (S.V. Juja, 2014). Micro-Finance Institutions provide small loans/credits to the individuals and mostly for women groups with the least collateral **(P.Malarvizhi & Parul Munjal, 2016)**. Every year, the requirement of Micro-finance is increasing, as the same Banks and Micro finance Institutions (MFIs) also increased lending, by witnessing that MFIs' 49% of loan increase across all categories of lending compared to the previous year **(Microfinance Pulse Report 2019)**.

Self Help Group Models

Micro-Finance serves through three different forms (Model-I, Model-II, and Model-III). In the first form, Bank act as a promotional institution for lending Micro-Finance called Model-I. In the second form, Government/NGOs act as promotional institutions and guide the members to get small-loan directly from Banks called Model-II. In the third form, banks provide loan to the NGOs for On-lending to SHGs called as Model-III (M.Annam, 2015).
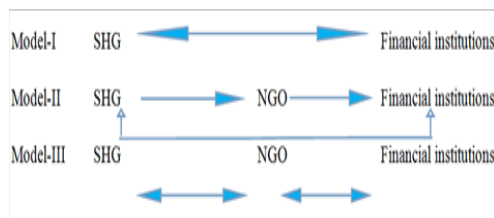
SHGs in Yelagiri Hills

Yelagiri is the hill station in the Vellore district of Tamilnadu in India. Yelagiri comprises 14 small villages with a population of 4409 (According to 2011 census), and several houses are 1128. The female population is 50.8%, with a literacy rate of 24.8%. The tribal people in Yelagiri are called Malayazhi and Irulas. These tribal inhabitants are majorly engaged in agriculture, horticulture, dairy farming, incense stick making, and basket making. Jackfruit is the main cultivation. The tribal's residing in the Yelagiri Hills stations live below the poverty line, so they are illiterate, and there are no employment opportunities for them as there is no company or industry. There is some development in these areas as Self Help Groups is created through various NGOs and government organizations. There is still an improvement needed in these areas as these people are still untouched by the lifestyle of the modern world.

Review of Literature

Shivi Mittal, Vineet Sengar, and Ankur Agarwal (2019), in their study, reveal that rural women entrepreneurs faced the problems due to lack of awareness, illiteracy, male dominance, inequality, lack of social support, financial constrain, adoption of old technology and lack of confidence. The researchers suggested that women upliftment can be made by way of providing proper guidance like educating members about the management of the business and financial activities, Governments are directed to provide informal lending and banking activities to SHGs. The government and NGOs must analyze the needs of rural members to overcome these problems and provide them proper periodical guidelines.

Kavita Kumra and Vijay Kumar Sharma (2018), in their study, found out that before 1990s rural people were not willing to do banking services, because of the strict and formal system and most of the rural people prefer rural money lenders who charge huge rate of interest which people are agreed to pay. After 1992, SHG-Bank Linkage Programme (SHG-BLP) was introduced by making banks informal systems with three innovative activities such as acceptance of informal groups as a client of banks, provision of collateral-free loans, and permission to lend to the group without any purpose or activity or project. The researcher revealed that today SHG-BLP is the highest Micro-finance lending Programme in the country as well as in the world due to its population size for building finance, Socio-economic activities, and techno-capital in India.

Bhabananda Debnath (2014), in his study "performance evaluation of SHG Models of MicroFinance in Berpeta District in Assam," reveals that Micro-Finance is the possible alteration source for social upliftment of poor and mostly for women / women groups. He found out that only SHG Model-II and Model-III are suitable and success in utilizing the micro-finance to women groups. He also found out that SHGs saving with Banks recorded a total growth of Rs.6551.41 Crores that is 73.07% and average growth of 14.61% PA. The study proved that the micro-finance increase the income and livelihood of the women members in the group.

S.Sarumathi & K.Mohan (2011), in their study, proved that women members are uplifted socially and economically after joining the SHG.

Subramanian.S (2010) reveals that SHGs provide social awareness to their members like responsibility in the society, the capacity to face social evils, self contribution to the society, knowledge about health and nutrition, and improving banking operations. He also found that the perceptions of the

women members are more satisfactory about social upliftment.

Thus, the above studies reveal there are various problems faced by rural women, and the microfinance facilities to SHGs have always been acting as a tool in uplifting their social and economic status.

Need for the Study

The geographical area of the case study chosen is villages of the Yelagiri hills in north Tamilnadu region under Vellore district; there have been numerous welfare measures undertaken since several decades of NGO work for the welfare of the tribal people of Yelagiri, the poverty alleviation and progress measures have not fully reached all of the population of Yelagiri tribal people. Still, there is a grim requirement for helping the tribal people with entrepreneurial ventures notwithstanding of the various missions like adult literacy programs, health benefit camps, and sanitation awareness. Thus, there is a need to assess the performance of SHGs in this area. Therefore, the study was conducted to understand the underlying factors in the social upliftment of Self-help groups in Yelagiri hills and the role of microfinance supported by MFIs, banks, and NGOs in the development of their socio-economic status.

Objectives of the Study

In order to assess how micro-finance plays a role in the development of the Self Help Groups, the following objectives are devised. They are

- To identify the factors influencing the social upliftment of SHGs member in Yelagiri Hills.
- To find out the impact of micro-finance to SHGs in the upliftment of Tribal women at Yelagiri hills.

The Hypothesis of the Study

The following hypothesis is formulated based on the above objectives:

Ho: There is no significant impact of the performance of micro-finance on improved participation in social community activities for the social upliftment of women members in SHGs.

Ha: There is a significant impact of the performance of micro-finance on improved participation in social community activities for the social upliftment of women members in SHGs.

Research Methodology

The research works were done with the objective of studying the Micro-Finance is successful in helping to improve the social upliftment of women members in the SHGs. The study is performed on tribal area women members in SHGs of the Yelagiri Hills region of the Vellore district in Tamilnadu.

Research design and Data collection: Exploratory and descriptive research design was used in this study. One hundred twenty respondents were surveyed for the study using a simple random sampling method. Each respondent was selected based on a condition that had use micro-finance services in the tribal area of Yelagiri Hills of Vellore District, Tamilnadu. Data were collected through personal interviews by framing 19 structured questions in a Likert scale type.

Instrument Development: The Questionnaire constitutes of two parts-First part constitutes of demographic factors, and the second part constitutes of factors influencing the upliftment of women through Self Help Groups. Micro-finance was assessed at the individual Level of women members in SHGs. Income, Savings, employment opportunities, Economic needs, and ability to Repay Debt and Affordable to Meet Domestic Expenses is taken into a measure for the performance of micro-finance on the economic condition of members. Knowledge about digital banking and entrepreneurial skills is taken into a measure for the performance of micro-finance on the Psychological condition of members. Social needs social status, education to their children, nutrient and health condition of household, and participation in Social community activities are taken into a measure for the performance of micro-finance on the social condition of members.

Statistical tests used: This study was undertaken using SPSS21 package for data analysis. Percentage analysis is done to know about the demographic profile of the respondents. Reliability analysis is a pre-requisite for conducting factor analysis; six variables were removed from the item scale to improve reliability. Further, exploratory factor analysis was performed to draw factors from the variables, and

multiple regression analysis was carried out on these factors to measure the performance of micro-finance in the upliftment of self-help groups.

Data Analysis and Results

Data analysis covers the profile of the respondent, reliability analysis, factor analysis, correlation, and regression analysis.

Profile of the respondents

Age: Shows the age profile of the respondents. The age group ranges from 20 years to more than 35 years, which further shows that the sample covers all age groups. In total, 78.5% of the respondent falls in the age group of 30-34 years and above 35 years.

Marital status: Shows the marriage status profile of the respondent. The samples cover all the status, from which 75.8% of the respondents were married.

Educational Background: Shows the educational profile of the respondents that 44.2% of respondent had SSLC Education and 39.2% HSC education only.

Nature of Business: The business profile shows that the majority of 33.3% of respondents had dairy and food Business, and 26.7% had Petty shops.

Amount of Micro-finance availed: Financial profile shows that the majority of 38.3% of respondents were availed Micro finance of Rs. 3,000-5,000 range, and 31.7% of respondent have availed MF Rs. 5,000-10,000 range only.

Table 1: Demographical Representation of the Respondents

Factors	Status	No. of Respondents	%
Age	20-24	6	5
	25-29	23	19.2
	30-34	49	40.8
	35 & above	42	35
	Total	120	100
Marital Status	Single	10	8.3
	Married	91	75.8
	Widowed	19	15.8
	Total	120	100

	Secondary School	53	44.2
Educational Background	Background	47	39.2
	Graduate	20	16.7
	Total	120	100
Nature of Business	Agriculture	26	21.7
	Dairy & Food	40	33.3
	Mat weaving	12	10
	Petty shops	32	26.7
	Other	10	8.3
	Total	120	100
Amount of Micro-finance availed	below 3,000	21	17.5
	3,000-5,000	46	38.3
	5,000-10,000	38	31.7
	Above 10,000	15	12.5
	Total	120	100

Source: Primary data

Reliability Test

Table 2 demonstrated the results of the reliability test. Cronbach's Alpha authenticates the uniformity in the data between two variables. It shows the value of Cronbach's Alpha of 0.810, which is more than the required level of 0.6. Moreover, the value of 0.810 falls in the range of 0.8-0.9, which further confirms that the data were good for further study (Cronbach,1951; Hair, Anderson, Tatham, & Black, 1998; Ritesh Patel, Mitesh Patel, & Nikunj Patel, 2018).

Table 2: Reliability Statistics

Cronbach's Alpha	No. of Items
0.810	13

Factor Analysis: 13 variables based on the Likert Scale about the performance of micro-finance to the upliftment of SHGs members are used to perform the factor analysis. Here, the KMO value of 0.715 is more than the required value of 0.5. Further, Bartlett's test of sphericity shows a level of significance at 1%, which reveals the appropriation of data (Ritesh Patel, et al 2018).

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.715
Bartlett's Test of Sphericity	Approx. Chi-Square	424.205
	df	78
	Sig.	.000

Varimax Rotation Method: This study used a varimax rotation method to obtain factors from a set of factors that is from 13 variables in total were categorized into five factors where the factors loading is greater than 0.5, reveals that the factors are significant for analysis. (Table 4) One variable is removed as the factor loading was less than 0.5.

Table 4: Results of Factor Analysis on the Upliftment of Women

Name of the Factors	Variables	Factor Loading	% of Variances
Improvement in quality of Life	Improved nutrient and health condition of household	0.844	19.826
	Increase knowledge about digital banking	0.782	
	Improved level of education to their children	0.749	
	Increased self decision making power	0.567	
Personality Development	Increased confidence to face problems	0.719	17.740
	Improved entrepreneurial skills	0.691	
	Provides employment opportunities	0.662	
	Affordable to Meet Domestic Expenses	-0.642	
Enhancement of Social Conditions	Improved social status		11.081
	Increased awareness about social & Economical needs	0.847	
Investment opportunity	Increased savings	0.809	10.356
	Increased income	0.712	
Debt repayment	Increased ability to repay Debt	0.921	9.759

Table shows the results of factor analysis derived from SPSS 21, where the factor loading range from 0.567-0.921 except one that is -0.642. This loading factor shows evidence of validity.

Factor-1 is named as "Improvement in Quality of Life."It covers the improvement in the household activities of an SHG member after joining the group.

Factor-2 is named as "Personality Development," which covers the development in confidence to face problems and utilisations of business opportunities by using microfinance.

Factor-3 is named as "Enhancement of Social Condition" because it improves the Social status and needs.

Factor-4 named Investment opportunity because it improves the income and saving of SHG members after joining and using Micro-finance services.

Factor-5, named Debt repayment, covers the ability improved to repay the debts after utilizing micro-finance services.

Overall, Micro-finance services are performed to the uplift of tribal women members in SHGs.

Multiple Regression Analysis

Multiple Regression is used to analyze the performance of microfinance to SHGs for the upliftment of women members. Table 5 shows the classification of dependent and independent variables taken for the study.

Table 5: Classification of Dependent and Independent Variables

Variable Nature	Name of Variables	Definitions	Label
Dependent Variable	Improved Participation in Social Community activities	Micro-finance is prime to social upliftment of member in SHGs	Y

Independent Variable	Factor-1	Improvement in quality of Life.	X1
	Factor-2	Personality Development	X2
	Factor-3	Enhancement of Social Conditions	X3
	Factor-4	Investment Opportunity	X4
	Factor-5	Debt repayment	X5

1. **Dependent Variable:** Social Upliftment of women members in the level of participation in the Social Community Activities is taken as the dependent variable.

2. **Independent variables:** 13 variables were used to conduct factor analysis, from that five variable factors were extracted, namely: Improvement in Quality of Life, Personality Development, Enhancement of Social Condition, investment opportunity & Debt repayment.

3. **Model Construction:** The value of correlation should be 0.3 or more for conducting regression analysis (Ritesh Patel, Mitesh Patel, & Nikunj Patel, 2018). The results of the Correlation are presented in table 5.

Table 6: Correlation between factors and Social Upliftment of Members through Micro-finance

Factor1 (Improvement in quality of Life)	0.493 **
Factor2 (Personality Development)	0.413 **
Factor 3 (Enhancement of Social Conditions)	0.375 **
Factor 4 (Investment opportunity)	0.015
Factor 5 (Debt repayment)	-0.179
** Correlation is significant at the 0.01 level (2-tailed).	

Table 6 shows the results of correlation analysis. Here, the correlation value of three independent variables that is Factor 1 (Improvement in Quality of Life), Factor 2 (Personality Development), & Factor 3 (Enhancement of Social Conditions) only with the dependent variable is more than 0.3 which further implies that the three data are perfect for conducting regression analysis.

Table 7: Results of Multiple Regression Analysis

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.175	.034		5.134	.000
	(Constant)	3.633	.060		60.710	.000
	Improvement in quality of Life (F1)	.478	.060	.493	7.954	.000
	Personality Development (F2)	.400	.060	.413	6.658	.000
	Enhancement of Social Conditions (F3)	.364	.060	.375	6.057	.000
R-Value		0.745				
R^2 Value		0.554				
F-value		48.092		p=0.000 (p < 0.01)		
a. Dependent Variable: Social Upliftment of tribal women members in SHGs through Micro-finance						

Table 7 depicts the multiple correlation coefficient is 0.554, which measures the relationship between the actual values and the predicted values of Overall factors, namely Factor 1 (Improvement in Quality of Life), Factor 2 (Personality Development) and Factor 3 (Enhancement of Social Conditions). The results of ANOVA (F value) of these three variable factors that are perfectly significant. Thus, these three variable factors improvement in the quality of life (t=7.954,

p<.000), personality development (t=6.658, p<.000), and enhancement of social conditions (t=6.057, p<.000) are significant for social upliftment of tribal women member in SHGs through Microfinance.

Based on the regression results, the following regression equations is formulated

$Y = a + bx_1 + bx_2………$

Social Upliftment of tribal women members in SHGs through Micro-finance = 3.633 + 0.478

(Improvement in quality of life) + 0.400 (Personality Development) + 0.364 (Enhancement of Social conditions).

Finding and Implications of the Study

The results revealed that five-factor were extracted viz., Improvement in Quality of Life, Personality Development, Enhancement of Social Condition, Investment opportunity, and Debt Repayment. Among these factors, only three-factor viz., Improvement in Quality of Life, Personality Development, Enhancement of Social Condition were fit for regression analysis, and results show that all three factors have impacted social upliftment of tribal women members in SHGs through Microfinance in Yelagiri hills of Tamilnadu. Entrepreneurship is one of the best ways of improving the socio-economic status of tribal women, who are engaged in self-help groups. Proper training on effective utilization of the resources and the microfinance received will enable them to create their brand, market their products through online platforms, which may enhance their quality of life and improve their social conditions in society.

Conclusion

Microfinance plays a vital role in SHGs for social Uplifting to their members in rural areas, especially in tribal areas of Yelagiri Hills. The finding of the study can be used to improve the social conditions, economic conditions, and psychological condition of the members by implementing proper policies to SHGs for uplifting the women members. The economic development of tribal women by increasing training in entrepreneurial activities and utilization of microfinance provided productively through proper help from Government and Non-Government organizations will lead to the empowerment of these tribal women in many areas such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, community development and finally national development.

Limitations of the Study and the way Forward

This study covers only women's gender in the tribal area of Yelagiri Hills in Vellore district, Tamilnadu. So, the outcome which may not be generalized for all the rural area of India. Therefore, researchers are encouraged to do study in mixed-gender and Non-tribal areas also for social upliftment of member in SHGs.

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