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Employment Generation through Micro finance and Self-Help Groups in Kancheepuram District

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Abstract

The formation of groups among individuals who share common interests or objectives is a natural social phenomenon. Throughout history, people have joined together to overcome challenges collectively, often achieving greater success through cooperation than through individual efforts. Self-Help Groups (SHGs) are one such community-based initiative designed to empower women by enabling them to address their social and economic challenges collectively. These groups provide a supportive platform for women to enhance their confidence, improve their livelihoods, and participate actively in community development. Over the past three decades, the Self-Help Group movement has expanded significantly across India, emerging as an effective strategy for poverty alleviation and women's empowerment. The movement is founded on the belief that economically disadvantaged individuals possess the inherent potential to improve their living conditions when provided with appropriate opportunities and institutional support. In this context, microfinance has become a powerful instrument for promoting economic empowerment by providing financial services to low-income households, particularly women. Microfinance primarily involves the provision of small loans (microcredit) to poor individuals for income-generating and self-employment activities. In addition to credit, it encompasses other financial services such as savings, insurance, financial literacy, and capacity-building programmes. These services enable women to establish and expand micro-enterprises, increase household income, and achieve greater financial independence. Furthermore, the cooperative movement in India has long played an important role in extending financial services to rural and economically weaker sections of society. Through cooperative institutions and Self-Help Groups, access to affordable credit and financial resources has improved, contributing significantly to employment generation, poverty reduction, and inclusive socio-economic development.

Key Words: Self Help Group, Employment Creation, Microfinance

I. INTRODUCTION

Microfinance is largely seen as a strategy to address credit market failures and unlock the productive potential of impoverished individuals reliant on self-employment. Since the 1990s, the microfinance sector has expanded rapidly, paving the way for various forms of social enterprise and investment. However, recent evidence suggests only minimal average impacts on clients, leading to criticism against the concept of microfinance. We reassess the assertions made about microfinance, emphasizing the diversity of evidence regarding its outcomes and the significant, though limited, role of distribution. We conclude by presenting an evolution of investment ideology: transitioning from viewing microfinance merely as niche entrepreneurial lending to understanding it as a broadly defined household finance tool. In this perspective, microfinance generates advantages by providing liquidity for a wide array of needs rather than solely enhancing business income. Microfinance was initially promoted as a means to unlock the productive capabilities of impoverished individuals engaged in self-employment.

The generation of income and job creation within the impoverished segments of society is directly linked to the poverty alleviation efforts of a nation. In India, the government has been implementing several poverty alleviation and mitigation initiatives to combat poverty since the commencement of economic planning. In a country where approximately 21.9 percent of the population (according to the 2011 census) still lives below the poverty line, financial support is one of the fundamental requirements for this demographic to engage in income-generating activities and employment creation. In this context, Microfinance for Self Help Groups can be viewed as a crucial option for addressing the financial demands of the poorer sections of society.

A Self Help Group (SHG) is a strategy through which poor, marginalized borrowers can meet their financial needs to undertake various entrepreneurial and income-generating activities. The SHG is an informal association of individuals from similar, economically disadvantaged backgrounds. It is governed and managed by its own members. The role of an SHG is significant in promoting savings and establishing connections for credit institutions to facilitate productive and job-creating activities among its members. Thus, Microfinance directed towards SHGs can be regarded as a prominent anti-poverty initiative. As a major component of the anti-poverty framework and its contribution to income generation, there is a recognized necessity to examine the current state of microfinance via the SHG program.

Numerous research efforts have taken place globally regarding microfinance and Self help Groups, revealing varied economic effects on participants. Robinson noted that the microfinance initiative of Bank Rakyat Indonesia's unit desa contributed to a decline in poverty levels in Indonesia, decreasing from 40 percent in the mid-1970s to roughly 11 percent in 1996 (Robinson, 2001, p. 30). As stated by Arjun Y. Pangannavar, the Self help Group initiative serves as an effective strategy for generating self-employment chances to enhance both income and resources for the rural impoverished. The SHG initiative grants the rural underprivileged access to microfinance. It promotes entrepreneurship among rural women as well as their empowerment (Pangannavar, 2008, pp. 12-15). However, A. Kour argues that SHGs have not significantly advanced rural development in the examined region (Kour, 2008, pp. 25-29). A variety of studies indicate that the effects of microfinance and Self help Groups on the income and job creation for those in poverty are inconsistent. Consequently, this paper aims to undertake a comprehensive examination of how microfinance via Self Help Groups influences income and employment generation specifically in the state of Tamil Nadu.

Objectives of the Study

1. To analyze the purpose of Employment creation through micro finance of the beneficiaries.
2. To analyze the problems in availing the micro finance in Tamilnadu
3. To assess the extent of effective management of micro finance utilization in the study area.
4. To study the socio-economic conditions of the SHGs beneficiaries of micro finance scheme in the study area.

Scope of the Study

The present study is for the most part bound to the ladies SHGs in Tamilnadu. It incorporates an examination of the profile of SHG individuals, their pay and investment funds, insights regarding acquiring and reimbursement of smaller scale account, issues in getting the miniaturized scale money credit and reimbursement of advance, fulfillment and effect of small scale account in the investigation territory based on the suppositions of SHG individuals gathered.

Working Definitions

Micro finance: A sort of banking administration that is given to jobless or low-salary people or gatherings who might some way or another have no different methods for increasing budgetary administrations. Eventually, the objective of miniaturized scale fund is to offer low pay individuals a chance to end up independent by giving methods for setting aside cash, acquiring cash and protection.

Micro Credit: Smaller scale acknowledge has been characterized as the arrangement of frugality, credit and other money related administrations and results of extremely modest quantity to the poor in country, semi-urban and urban zones for empowering them to raise their salary levels and improve their expectations for everyday comforts. Miniaturized scale credit foundations are those, which give these offices.

Self Help Group: A SHG is a gathering of around 10 to 20 individuals, normally ladies, from a comparable class and district, who meet up to shape an investment funds and credit association. They pool money related assets to make little enthusiasm bearing advances to their individuals. This procedure makes an ethic that spotlights on investment funds first. The setting of terms and conditions and bookkeeping of the credit are done in the gathering by assigned individuals.

The Self Help Group (SHG) Bank Linkage Programme: The SHGs linkage program is treated as a typical business movement of the banks. Likewise, the banks are prompted that they may consider loaning to SHGs as a major aspect of their standard credit activities both at the strategy and execution level. They may incorporate SHG linkage in their corporate methodology plan, preparing educational program of their officials and staff and execute it as a standard business movement and screen and audit it intermittently.

NGO: NGOs have developed as key players in field of miniaturized scale fund. They act fundamentally as go-between among contributors and recipients. The despites the fact that they have been dealing with advancement of different areas. In miniaturized scale account, they have put generous exertion in making mindfulness about different smaller scale fund exercises.

Hypothesis of the Study

1. Ho= There is no association between demographic variables and level of impact of micro finance.
2. Ho= There is no significant association between the number of years in SHG of the respondents and the overall satisfaction regarding micro finance.
3. Ho= There is no significant association between the educational qualification of the respondents and the overall satisfaction regarding micro finance.
4. Ho= There is no significant association between the occupation of the respondents and the overall satisfaction regarding micro finance.

Research Methodology

The validity of any research depends on the systematic method of collecting the data and analysing the same in a logical and sequential order. In the present study, an extensive use of both primary and secondary data was made.

Research Design

In the present study, both exploratory research and descriptive research have been used in accomplishing the objectives of the study. Exploratory Research has been used to gain insight into various problems faced by the self-help group members while availing the micro finance loan in the study area. Descriptive Research has been used to analyze the impact of micro finance loan on empowerment of self-help group members.

Sampling Design

In West Region of Tamil Nadu, districts have been selected for the purpose of collecting the primary data. In order to study Management of Micro Finance by Self Help Groups in Kanchipuram Each district 20 SHGs in collective data and sample size 160 probability sampling methods have been used. Stratified random sampling techniques have been adopted in this survey.

Data Analysis and Interpretation

Table -1
Demographic characteristics of self-help group members

Demographic Variables	Category	Number of Respondents	Percentage
Age of the borrower	18-25	30	19
	26-35	36	23
	36-45	43	27
	46-55	51	31
	Total	**160**	**100**
Education	Illiterate	29	18
	Primary	35	22
	Higher Secondary	56	35
	Graduation	40	25
	Total	**160**	**100**
Occupational status of the borrower	Agriculturist	**58**	36
	Industrialist	**42**	27
	Employee	**31**	19
	Business	**29**	18
	Total	**160**	**100**

Source: Primary Data

The demographic profile of the 160 respondents reveals that 51 respondents (31%) belong to the 46–55 years age group, making it the largest category. This is followed by 43 respondents (27%) in the 36–45 years age group, 36 respondents (23%) in the 26–35 years age group, and 30 respondents (19%) in the 18–25 years age group. This indicates that middle-aged borrowers constitute the majority of the study population.

Regarding educational qualification, 56 respondents (35%) have completed Higher Secondary education, representing the largest educational group. Graduates account for 40 respondents (25%), while 35 respondents (22%) have completed Primary education. Illiterate respondents constitute 29 (18%) of the sample. This suggests that most borrowers possess at least a basic level of formal education, which may facilitate their participation in microfinance and Self-Help Group activities.

With respect to occupational status, 58 respondents (36%) are Agriculturists, forming the largest occupational category. Industrialists account for 42 respondents (27%), followed by Employees with 31 respondents (19%) and Business persons with 29 respondents (18%). The findings indicate that agriculture remains the predominant occupation among borrowers, highlighting the significant role of microfinance and Self-Help Groups in supporting rural livelihoods and income-generating activities in Kancheepuram District.

Table 2
Rank the following Reasons behind in the use micro finance products in SHGs

S.NO	Factors	1	2	3	4	5	Total
1.	Agriculture	34	24	39	37	26	**160**
2.	Animal Husbandry	37	21	63	11	28	**160**
3.	Income generating activates	24	29	39	25	43	**160**
4.	Starting own business and its development	45	31	22	26	36	**160**
5.	Farm Mechanization	43	21	52	19	25	**160**

Sources: primary data

The table presents the respondents' opinions on various factors influencing employment generation through Microfinance and Self-Help Groups in Kancheepuram District. The findings indicate varying levels of agreement across different employment activities.

Agriculture: A majority of respondents expressed a positive opinion, with 37 respondents (23.1%) agreeing and 26 respondents (16.3%) strongly agreeing that microfinance and SHGs support agricultural employment. However, 39 respondents (24.4%) remained neutral, while 58 respondents (36.3%) expressed disagreement to varying degrees.

Animal Husbandry: The largest proportion of respondents (63; 39.4%) remained neutral regarding the role of microfinance in promoting animal husbandry. Only 39 respondents (24.4%) agreed or strongly agreed, whereas 58 respondents (36.3%) disagreed or strongly disagreed.

Income Generating Activities: This factor received the highest level of positive responses. 43 respondents (26.9%) strongly agreed and 25 respondents (15.6%) agreed that microfinance and SHGs have significantly contributed to income-generating activities. Together, 68 respondents (42.5%) expressed a favourable opinion, indicating that microfinance has been effective in enhancing livelihood opportunities.

Starting Own Business and Its Development: Opinions were mixed. While 36 respondents (22.5%) strongly agreed and 26 respondents (16.3%) agreed that microfinance facilitates entrepreneurship, 76 respondents (47.5%) expressed disagreement or strong disagreement, suggesting that many borrowers still face challenges in establishing and expanding their own businesses.

Farm Mechanisation: The majority of respondents (52; 32.5%) remained neutral about the contribution of microfinance to farm mechanisation. A total of 44 respondents (27.5%) agreed or strongly agreed, whereas 64 respondents (40.0%) disagreed or strongly disagreed, indicating limited perceived support for mechanisation initiatives.

Table 3

Garret value

100(Rij-0.5)/Nj	**CV**	**GV**
100(1-0.5)/5	10	**75**
100(2-0.5)/5	30	**60**
100(3-0.5)/5	50	**50**
100(4-0.5)/5	70	**40**
100(5-0.5)/5	90	**25**

Sources: primary data

The Garrett Ranking Technique converts ordinal ranks into numerical scores (Garrett Values), enabling researchers to compare and prioritize factors based on their mean scores. A higher Garrett Value indicates greater importance assigned to the factor. In this study, the 1st rank receives the highest Garrett Value (75), while the 5th rank receives the lowest Garrett Value (25). These Garrett Values are multiplied by the frequency of each rank for every factor, and the total score and mean score are calculated to determine the final ranking of the factors influencing employment generation among Microfinance and Self-Help Group beneficiaries.

Table 4
Garret value

Factors	1	2	3	4	5	Total
Agriculture	2550	1800	2925	2775	1950	**12000**
Animal Husbandry	2220	1260	3780	660	1680	**9600**
Income generating activates	1200	1450	1950	1250	2150	**8000**
Starting own business and its development	1800	1240	880	1040	1440	**6400**
Farm Mechanization	1075	525	1300	475	625	**4000**

Sources: primary data

The Garrett Ranking analysis reveals that Agriculture obtained the highest Garrett score of 12,000 with a mean score of 75.00, securing the first rank, indicating that it is the most important employment activity supported through Microfinance and Self-Help Groups in Kancheepuram District. Animal Husbandry ranked second with a total score of 9,600 and a mean score of 60.00, reflecting its significant contribution to employment generation. Income Generating Activities occupied the third rank, with a Garrett score of 8,000 and a mean score of 50.00, suggesting that respondents perceive these activities as an important source of livelihood enhancement. Starting Own Business and its Development secured the fourth rank, obtaining a total score of 6,400 and a mean score of 40.00, indicating moderate importance among the respondents. Finally, Farm Mechanization received the lowest Garrett score of 4,000 with a mean score of 25.00, placing it in the fifth rank. This suggests that respondents perceive farm mechanization as the least influential factor in employment generation through Microfinance and Self-Help Groups. Overall, the Garrett ranking indicates that Agriculture is the primary area in which microfinance and Self-Help Groups contribute to employment generation, followed by Animal Husbandry and Income Generating Activities, whereas Farm Mechanization receives comparatively less emphasis among the beneficiaries.

Table 5
Garret Score

Factors	G.S	A.S	Rank
Agriculture	12000	75	**1**
Animal Husbandry	9600	60	**2**
Income generating activates	8000	50	**3**
Starting own business and its development	6400	40	**4**
Farm Mechanization	4000	25	**5**

Sources: primary data

The Garrett Ranking analysis identifies the relative importance of various employment activities supported through Microfinance and Self-Help Groups in Kancheepuram District. Agriculture secured the first rank with the highest Garrett Score of 12,000 and an Average Score of 75, indicating that it is the most preferred and influential employment activity among the respondents. Animal Husbandry obtained the second rank with a Garrett Score of 9,600 and an Average Score of 60, highlighting its significant contribution to employment generation. Income Generating Activities ranked third, recording a Garrett Score of 8,000 and an Average Score of 50, suggesting that respondents consider these activities an important means of improving their livelihood. Starting Own Business and its Development secured the fourth rank with a Garrett Score of 6,400 and an Average Score of 40, indicating a moderate level of preference among the beneficiaries. Farm Mechanization received the lowest Garrett Score of 4,000 and an Average Score of 25, placing it in the fifth rank, which implies that respondents perceive it as the least influential employment activity supported through microfinance and Self-Help Groups. Overall, the findings reveal that Agriculture remains the most significant avenue for employment generation among SHG beneficiaries, followed by Animal Husbandry and Income Generating Activities, whereas Farm Mechanization is accorded the least priority. These results suggest that microfinance institutions and SHGs should continue strengthening support for agricultural and allied activities while expanding initiatives that promote entrepreneurship and modern farming practices.

Concept of Self Help Groups (SHGs)

A Self Help Group is considered as a little, monetarily homogenous and liking gathering of poor, intentionally meeting up with the targets viz. to spare limited quantities consistently, commonly consented to add to a typical store to meet their crisis needs and to furnish guarantee free credits to individuals with terms chosen by gatherings and resolve clashes through aggregate administration and shared dialog. NABARD in its handbook on shaping Self Help Groups, terms a family poor if any at least one of the accompanying trade mark is available in it: A family having only one earning member, A family bringing drinking water from a faraway place, A Family women are compelled to go far in the open in the absence of latrine, A family having any old illiterate members, A family having permanently ill members, A family having children who don't go to school

II.CONCLUSION

The SHG-Bank Linkage Program (SBLP) and Micro Finance Institutions drove Program (MFIP) have had noteworthy effect on the business creation West Region of Tamil Nadu. These projects have brought them into formal money related framework and made them 'bankable' today. The NABARD's methodology of SHG advancement through Micro Finance Institutions and SBLP has come too extensively among the work creation in West Region of Tamil Nadu. Be that as it may, for an economical improvement of these rustic ladies, the exercises of these establishments should be checked through legitimate information base of SHG exercises. Both SBLP and MFIP that have had a huge effect on the monetary states of these work manifestations ought to step by step make them monetarily autonomous and make the SHGs self-reasonable ones. Henceforth, they ought to urge the recipients to use the advances to wander into some Income Generating Activities.

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