A STUDY ON CUSTOMER LOYALTY REGARDING DEPARTMENTAL STORES AT TIRUCHIRAPPALLI TOWN

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ABSTRACT

The research study is concentrated on the customer loyalty towards Departmental Stores in Tiruchirappalli Town. Departmental store is an organized retail stores. Today, Departmental stores occupy a prominent role in our economic development of our country. Loyalty is a powerful tool in the market structure. Customer loyalty indicates the progress status of the department stores. Every departmental store have to retain the loyalty of the customer for their keep going process. Customer is likely stem of the market. Hence, the retailers to survey in the business world will properly handle them. Tiruchirappalli is a main as well as developing city of our country. In this case, 300 respondents have taken for the research study and the research tools of chi-square test and one-way Anova have used to know the influential factors, loyalty and expectation level of the customers towards departmental stores in Tiruchirappalli Town.

KEYWORDS

Retailing, Customer Loyalty and Departmental Stores etc.

INTRODUCTION

Customer is a king of the business. Customer loyalty creates customer satisfaction among customers. Hence, every business concern is taking steps to create loyalty towards customers. Departmental store also is using this tool to capture the loyalty of the customer. A department store is an organized retail establishment, which offers a wide range of consumer goods in different product categories known as "departments". In modern major cities, the department store made a dramatic appearance in the middle of the 19th century, and permanently reshaped shopping habits, and the definition of service and luxury. Department stores today have sections that sell the following: clothing, furniture, home appliances, toys, cosmetics, gardening, toiletries, sporting goods, do it yourself, paint, and hardware and additionally select other lines of products such as food, books, jewelry, electronics, stationery, photographic equipment, baby products, and products for pets. Customers check out near the front of the store or, alternatively, at sales counters within each department. Some are part of a retail chain of many stores, while others may be independent retailers. In the 1970s, they came under heavy pressure from discounters. Since 2010, they have come under even heavier pressure from online stores such as Amazon.

Department stores affect their surrounding culture, both positively and negatively as do shopping malls and chain stores. However, the stores themselves have also been affected by changes in society. As both the external technology and the social aspects of the retail business continue to make advances, the role of department stores, if any, in future society will be determined by how they adjust to these changes.

HISTORY OF DEPARTMENT STORE

The Hudson's Bay Company in Canada was the first store to include departments; however, by modern standards, it would not be considered a department store because of the size and range of items that were stocked. The same may be said about Gusting Dvor in St Petersburg, which opened in 1785 and should probably be regarded as one of the first purposely-built shopping malls in the world, as it consisted of more than 100 shops covering an area of over 53,000 square meters. Aristide Boucicaut in Paris founded the first true department store. He founded Bon Marché in 1838, and by 1852, it offered a wide variety of goods in "departments" inside one building. Goods were sold at fixed prices, with guarantees allowing exchanges and refunds. By the end of the nineteenth century, Georges Dufayel, a French credit merchant, had served up to three million customers and was affiliated with La Samaritaine, a large French department store established in 1870 by a former Bon Marché executive.

CUSTOMER LOYALTY

Every supplier wants to create and retain a loyal customer who engages in continued profitable business with him. Customer Loyalty is the measure of success of the supplier in retaining a long-term relationship with the customer. Thus, customer loyalty is when a supplier receives the ultimate reward of his efforts in interacting with its customer. Customer loyalty tends the customer to voluntarily choose a particular product against another for his need. The loyalty may be product specific or it may be

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company specific. When a loyal customer has repetitive requirement of the same product, such customers may be described as being ‘brand loyal’. On the other hand, he may also require different products of the same manufacturer. That is to say, he makes significant purchases direct from the same supplier and that counts as the company specific loyalty.

Loyalty also means that customer is sticking to the supplier on certain grounds though he may be having other options also. It may be possible that the supplier may not have the best product or the customer may be having some problems with the supplier in respect of his supply of the product but the customer likes to ignore other options and prefers to continue with the same supplier as the customer thinks the supplier provides him more value and benefit than others. Such loyal customers tend to spend more money buy more, buy longer and tell more people about the product or supplier. This type of long-term customer loyalty can only be created by making the customers feel that they are number one priority with the supplier.

Some customers are inherently predictable and loyal, irrespective of the supplier with which they are doing business. They simply prefer long-term relationships with him. Loyal customers are predisposed to stay with one product or supplier, resisting competitive offers and recommend the supplier to others.

Loyalty is demonstrated by the actions of the customer. However, it does not mean that the customer satisfaction level can measure his loyalty. Customer loyalty is not customer satisfaction. Customer satisfaction is the basic entry point for a good business to start with. A customer can be very satisfied with the deal and still not be loyal. On the other hand, a customer may not express satisfaction but wants to remain loyal to the supplier due to some reasons, which keeps him benefited from that supplier. For the same degree of satisfaction, the loyalty level may also be different for different suppliers.

On the other hand, loyalty should not be considered as just an attitude. Customer loyalty should have a direct connection to a company’s financial results. The supplier should be able to plan a clear and direct economic benefit of some kind, as the result of the strategies and tactics he employs to increase its customers’ loyalty. Measuring customer loyalty and developing a retention strategy are of great importance to an organization’s success.

**HOW TO CREATE CUSTOMER’S LOYALTY?**

No matter the size of the business, customer loyalty is incredibly important. Repeat customers spend up to 67 percent more than new customers. In addition, it is up to ten times more expensive to try to attract new customers than it is to keep the ones already doing business with you. If you are looking for real ways to create and keep up customer loyalty, consider implementing a few of these strategies.

**Setup Ways to Communicate with Your Customers:** Frequent communication with your customers keeps you fresh in their minds and lets you pass along important information. Take the time to set up a database with contact information such as email addresses, mailing addresses, or phone numbers. Then you can send friendly reminders, birthday greetings, or a monthly newsletter. Social media is another great way to communicate with your customers on an almost daily basis. Keep in mind that this works better if you limit how many of your communications are actually advertisements. Do not forget to throw in messages that are either fun reminders or useful information.

**Provide extra Perks for Your Most Loyal Customers:** One of the best and perhaps one of the cheapest - ways to reward customer loyalty is to give extra benefits to your most dependable customers. Whether it is the ability to skip the line, special meet-and-greets or immediate seating, and customer’s love getting a little something extra. By setting up a reward system for the most loyal, you not only encourage them to stick around, you also give an incentive for other customers to strive to reach that status.

**Consider Different Payment Plans:** There are some businesses out there that are very seasonal and run into cash flow issues during certain times of the year. For instance, a wedding shop usually receives most of their sales during the summer months when weddings are in full swing, but during the winter, they struggle. One shop decided to offer a payment plan through which customers could start shopping in the winter, and pay a little throughout the months leading up to the wedding, rather than paying all at once. This plan worked because it helped customers by giving them manageable monthly payments, and it helped the company by bringing in cash during an otherwise slow time of year. In fact, customers were so happy that they often referred the shop to others, and the business saw a nearly 400 percent increase in total sales.

**Provide Great Customer Service:** While this seems like a given, its one tip that bears repeating because it is so important. One survey showed that in 2013, 51 percent of customers ended their relationship with a business because they were unhappy with the service they were receiving. Customers remember when they are treated well, and they remember when they are treated poorly. In either case, they usually tell their friends and family, and that can mean more business either for you or lost business opportunities.
Do not Rely Too Much on Technology: Even in our technologically advanced society filled with text messages and emails, we still want the ability to interact with other human beings. Everyone can relate to the frustration of feeling stuck in an endless loop of automated prompts until we bang on the phone keys in hopes of reaching a real human. This is why it is important to keep in mind that while automated phone systems may save money, highly trained customer service representatives build loyalty.

Offer a Head Start: If you want to start a customer loyalty program like coffee shops use, whereby customers buy a certain number of drinks to earn a free one, consider giving them a head start. This can be as simple as giving them the first two punches on the coffee card free. If you give your customers a head start on the program, they are more likely to stick around and finish it.

Do not forget to Smile: This is another item that seems obvious, but it is important enough to keep being reminded of. A study in the United Kingdom recorded the expressions used to greet customers as they entered a store, and then crosschecked with how much they spent in the store. The study showed that shoppers who were greeted with a welcome and a smile spent up to 67 percent more than shoppers who were not greeted this way. While it seems like a small detail, a friendly greeting obviously has important consequences.

Give Customers a Reason to be Loyal: Many people believe that Apple has some of the most loyal fans out there. Customers go to great lengths to prove just how much they love the company, with bumper stickers, tattoos, and vehement arguments in favor of all the products. Recently, neuroscientists scanned the brains of Apple fans and learned that the same part of the brain that lights up when religious people think about their deity is activated when these customers think about their beloved products. This shows that if you offer a service or product that your customers think is the best in the world, they will be completely devoted with a passion that cannot be topped.

In today’s business climate, it is impossible to stress just how important customer loyalty is. These tips will help you create loyal customers who will be happy to frequent your business for many years to come.

STATEMENT OF PROBLEM

The present study is covered under the title of; “A Study on Customer Loyalty Regarding Departmental Stores in Tiruchirappalli Town” is an attempt to understand the various factors influencing to retain the customer’s loyalty towards departmental stores. A perfect parity between the services offered by sellers and the services expected by the buyers is vital to make the transaction smooth and hassle-free. Nowadays, the luxury goods become necessary by the evaluation of marketing. Hence, the retailers have to take necessary steps to meet out the competency level of the market. Always they have to aware about the customer’s needs, wants and desires of them to retain the loyalty towards you.

SCOPE OF STUDY

This study covers the customer’s loyalty towards departmental stores in Tiruchirappalli town only. The scope of the study is framed only on 300 respondents to known the loyalty of them towards departmental stores. It gave more concentration on primary sources of the data. It is indirectly consisted the perception, satisfaction, and various influencing factors to frame the objectives of the study.

OBJECTIVES OF STUDY

- To know loyalty of the customers towards the departmental stores in Tiruchirappalli Town.
- To find out the influence factors to select the departmental stores.
- To know the expectation level of the customers towards departmental stores.

RESEARCH METHODOLOGY

The random sampling method is adopted in this research study to know the customer loyalty regarding departmental stores in Tiruchirappalli Town. The researcher have used open and close-ended questionnaire in this research study. The primary data and secondary data were used in this research survey. The data were collected from the 300 respondents in the selected departmental stores (Femina shopping Mall, Kavery super market and Reliance fresh and Market) who are coming to these departmental stores to purchase the products in Tiruchirappalli town.

Primary Data: Primary data were collected through structured questionnaire. Questionnaires were distributed to the respondents directly. From the answered questionnaires, the opinions of the respondents were ascertained.
**Secondary Data:** Secondary data is based upon second hand information. In this study, secondary were collected from Magazines, Textbooks, Newspapers, Journals, Websites etc.

**Tools Used in Study**
- Chi-Square Test,
- One-Way Anova.

**LIMITATION OF STUDY**
- Few respondents were reluctant to provide the answer and lack interest.
- The study was limited within the Tiruchirappalli town.
- The research study has concentrated only on three departmental stores in Tiruchirappalli town.

**REVIEW OF LITERATURE**

Lau et al (2006) he mentioned in his editorial that there are numerous factors, which influenced consumers”, brand loyalty towards a particular brand. The factors are; brand name, product quality, price, promotion and service-quality. These studies will significantly look at product quality as a feature that influences brand loyalty.

Finlay (2007) in her study ,Grocery Shopping in the UK: A Study of Consumers ‘examined the underlying perceptions of consumers towards grocery and shopping outlets and found price and location as two critical factors influencing grocery outlet choice. She indicated that consumers are rarely prepared to change their shopping patterns to access alternative outlets for grocery purchases being habitual nature, time constraint and low cognitive processing characteristic. Further research is needed to consider different demographic groupings in different localities in order to better understand the impact of limited choice in an area.

Mittal and Mittal (2008) in their study ‘Store Choice in the Emerging Indian Apparel Retail Market: An Empirical Analysis’ investigated the evaluation of apparel store attributes by consumers in the context of apparel retail formats in India. They suggested retailers to consider underlying perceptions and demographic correlates of local consumers. According to them, retailers could use Loyalty Drivers and Shopping Experience Enhancers to be integrated into the retail format to create sustainable store choice and hence, store loyalty. Further research is needed to carry out research for other retail sectors such as food and grocery, consumer electronics, gifts and so on and to investigate the influence of demographics and psychographics on store choice and shopping orientations.

Duff (2007), expressed the niche market in women’s cosmetics, and the outcomes explored that cosmetics buyers were faltering, more fashion aware and the customers were demanding for the products, which are more attractive and new, designed; furthermore, consumers have an inclination to use special makeup designs for different occasions.

Andotra, Neetu, Pooja (2009) the paper through the usage of canonical discriminated function, K-means clustering procedure and multidimensional scaling technique, measures the nature and extent of customer dissonance across demographic groups, clusters, and 14 brand stimuli for operationalization of existing pattern of preference and accordingly redesigning the existing bundle of brand stimuli for strategic orientation of retailers selling SSI products.

Lovelock (2010) indicated that store’s environment is also one of the features that might play a vital role in consumer’s decision-making. On the other hand, there are some of features that influence the customer assessment and satisfaction with a specific brand. The characteristics are shoppers, salespeople, store environment, noises, smells, temperature, and displays, symbols, colors and commodities.

Jain, Susmit (2011) says the consumer decision processes depend on the consumer behavior. Consumers are often studied because certain decisions are significantly affected by their behavior or expected actions. The research focuses on examining the impact of Jaipur consumers ,demographic variables in various types of organized food and grocery retail formats (convenient, supermarket, and hypermarket) and exploring the drivers of customer satisfaction and loyalty in Jaipur retail supermarkets.

Srivastava’s (2012) research project deals with the marketing strategies that are to be followed by retailers in the retail stores located in malls. The purpose of the study is to learn about the customer profiling and learning, the market placement of MAX as a brand and various competitors existing in the market. The effect of customers and the competitors on the marketing strategies adopted by the store has been studied. Further, the study deals with the various marketing strategies adopted by these retail stores which includes, tie-ups with other brands, mall branding and other promotional offers to attract he customers and improve the competitiveness.
Table 1: One Way - Anova
Association between Various Factors Influenced in Customer’s Loyalty
Regarding to Departmental Stores in Tiruchirappalli Town

<table>
<thead>
<tr>
<th>Factors</th>
<th>Sum of Squares</th>
<th>d.f.</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opinion about Lighting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>189.335</td>
<td>3</td>
<td>63.112</td>
<td>287.175</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>65.051</td>
<td>296</td>
<td>.220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>254.387</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ventilation</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>95.718</td>
<td>3</td>
<td>31.906</td>
<td>10.135</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>931.828</td>
<td>296</td>
<td>3.148</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1027.547</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Power</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>138.122</td>
<td>3</td>
<td>46.041</td>
<td>120.908</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>112.714</td>
<td>296</td>
<td>.381</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>250.837</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Protected Drinking Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>169.387</td>
<td>3</td>
<td>56.462</td>
<td>234.732</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>71.200</td>
<td>296</td>
<td>.241</td>
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<tr>
<td>Total</td>
<td>240.587</td>
<td>299</td>
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<td></td>
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<tr>
<td><strong>Cleanliness and Hygienic Toilets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>175.002</td>
<td>3</td>
<td>58.334</td>
<td>190.419</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>90.678</td>
<td>296</td>
<td>.306</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>265.680</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clear Product Information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>195.500</td>
<td>3</td>
<td>65.167</td>
<td>228.311</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>84.487</td>
<td>296</td>
<td>.285</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>279.987</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Classification and Treatment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>167.143</td>
<td>3</td>
<td>55.714</td>
<td>177.224</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>93.054</td>
<td>296</td>
<td>.314</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>260.197</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Techniques for Receiving Customer into the Shop</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>175.002</td>
<td>3</td>
<td>58.334</td>
<td>190.419</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>90.678</td>
<td>296</td>
<td>.306</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>265.680</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Handling Customer Grievances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>173.079</td>
<td>3</td>
<td>57.693</td>
<td>174.545</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>97.838</td>
<td>296</td>
<td>.331</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>270.917</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficient Staff</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>149.200</td>
<td>3</td>
<td>49.733</td>
<td>137.426</td>
<td>.000&lt;0.05</td>
</tr>
<tr>
<td>Within Groups</td>
<td>107.120</td>
<td>296</td>
<td>.362</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>256.320</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

Inference: From the above table, one was to be understood that there is no association between selected departmental stores and various factors influenced to customer loyalty in Tiruchirappalli town. Hence the calculated value is lesser than the p<0.05.

Research Hypothesis: There is no association between various factors influenced and to the customer loyalty towards departmental stores in Tiruchirappalli town.

Null Hypothesis: There is an association between various factors influenced and to the customer loyalty towards departmental stores in Tiruchirappalli town.

Findings: The above table reveals that there is no association between various factors influenced and to the customer’s loyalty towards departmental stores in Tiruchirappalli town. Hence the calculated value is lesser than the table value (.000<0.05). So the research hypothesis is accepted and the null hypothesis rejected.
Table-2: Chi-Square Test
An Association between Age and Reasons for Purchasing Products through Departmental Stores

<table>
<thead>
<tr>
<th>Age</th>
<th>Convenience</th>
<th>Quality</th>
<th>Time Saving</th>
<th>Fashion / Trend</th>
<th>Cheap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20 years</td>
<td>72</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>72</td>
</tr>
<tr>
<td>21-40 years</td>
<td>3</td>
<td>46</td>
<td>85</td>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td>41-60 years</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>44</td>
<td>0</td>
</tr>
<tr>
<td>Above 61 years</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>46</td>
<td>85</td>
<td>81</td>
<td>13</td>
</tr>
</tbody>
</table>

Note: $X^2$: 6.595E2,  
d.f. = 12,  
P-value = .000* (* Significant at 1% level)

Sources: Authors Compilation

Research Hypothesis: There is no association between age of the respondent and reasons for purchasing products through departmental stores.

Null Hypothesis: There is association between age of the respondent and reasons for purchasing products through departmental stores.

Findings: Since p-value (.000) is lower than 0.01, so the null hypothesis is rejected at 1 percent level of significance. The table result confines that, there is no association between age of the respondent and reasons for purchasing products through departmental stores.

Table-3: An Association between Age of the Respondents and Preferred Departmental Stores Products

<table>
<thead>
<tr>
<th>Age</th>
<th>Femina Shopping Mall</th>
<th>Kavery Super Market</th>
<th>Reliance Market / Fresh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20 Years</td>
<td>72</td>
<td>0</td>
<td>0</td>
<td>72</td>
</tr>
<tr>
<td>21-40 Years</td>
<td>88</td>
<td>79</td>
<td>0</td>
<td>168</td>
</tr>
<tr>
<td>41-60 Years</td>
<td>0</td>
<td>42</td>
<td>2</td>
<td>44</td>
</tr>
<tr>
<td>Above 61 Years</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td>121</td>
<td>18</td>
<td>300</td>
</tr>
</tbody>
</table>

Note: $X^2$: 3.809E2,  
d.f. = 6,  
P-value = .000* (* Significant at 1% level)

Sources: Authors Compilation

Research Hypothesis: There is no association between the age of the respondent and preferred departmental stores products.

Null Hypothesis: There is association between the age of the respondent and preferred departmental stores products.

Findings: Since p-value (.000) is lower than 0.01, so the null hypothesis is rejected at 1 percent level of significance. The table result confines that, there is no association between the age of the respondent and preferred departmental stores products.

FINDINGS
- The most of the respondents (54 percentages) are preferred Femina shopping mall in Tiruchirappalli town.
- The one-half (67 percentage) of the respondents are spending the range of Rs.1, 001 to 5,000 per visit to purchase the products in the departmental stores.
- The majority (57 percentages) of the respondents are buying groceries or provisions from the departmental stores in the research area.
- Majority (55 percentage) of the respondents are paying cash to purchase the products from the departmental stores,
- 53 percentage of the respondents are influenced by the factor of all goods available under one roof.
- 36 percentage of the respondents are induced by their friends/ relatives to purchase the products through departmental stores.
73% of the respondents told that the departmental stores are giving better service than the non-retail stores in Tiruchirappalli town.

More than ½ of the respondents (66%) will recommend to others to purchase the products from the departmental stores.

83% of the respondents will come again these departmental stores to purchase the products.

SUGGESTIONS

- The departmental stores have to put more concentration towards children and the aged people above 50 years in the research area.
- Most of the retail stores have to fail to cover the male respondents. This one is also absent in these stores. They may have to take necessary steps to attract the male respondents.
- Rural respondents can also be considered to capture the market.
- From the research, it was found that most of the respondents visit the department stores as leisure centre to relax, So the stores have to be followed various sales promotion techniques to get the loyalty from the customers.
- Some of the respondents are getting fear to purchase the health care products, vegetables, and fruits from the department stores. It will be let out from the mind of the respondents.
- ATM facility can also be provided to the customer within the campus of the department stores.
- Recreation amenities can be extended to obtain the loyalty of the customers.
- Safe guard service should be properly maintained in the departmental stores.
- To avoid the skimming price policy in the preliminary stage of the service.

CONCLUSION

Everyone knows loyalty is reflection of trust. Normally if we want to get the loyalty of the people, we have to fulfill the needs, wants and expectations of the people. In retail business, also have to follow the same sense of service to obtain the loyalty of the customers. The department stores have to be updated their products and services in the nature manner and take the necessary steps to remove the outdated products. The penetration pricing strategy can be considered to attract the urban customer as well as rural customer also. If the service is followed in the right manner customer may tend to stay on the department stores themselves.

ACKNOWLEDGEMENT

I am very much thankful to the University Grant Commission for providing financial support for the accomplishment of the Minor Research Project. We would also like to thank our Secretary and Correspondent, Director, Principal and Vice-Principal for their continuous support and valuable guidance to excel my knowledge.

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“SELF-HELP GROUPS” A CATALYST FOR WOMEN IN ECONOMIC EMPOWERMENT & POVERTY ERADICATION

Dr. M. Gayathri

ABSTRACT

This study is undertaken to visualize how far SHGs are successful in eradicating poverty and in improving the economic empowerment of women in the society. It is also relevant to scrutinize how far the women have empowered themselves economically, socially and politically. One hundred persons were randomly drawn for the study from fifty self-help groups in Tiruchirappalli city corporation limit alone and an interview schedule was used to collect information.

Microfinance, through Self Help Groups has become fashionable and a remedial measure for poverty – income alleviation. Sound micro-finance through SHGs has helped not only in increasing member’s household income and in building assets but also in the lives of the entire community of poor people. SHGs are seen to efficiently handle new areas like natural disasters and other potential hazards. Financial services also help to improve the stability and growth of micro-enterprises. Women SHGs under Mahalir Thittam promoted in Tamil Nadu have started reaping fruitful results by creating self-confidence through economic independence among the women. Women especially rural women have started playing vital role through mobilizing savings and build the capital resources of the country through SHG. An emancipation of women in society will ensure to develop social network among the people and build Economically, Socially, Politically and technologically a strong nation.

KEYWORDS

Self-Help Groups, Empowerment of Women, Poverty Eradication etc.

INTRODUCTION

Women in India have been traditionally concealed and particularly women belonging to economically and socially weaker sections of the society have been even more frightened. Not all the provisions in the constitution and the wave of legislations covered to empower women in the post-independence India have been enough to set women liberated from their traditional bondages, liabilities and restrictions. Even today, women’s participations in the decision-making processes, especially in rural areas has remained very unimportant.

Women empowerment has emerged as an important issue in India. At present, women empowerment is a multi-dimensional concept as it covers economic, legal, psychological, social and other facets of individuals and groups. It is a process, which enables the powerless women to development autonomy, self-control and confidence with a group of men and women. It is a multidimensional social process that helps people achieve control over their own lives “foster power in people for use in their own lives, communities and in their society, by acting on issues they define as important”.

In order to strengthen society, women must be empowered. Nehru said, “Women should be boosted for the upliftment of nation, for if a woman is uplifted society and the nation is uplifted”. According to Swamy Vivekananda, “there is no chance for the condition of the welfare unless the condition of the women is improved”. Therefore, Women empowerment plays a vital role in the progress of a family, community, nation and the globe as a whole. Despite enacting much legislation, the status of women has not improved. Globalisation has made a pessimistic bang on women sector. It has widened the marginalization of women to unorganised sector. From era to era, women in our country experienced dramatic and drastic changes.

On this root, empowering women folk become inevitable. The empowering of women begins only at a stage when they become economically independent. To make them economically independent, it is vital that they should be employed either by in search of employment or generating their own income. Hence, initiating self-employment has turn out to be a necessity to a certain extent than an option to focus on balanced economic development.

It is evident that women play multiple roles in the family, community and the economy. However, they are unaware of their prudential role in the society and the quantum of potential they possess. This awareness cannot be just imparted but should generate among them. This can be made possible only when they are made to come out of the four walls of the house and to mingle with others in a group. This gas given birth to the formation of Self-Help Groups (SHGs) for emancipating women.

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To reduce the economic imbalance prevailing in the country and to promote the living condition in the socially backward society, SHGs are formed with the following objectives:

- To encourage banking activities through informal systems of savings mobilizations and credit delivery activities.
- To cater to the credit needs of the members at the reasonable cost for production, subsistence and consumption needs.
- To facilitate easy, convenient and the simple credit delivery at their doorsteps.
- To educate and create awareness about the social, economic and political activities those are instrumental to enhance the socio economic status of self and the country through periodical meetings.

Therefore, this study is undertaken to visualize how far SHGs are successful in eradicating poverty and in improving the economic empowerment of women in the society. It is also relevant to scrutinize how far the women have empowered themselves economically, socially and politically.

**OBJECTIVES**

- To have an in-depth idea about Women Empowerment and Poverty Eradication in Tiruchirappalli through Self Help Groups.
- To observe the social assistance derived by the members and the economic growth and political involvement achieved by them after joining the SHGs.

**METHODOLOGY**

One hundred persons were randomly drawn for the study from fifty self-help groups in Tiruchirappalli city corporation limit alone and an interview schedule was used to collect information.

Primary and secondary sources augment for the information collected and presented in the study. The primary sources comprises of the original information collected with the help of structured Interview Schedule for the SHG members. The Interview Schedule consists of Personal Profile, Group Profile, Functioning of SHGs, Economic, Social and Political Profile, and Overall Empowerment Level of the members.

Secondary data concerning various features of the Self Help Groups have been collected from the official records maintained by the Chief Planning Office (CPO), Tamil Nadu Corporation for Development of Women Ltd., Mahalir Thittam, Project Implementation Unit, District Collectorate Office (DCO), Women Studies Centre, University Libraries, and various journals, articles, reports, books, newspaper clippings were also referred to depict secondary data.

**FINDINGS AND ANALYSIS**

**Table-1: Distribution of the Respondents on the Opinion on the Functioning and Working of SHGs**

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Meeting is Conducted as per Schedule</th>
<th>Members Attend the Meeting with Interest</th>
<th>Members Follow the Rules and Regulations of the SHGs</th>
<th>Procedure for Repayment of Loan is Well Understood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>P = 47.6</td>
<td>P = 31.6</td>
<td>P = 49.8</td>
<td>P = 52.6</td>
</tr>
<tr>
<td>Agree</td>
<td>P = 40.2</td>
<td>P = 41.2</td>
<td>P = 30.0</td>
<td>P = 30.4</td>
</tr>
<tr>
<td>Neutral</td>
<td>P = 5.6</td>
<td>P = 21.6</td>
<td>P = 13.0</td>
<td>P = 13.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>P = 4.2</td>
<td>P = 4.0</td>
<td>P = 2.4</td>
<td>P = 3.4</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>P = 2.4</td>
<td>P = 1.6</td>
<td>P = 4.8</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Sources:** Authors Compilation

The above table depicts that 47.6% of the respondents strongly agree that the meeting is conducted as per schedule, 41.2% of the respondents agree that the members attend the meeting with interest, with regard to the rules and regulations of the SHGs and 52.6% of the members have understood the procedure for repayment of loan.
Table-2: Distribution of the Respondents by their Opinion on the Overall Empowerment Level

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Economic Profile like Income, Savings, Employment Opportunities have Increased</th>
<th>Social Profile like Confidence, Communication Skills, status have Reached Heights</th>
<th>Political Profile like Casting Vote, Knowledge about various Government Schemes have been Improved</th>
<th>Empowerment have been Achieved</th>
<th>Functioning and Working of SHGs is Quite Satisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>45.4</td>
<td>39.6</td>
<td>33.2</td>
<td>33.0</td>
<td>31.6</td>
</tr>
<tr>
<td>Agree</td>
<td>39.2</td>
<td>43.4</td>
<td>31.4</td>
<td>43.0</td>
<td>44.8</td>
</tr>
<tr>
<td>Neutral</td>
<td>9.0</td>
<td>13.0</td>
<td>22.6</td>
<td>12.0</td>
<td>13.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>1.6</td>
<td>1.6</td>
<td>8.0</td>
<td>9.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4.8</td>
<td>2.4</td>
<td>4.8</td>
<td>2.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

The table shows the overall empowerment level of the members with regard to economic, social and political level, empowerment and functioning of SHGs.

Majority of the respondents of 45.4% have said that they strongly agree to the increase in the economic profile, it is observed that 43.4% of the respondents agree, to the opinion that social profile has reached heights after joining SHGs. 33.2% strongly agrees that SHGs increases the political profile. The opinion whether empowerment have been achieved, 43% of the members agrees to the statement. 44.8% of the respondents are quite satisfactory with the functioning and working of SHGs. Thus, the overall empowerment level is achieved through maximum of respondents.

CONCLUSION

Microfinance, through Self Help Groups has become fashionable and a remedial measure for poverty - income alleviation. Internationally it has realized that the best way to tackle poverty and thereby to enable the community to improve its quality of life is through social mobilization of the poor particularly women through self-help groups. Tens of thousands of women’s groups are being established by a multiplicity of agencies as a solution to nearly all problems, ranging from poverty to all other economic and social issues. Apart from NGOs, banks, private sector, national and state level governments are making large financial allocations to support SHGs, with a wide variety of objectives, approaches and varying degrees of success.

Sound micro-finance through SHGs has helped not only in increasing member’s household income and in building assets, but also in the lives of the entire community of poor people. SHGs are seen to efficiently handle new areas like natural disasters and other potential hazards. Financial services also help to improve the stability and growth of micro-enterprises.

Women SHGs under Mahalir Thittam promoted in Tamil Nadu have started reaping fruitful results by creating self-confidence through economic independence among the women. Women especially rural women have started playing vital role through mobilizing savings and build the capital resources of the country through SHG. An emancipation of women in society will ensure to develop social network among the people and build Economically, Socially, Politically and technologically a strong nation.

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QUALITY OF LIFE AMONG EMPLOYEES IN SALEM CO-OPERATIVE SUGAR MILLS LIMITED AT MOHANUR

S. Sasikala

ABSTRACT

Quality of work life refers to the quality of relation between employees and the total working environment. In recent years, there has been increasing concern for it due to growing of knowledge in human behaviour and for employee retention. The present study aims at studying various factors, which influence quality of life in Salem Co-operative Sugars Mills Limited, Mohanur. The universe of the study consists of permanent employees of technical departments in Salem Co-operative Sugar Mills Limited, Mohanur. The researcher used census method and collected data from 100 employees of the technical department. It would immensely help the organization in assessing its own various areas of functioning and bring about necessary modifications to facilitate healthy working conditions for the employees and build strong and dynamic organization.

KEYWORDS

Quality of Work Life, Employee, Organization etc.

INTRODUCTION

Quality of life is a term used by societies indicates how happy its citizens are compared to the citizens of another society. In other words, quality of life indicates how happy a person is. The problem arises with the definition of “happiness” because what “happiness” means to one person is not necessarily, what it means to other.

Quality of life involves more than just the materials things that a person possesses. Instead, if includes Physical, social, psychological, Economic, political aspects of individual life. Although all the aspects quality of life are important, some societies place more emphasis on certain aspects over others. On the one hand, a highly materialistic society would say that the economic aspect is the most important. On the other hand, a very religious society might place more emphasis on the political aspect. Therefore, an individual’s beliefs and values influence a society’s definition of quality of life.

The term quality of work life refers to the favorable or unfavourable of job environment for people. It refers to the quality of relation between employees and the total working environment. It is “the degree to which members of a work organization are able to satisfy important personnel needs through their experience in the organization”. Working condition, workplace stress, job satisfaction, wages, hours of work, workplace conditions, fairness in workplace and personal characteristics are the factors influence the quality of an individual working life.

In recent years, there has been increasing concern for it due to growing of knowledge in human behaviour and for employee retention. It would immensely help the organization in assessing its own various areas of functioning and bring about necessary modifications to facilitate very healthy working conditions for the employees and build strong and dynamic organization.

REVIEW OF LITERATURE

Kubendran V., Muthukumar S., and Priyadharshini M., (2013) conducted a study on the Impact of Quality of Work Life on the Performance of the Employees in IT Organisations and analyzed the QWL among employees of different IT companies in Coimbatore region. The sample consists of 132 IT companies employees in Coimbatore. The instrument used for analyzing the QWL is a predetermined structured questionnaire. Findings revealed that most of the respondents Quality of work life were largely associated with their age and there was no significant difference on respondent’s opinion on QWL based on their work experience. Based on the results of the study, useful information was given for the managers about improving the Quality of work life of their employees. This study also helped the organization providing suggestions like Improving more policies and some good entertainment and relaxation programs for employees.

Indumathy R., and Kamalraj S., (2012) did a study on quality of work life among workers with special reference to textile industry in Tirupur District – a textile hub. Through descriptive design, convenient sampling researcher selected 60 workers. Structured interview schedule was used for primary data collection. The investigation has remarkably pointed out that the major factors that

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influence and decide the Quality of Work Life are attitude, environment, opportunities, nature of job, people, stress level, career prospects, challenges, growth and development and risk involved in the work and rewards.

Normala and Daud (2010) in their study, investigating the Relationship between Quality of Work Life and Organizational Commitment Amongst Employees in Malaysian Firms say that the quality of work life of employees is an important consideration for employers interested in improving employees’ job satisfaction and commitment.

SCOPE

The term quality of life in its broader sense covers various aspects of employment and non-employment conditions of work. The present study aims at studying various factors which influence quality of life in Salem Co-operative Sugars Mills Limited, Mohanur. The study is dependent on the opinion expressed by the employees of all the departments of the components division that are working at Salem co-operative sugar mills limited, Mohanur.

OBJECTIVES

- To know about the personal details of the respondent.
- To study the quality of the life of the employees at Salem Co-operative Sugars Mills Limited, Mohanur.
- To find out the relationship among socio-demographic variables with the quality of life of the respondents.
- To give suitable suggestion to improve the quality of life of the employees.

HYPOTHESIS

- There is a significant association between age of the respondent and their overall level of quality of life.
- There is a significant association between sex of the respondent and their overall level of quality of life.
- There is a significant association between educational qualification of the respondent and their overall level of quality of life.
- There is a significant association between marital status of the respondent and their overall level of quality of life.

RESEARCH METHODOLOGY

Significance

Quality of life denotes all the organizational inputs which aim at the employee satisfaction and enhancing organizational effectiveness. By the globalization, the modern employees are experiencing distress to meet challenges posed by present standards. Organizations must focus their attention in bringing a balance between work life and personal life. The assumption is that work life and quality of life balance will ultimately ensure quality of life.

Design and Sampling

The researcher adopted descriptive research design for the study.

The universe consists of permanent employees of technical departments in Salem Co-operative Sugar Mills Limited, Mohanur.

The researcher uses census method and collected data from 100 employees of the technical department. It includes administrative department, Cane Department, Store Department, Labour Welfare Department, Accounts Department, Manufacturing Department, Engineering Department, and Medical Department.

Tools of Data Collection

Self-prepared questionnaire was used to collect the demographic profile. Standardized scale developed by Dr. B. L. Dubey, Dwivedi, P., Verma, S. K., Department of Business Management of Business Management, Punjab University, and Chandigarh 1988 was used for rating employee’s quality of life. This consisted of 24 items measuring quality of life of industrial workers.

DATA ANALYSIS

Data was analyzed statistically by using SPSS (Statistically Package for Social Sciences) the statistical design is composed.
Table-1: Distribution of the Respondents by their Over All Level of Quality of Life

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Over All</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High</td>
<td>51</td>
<td>51.0</td>
</tr>
<tr>
<td>2</td>
<td>Low</td>
<td>49</td>
<td>49.0</td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

The above table shows that more than half of the respondents (51%) were high level of overall quality of life. Less than nearly half of the respondents (49%) belong to low level of overall level of quality of life.

Table-2: Association between Age and their Level Quality of Life

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Age</th>
<th>Level of Quality Life</th>
<th>Statistical Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low (n=49)</td>
<td>High (n=51)</td>
</tr>
<tr>
<td>1</td>
<td>Below 25 years</td>
<td>1(33.3%)</td>
<td>2(66.7%)</td>
</tr>
<tr>
<td>2</td>
<td>26-35 years</td>
<td>7(53.8%)</td>
<td>6(46.2%)</td>
</tr>
<tr>
<td>3</td>
<td>36-45 years</td>
<td>29(50.9%)</td>
<td>28(49.1%)</td>
</tr>
<tr>
<td>4</td>
<td>Above 55 years</td>
<td>12(44.4%)</td>
<td>15(55.6%)</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

The above table indicates that there is no association between age of the respondent and their overall level of quality of life.

Table-3: Association between Sex and their Level Quality of Life

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Sex</th>
<th>Level of Quality Life</th>
<th>Statistical Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low (n=49)</td>
<td>High (n=51)</td>
</tr>
<tr>
<td>1</td>
<td>Male</td>
<td>37(45.1%)</td>
<td>45(54.9%)</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>12(66.7%)</td>
<td>6(33.3%)</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

The above table indicates that there is no association between sex of the respondent and their overall level of quality of life.

**FINDINGS RELATED TO SOCIO-DEMOGRAPHIC FEATURES**

More than half of the respondent (57%) were between 36-45 years of age. Vast majority of the respondent (82%) were male. More than half of the respondent (55%) were Under Graduates degree level of educational qualification. Vast majority of the respondent (92%) were married. More than one fourth of the respondents (26%) were having 6-10 years’ work experience. More than half of the respondent (53%) were clerk. Least of the respondents (22%) were from administrative department. Majority of the respondent (60%) earns income between Rs. 10001 - Rs. 15000.

More than half of the respondents (51%) have high level of overall quality of life.

**FINDINGS RELATED TO HYPOTHESIS**

- There is no significant association between age of the respondent and their overall level of quality of life.
- There is no significant association between sex of the respondent and their overall level of quality of life.
- There is no significant association between educational qualification of the respondent and their overall level of quality of life.
- There is no significant association between marital status of the respondent and their overall level of quality of life.

**SUGGESTIONS**

- In order to develop the employees’ self-development, and organization development, more of department seminars and training programmers could be arranged.
- Working conditions should be improved in order to avoid risk factors.
• Canteen facilities should be improved up to the standard and recreational activities could be enhanced still more.
• Some specific programmes could be arranged in order to develop and strengthen the interpersonal relationship between the workers and supervisors.
• To increase the quality of work life, the management could arrange motivating aspects like appreciation, distributing prize and recognition etc.
• Other welfare measures could be provided more in order to motivate the employees.

CONCLUSION

In this research, the researcher has enabled to find the overall quality of life of the organization as positive though certain areas need greater attention for improvement. Management Cordial Relationship within the family and organization, satisfied insurance plan and job security provided by management will enhance the good quality of life of employees.

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(sdl/-)
( Editor-In-Chief)
AN ANALYTICAL STUDY ON ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS AT TRICHY

K. Subha, Dr. R. Thanga Prashath

ABSTRACT

Self-Help Group is a team of 10-20 members save the amount regularly based on which members will avail loans from banks and microfinance institutions. In spite of considerable expansion in the branch network, a large share of India’s population continues to remain outside the formal banking system. Due to widespread rural bank branch network, the SHG scheme is very suitable to the Indian context. Although various alternative ways are being experimented in order to meet the objectives of financial inclusion. The microfinance through self-help groups is considered as most successful, promising and widely accepted model in India. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD is widely accepted model as one of the largest and successful one in the world. The present study is analytical and based upon both primary and secondary data, which has been collected from different NGOs, SHGs, published reports, journals and existing available literature. The objective of this study is to evaluate the degree of economic empowerment of women by using a medium of SHGs.

KEYWORDS

Growth, Empowerment, Micro Finance, NGO, Self-Help Group etc.

INTRODUCTION

The first and perhaps the most critical Millennium Development Goals of all is to make a pivotal difference in reducing the extreme poverty and hunger by half within 2015. Around the globe, the United Nations Development Program (UNDP) seeks to promote various approaches to reduce human poverty by emphasizing the importance of social inclusion and equity, human rights and women’s empowerment. A well understood but poorly articulated reality of development is the role of women. The UN commission on status of women observed ‘women who contribute half of the world’s population by virtue of an accident of birth, perform two-thirds of the world’s work, receive one-tenth of its income and owns less than one-hundredth of its property’. In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country.

There is a growing realization that women have been underestimated and discriminated against all lifestyles, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women. Given the gender division of labour that prevails in India, Nutrition, Child health, and related matters typically depend mostly on women’s actions and decisions. Experience has shown that and income generating activities through microfinance among women would transform them from ‘being alive’ to ‘living with dignity’. One of the powerful approaches to women empowerment is the formation of Self Help Groups (SHGs) especially among women.

Origin and Concept of SHGs

The origin of SHGs is from the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were started and formed in 1975. In India NABARD is initiated in 1986-87. However, the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. (Abhaskumar Jha 2000). They have been recognized as useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift, (V. M. Rao 2002). SHG is a medium for the development of saving habit among the women (S. Rajamohan 2003). SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. (Ritu Jain 2003).

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The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, spirit of thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training, capacity building and empowerment (N. Lalitha). In Tamil Nadu, the SHGs were started in 1989 at Dharmapuri District.

**Working of SHGs**

SHGs are working in democratic manner. The upper limit of members in a group is restricted to 20. Among them a member is selected as an “Animator” and two members are selected as the representatives. The animator will remain in the position for two years. The group members meet on a weekly, a fortnightly, or a monthly basis. The group will discuss matters relating to group savings, rotation of sangha funds, bank loan, repayment of loan, social and community action programs.

**Functions of SHGs**

- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic way.
- Periodical meeting.
- The decision-making through group meeting.
- The loan amount is small and reasonable. So that easy to repay in time.
- The rate of interest is affordable, varying group to group and loan to loan. However it is little higher than the banks but lower than the moneylenders.

**REVIEW OF LITERATURE**

Dr. G. Vadivalagan and R. Lakshmi et al in their study on “Economic well-being of Women through self-help groups: A study in Dharmapuri district of Tamil Nadu” with the major objective of finding out the benefits derived by women after joining the self-help groups, have concluded that the benefits such as increase in income, habit of savings, access to resources, better social status, self-confidence, improved decision making power and social cohesion, greater economic independence is ensured through the platform called self-help groups. Hence, they have stated that Self Help Groups can be a viable platform for the economic and social enlistment of women. (Prabandhan: Indian Journal of Management, Volume 4, Number 9, September 2011, ISSN 0975-2854).

Easwaran, R., and Punithavathy Pandian (2005) in their study entitled “A study on micro-credit scheme in Trichy district with special reference to women beneficiaries”, have concluded that women in the study area have benefited economically after the intervention of the various micro credit schemes. The authors have also stated that the living standard of women is improved and they lead an at ease life.

Senthil Kumar, C. B., and Namasivayam, N. (2015) in their study entitled “A study of SHGs in Kanchipuram District, Tamil Nadu”, have concluded that SHGs in the study area are taking the lead and playing an important and pivotal role in social transformation, welfare activities which serve the cause for women empowerment, social solidarity and socio-economic betterment of the poor.

From the previous studies related to SHGs, it is clearly understood that the SHGs are tool to promote rural savings and gain full employment. Through this approach, poverty is reduced considerably. Therefore, women members are economically independent and their contribution to household income is increased. The present study is also focusing the economic improvement of women after them joining SHGs.

**OBJECTIVES**

The overall objective of the present study is to analyze the economic empowerment of women through SHGs in Trichy. However more specifically:

- To analyze the income, expenditure and savings of the members before and after joining SHGs in the study area.
- To examine the role of SHGs in providing micro credit.
- To investigate the degree of economic empowerment of women SHG members

**METHODOLOGY**

The present study has covered three NGOs from Trichy of Tamil Nadu Viz., DHAN, Mahashemam and Equitas. These NGOs were selected for this study, because the SHGs in these NGOs are functioning in a very successful manner.
This study is compiled with the help of the primary data, which were collected, with the help of specially prepared interview schedule. The schedule included the questions related to the general information about the women SHG members, their income, expenditure, savings and loan schemes availed. Totally 120 respondents were selected from 6 SHGs of three NGOs using multistage sapling technique. Though this is an analytical study, the author has not applied any complicated models and tools excepting percentages and averages for the analysis.

ANALYSIS AND INTERPRETATION

The present study is related to the economic empowerment of women in Trichy of Tamil Nadu. For this study, three NGOs were selected from the study area.

### Table-1: Membership in SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the NGO</th>
<th>Sample SHGs</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>DHAN</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>2.</td>
<td>Mahashemam</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td>3.</td>
<td>Eqitas</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>20</strong></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

Sources: Primary Data

#### Age Group of Members of SHGs

Age and socio-economic activities are inter-dependent. The young and middle age women members can actively participate in the socio-economic activities of SHGs in the study area. In the three NGOs, members in the age group of 20-30 and 30-40 are actively taking part in the SHG activities. The age wise distribution of respondents is given in Table-2. The members in the age group of 40-50 who constitute 30% of the sample size are also present in the SHGs, who perform significant roles such as problem solving and controlling the group members.

### Table-2: Age Group of Members of SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Age Group</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 20</td>
<td>6</td>
<td>05.00</td>
</tr>
<tr>
<td>2.</td>
<td>20-30</td>
<td>30</td>
<td>25.00</td>
</tr>
<tr>
<td>3.</td>
<td>30-40</td>
<td>32</td>
<td>26.67</td>
</tr>
<tr>
<td>4.</td>
<td>40-50</td>
<td>36</td>
<td>30.00</td>
</tr>
<tr>
<td>5.</td>
<td>50-60</td>
<td>16</td>
<td>13.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>120</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Sources: Primary Data

#### Reasons for Joining SHGs

The major aim of the SHGs is to promote savings and to avail credits for the production and consumption purposes. This is true because many people in the study area joins the SHGs for getting loan and promoting their personal savings, in addition to gain a good social status. Table-3 gives a clear picture of various reasons as to why women in the study area join SHGs. In the study area 41.67% of the respondents join the SHGs for getting financial assistance, 33.33% of the respondents joins the SHGs for the social status since SHGs give the identify to the members, 15% of the respondents join for promoting their savings. For social, cultural and political reasons 10% of respondents join SHGs.

### Table-3: Reasons for Joining SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Reasons</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>For getting loan</td>
<td>50</td>
<td>41.67</td>
</tr>
<tr>
<td>2.</td>
<td>For promoting savings</td>
<td>18</td>
<td>15.00</td>
</tr>
<tr>
<td>3.</td>
<td>For social status</td>
<td>40</td>
<td>33.33</td>
</tr>
<tr>
<td>4.</td>
<td>For other reasons</td>
<td>12</td>
<td>10.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>120</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Sources: Primary Data
Income Level of the Members

Income is the major determinant of the standard of living of the people. The results of the study revealed a significant increase in the income of the respondents after joining the SHGs. Hence women members of the groups are independent to meet their personal expenditure; also they contribute more towards their household income. Many housewives did not earn anything before joining SHGs, but after becoming members of the SHGs, their earning capacity has increased considerably. This increase in the willingness to participate in SHG activities is highlighted in Table – 4. Many women members involve in the economic activities individually and with the group members after joining SHGs. Therefore they are now economically independent.

Table 4: Monthly Income of the Members Before and After Joining SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Monthly Income (Rs.)</th>
<th>Number of Respondents</th>
<th>Percentage</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 1000</td>
<td>12</td>
<td>10</td>
<td>4</td>
<td>3.33</td>
</tr>
<tr>
<td>2.</td>
<td>1000-2000</td>
<td>25</td>
<td>20.83</td>
<td>25</td>
<td>20.84</td>
</tr>
<tr>
<td>3.</td>
<td>2000-3000</td>
<td>40</td>
<td>33.33</td>
<td>40</td>
<td>33.33</td>
</tr>
<tr>
<td>4.</td>
<td>3000-4000</td>
<td>4</td>
<td>03.33</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>5.</td>
<td>4000-5000</td>
<td>10</td>
<td>08.33</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>6.</td>
<td>5000-6000</td>
<td>5</td>
<td>04.17</td>
<td>5</td>
<td>4.17</td>
</tr>
<tr>
<td>7.</td>
<td>Above 6000</td>
<td>2</td>
<td>01.68</td>
<td>3</td>
<td>2.50</td>
</tr>
<tr>
<td>8.</td>
<td>Non-earning members</td>
<td>22</td>
<td>18.33</td>
<td>1</td>
<td>0.83</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>120</td>
<td>100.00</td>
<td>120</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Sources: Primary Data

Expenditure and Savings of the SHG members

The family expenditure has been increased due to positive change in the SHGs members’ income. The incremental income not only increased the expenditure of the family but also promoted the savings of the family after them joining the SHGs. Table 5 and 6 gives details about the positive changes in the monthly expenditure and savings of the women members of the SHGs in the study area. The income earning capacity of the members has led to considerable increase in the consumption expenditure of their family. Therefore, the above discussion clearly shows that after joining the SHGs, the members’ overall well-being is improved to a greater degree. It is evident from the analysis that income earning capacity of women members has not only affected their family consumption pattern, but also positively affected their savings ability.

Table 5: Monthly Family Expenditure of the Members Before and After Joining SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Monthly Income (Rs.)</th>
<th>Number of Respondents</th>
<th>Percentage</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 1000</td>
<td>40</td>
<td>33.33</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>2.</td>
<td>1000-2000</td>
<td>50</td>
<td>41.67</td>
<td>35</td>
<td>29.17</td>
</tr>
<tr>
<td>3.</td>
<td>2000-3000</td>
<td>22</td>
<td>18.33</td>
<td>40</td>
<td>33.33</td>
</tr>
<tr>
<td>4.</td>
<td>3000-4000</td>
<td>5</td>
<td>4.17</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>5.</td>
<td>Above 4000</td>
<td>3</td>
<td>2.5</td>
<td>5</td>
<td>4.16</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>120</td>
<td>100.00</td>
<td>120</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Sources: Primary Data

Table 6: Monthly Savings of the Members Before and After Joining SHGs

<table>
<thead>
<tr>
<th>S/ No.</th>
<th>Monthly Income (Rs.)</th>
<th>Number of Respondents</th>
<th>Percentage</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below 100</td>
<td>30</td>
<td>25</td>
<td>14</td>
<td>11.67</td>
</tr>
<tr>
<td>2.</td>
<td>100-200</td>
<td>20</td>
<td>16.67</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>3.</td>
<td>200-300</td>
<td>30</td>
<td>25</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>4.</td>
<td>300-400</td>
<td>15</td>
<td>12.5</td>
<td>16</td>
<td>13.33</td>
</tr>
<tr>
<td>5.</td>
<td>400-500</td>
<td>15</td>
<td>12.5</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>6.</td>
<td>500-600</td>
<td>4</td>
<td>3.33</td>
<td>15</td>
<td>12.5</td>
</tr>
<tr>
<td>7.</td>
<td>600-700</td>
<td>4</td>
<td>3.33</td>
<td>3</td>
<td>2.50</td>
</tr>
<tr>
<td>8.</td>
<td>Above 700</td>
<td>2</td>
<td>1.67</td>
<td>2</td>
<td>1.66</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>120</td>
<td>100.00</td>
<td>120</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Sources: Primary Data
Micro Credit and SHGs

One of the reasons for joining SHGs is to avail credit (V.M. Rao 2002), which is true in the study area. The financial institutions like nationalized banks, Co-operative credit societies follow too many formalities to provide credit to women. At the same time, the moneylenders are also charging exorbitant rate of interest. In this situation SHGs are the boon to the women folk, because instead of approaching banks as individual, SHGs can easily approach the banks and other microfinance institutions to avail credits for their production and consumption purposes. The SHGs get loans from microfinance institutions then, they refinance (share) it to the women members in the SHGs. The SHGs charge a reasonable interest rate for the loans disbursed to its members. All the members are responsible for repayment of the loans to the banks and microfinance institutions. This group pressure ensures timely repayment of loans by the women members.

Table 7 gives a clear idea about various types of loans availed by the members through their groups. Individual group members for their personal needs, sometime the group may invest on any economic activities use the loans. Nowadays many SHGs are showing interest towards starting small business units, cottage industries, food processing units etc. The SHGs in the study area grant loans to their member for various purposes. The general body meeting (Table-8) decides the maximum loan amount per members. Table-9 outlines the rate of repayment of loans by the SHG members in the study area.

### Table-7: Various Types of Loans provided by SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Types of the Loan</th>
<th>Maximum amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Business Loan</td>
<td>20,000 to 25,000</td>
</tr>
<tr>
<td>2.</td>
<td>Marriage Loan</td>
<td>Up to 20,000</td>
</tr>
<tr>
<td>3.</td>
<td>Repay the old Loan</td>
<td>10,000 to 15,000</td>
</tr>
<tr>
<td>4.</td>
<td>Medical Loan</td>
<td>10,000 to 15,000</td>
</tr>
<tr>
<td>5.</td>
<td>House repairing Loan</td>
<td>Up to 5,000</td>
</tr>
<tr>
<td>6.</td>
<td>Cattle Loan</td>
<td>5,000 to 7,500</td>
</tr>
</tbody>
</table>

Sources: Primary Data

### Table-8: Amount of Loan Availed by the Members through SHGs

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Availed Loan Amount (Rs.)</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 5,000</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>2.</td>
<td>5,000 to 10,000</td>
<td>22</td>
<td>18.33</td>
</tr>
<tr>
<td>3.</td>
<td>10,000 to 15,000</td>
<td>25</td>
<td>20.83</td>
</tr>
<tr>
<td>4.</td>
<td>15,000 to 20,000</td>
<td>35</td>
<td>29.17</td>
</tr>
<tr>
<td>5.</td>
<td>Above 20,000</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>120</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Sources: Primary Data

### Table-9: Repayment of Loan by SHGs’ Members

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Repayment in time</td>
<td>80</td>
<td>66.66</td>
</tr>
<tr>
<td>2.</td>
<td>Repayment in advance</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td>3.</td>
<td>Repayment not in time</td>
<td>20</td>
<td>16.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>120</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Sources: Primary Data

CONCLUSION

The present study clearly indicates that there is a remarkable difference in the well-being and economic empowerment of women members in the study area after joining the SHGs. The respondents’ household monthly expenditure also has been in raise to a considerable level. However, their savings is increasing at a slow pace, since the incremental expenditure is higher. It has been observed from the interview with the respondents that they are spending the amount for present consumption purposes. The good practice of the women SHGs in the study area is repayment of the loan in time. Nearly 66% of the respondents have stated that they used to repay their monthly due within the time, and 16% of the respondents have stated that they used to repay their due well in advance. A few members do not pay in time but this is not affecting the further credit of SHGs. Since the repayment of loan is regular and within the time, the author concludes that, the economic activities of SHGs are quite successful which in turn affected the economic empowerment of women members in the study area.
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BUDGETED EXPENDITURE ON VARIOUS EDUCATION SECTOR & RURAL DEVELOPMENT IN INDIA

J. Prabhakaran\textsuperscript{6} Dr. V. Selvarani\textsuperscript{7}

ABSTRACT

Education is vital for progress of a civil society; Education is universally recognized as an important investment in human capital. The level of expenditure by government reveals the relative importance accorded to the sector. Education in India, as in most of the countries of the world, is mostly a state-sponsored activity. Over the last six decades, India has witnessed major changes in the level of financing of education and in priorities attached to different sub sectors of education. Total expenditure on General, higher and technical education has increased significantly after Independence. However, despite this expansion there exists mismatch between demand of higher educational services and its supply in the country.

Provisioning of education- both for its coverage as well as quality - requires significant amount of financial resources. Given the crucial importance that Education plays in the development of a society and the country’s economy, public provisioning of education has been recognized as an effective strategy towards this sector in many countries. Mixed reaction from education sector in the Union budget 2016, the Finance minister announced an *allocation of Rs. 72,394 crore compared to Rs. 68,963 crore for last year, which is 4.9 per cent increase in the education budget. In last year budget Rs. 42,219.5 and Rs 26,855 crore was allocated for school sector and higher education sector respectively. In this budget, Rs. 43,554 crore (approx. 3 per cent increase) is allocated for school education and Rs. 28,840 crore (approx. 7.3 percent increase) is allocated for higher education. Increase in the education budget is a welcome step, however, if you consider inflation and GDP growth rate, education budget may come down to lower than the last year allocation (as % of GDP). Even after this increased allocation, education sector budget remains far from 6 per cent of the GDP, which is desired by the education sector. *(Source: Union budget, Government of India -2016).

I am going to discuss another thought they are following important challenges for improve the rural area education and rural development in India, because more than 60 percent of the population lives in rural area and most of the rural people depend on agriculture and agricultural related industries. So nowadays this topic is more important, this article outlines some of the key issues with regard to budgetary resources provided for various education sectors, Nehru Yuva Kendra (NYK) Programmes, Rural Development and Status of rural area education in India.

KEYWORDS

Budgeted Expenditure, Education, Rural Development, Rural Education etc.

INTRODUCTION

The pattern of Union and State Government expenditure on a particular sector reflects the priority for the sector in public policies. Table shows the composition of the total budgetary spending on education by the Centre and State Governments- through its budgetary provision for the four broad education sub-sectors, viz. General, secondary, higher and Technical education. A brief look at the overall composition reveals that the inter-sector allocations have been stagnant over the last few years.

The additional highlights of Budget 2015-16 for Education, Employment and Skill Development include the following: Ensure a Senior Secondary School within 5 km reach of every child, while improving quality of education and learning outcomes. However, recent studies (ASER, 2015) and several evidences confirm low participation and low levels of learning among the children in rural India. Therefore, there is necessity to increase budget allocation on rural area education. Moreover, discuss about Rural Development in India. According to Royal Commission of Canada (2003), the major wings for the rural development are economic dimension, Human dimension, Science & Technology, Resources and Environment, Political dimension.

OBJECTIVES OF STUDY

The present study aims to an analysis the Budgeted expenditure on school education, higher and technical education sector in India.

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\textsuperscript{7}Assistant Professor & Research Advisor, Government Arts College, Tamil Nadu, India, christyselvarani@gmail.com
• To know about various educational scheme,
• To well-known the Nehru Yuva Kendra programs,
• To determine the need for Rural Development and challenges for Rural Development in India,
• To study the current status of Rural Education in India,
• Find out the problems and analyses the suggestions of Rural Education in India.

RESEARCH METHODOLOGY

Research methodology is descriptive and data is based on secondary. For this study data and information has been collected with the help of Books, Magazines, Research Articles, Research Journals, E-Journals, Newspapers, Report on Higher Education in India: Twelfth Five Year Plan (2012–2017) and beyond Annual Status of Higher Education (ASHE) in States and UTs, 2015, Ministry of rural development budgets, UGC, Higher education annual reports and Union budgets.

VARIOUS EDUCATIONAL SCHEME

• Mid-Day Meal Scheme (MDMS)
• District Primary Education Programme (DPEP)
• Sarva Shiksha Abhiyan (SSA)
• Kasturba Gandhi Balika Vidyalaya (KGBV)
• RTE Act: A Landmark Development in Elementary Education
• Rashtriya Madhyamik Shiksha Abhiyan (RMSA)
• Rashtriya Uchch Shikha Abhiyan (RUSA).

BUDGETED EXPENDITURE ON VARIOUS EDUCATION SECTORS

General Education: In keeping with priority of the Government for social sector programs, an allocation of Rs. 39038.50 crore has been provided for Department of School Education and Literacy, an allocation of Rs. 15855.26 crore for Department of Higher Education. An estimated receipt of Rs. 27575.00 crore by way of proceeds from Education chess will be credited to Prarambhik Shiksha Kosh. The funds under the Prarambhik Shiksha Kosh will be utilized mainly for Sarva Shiksha Abhiyan and Mid-Day Meal Scheme. (Source: Expenditure Budget, Volume 1, Government of India, 2015-16).

Secondary Education: An allocation of Rs. 6022.00 crore has been made for Secondary Education, which is inclusive of Rs. 595.00 crore for NER and Sikkim. This includes allocation, interlay, of Rs. 1550.00 crore (Rs. 155.00 crore for NER) for Navodaya Vidyalaya Samite and Rs. 875.00 crore (Rs. 87.50 crore for NER) for Kendriya Vidyalaya Sangathan (KVS). In view of the success of SSA and large number of students completing upper primary level, to meet the growth in demand for secondary education, as a major policy initiative, Rashtriya Madhyamik Shiksha Abhiyan (RMSA) scheme has been approved with a provision of Rs. 3565.00 crore (Rs. 350.00 crore for NER). (Source: Expenditure Budget vol.1, Government of India, 2015-16).

Higher Education: The Department of Higher Education has been provided an allocation of Rs. 15855.26 crore under Plan. This amount also includes provision for various higher and technical institutions. The University Grants Commission has been provided Rs. 3905.00 crore, which is inclusive of allocation for Central Universities and Deemed Universities. For the “Rashtriya Uchchatar Shiksha Abhiyan (RUSA)”, a provision of Rs. 1155.00 crore (including Rs. 269.03 crore for NER) has been made. Centre: State funding pattern for the scheme will be suitably modified to have higher share from the States in view of higher devolopment as per the recommendation of 14th Finance Commission. For the “National Mission for Education through ICT”, a provision of Rs. 200.00 crore (including Rs. 20.00 crore for NER) has been made. The Indira Gandhi National Open University (IGNOU), which has been in the forefront of distance education, has been provided Rs. 125.00 crore (Rs. 12.50 crore for NER). (Source: Expenditure Budget Volume 1, Government of India 2015-16).

Technical Education: There is a provision of Rs. 6705.00 crore (including Rs. 708.98 crore for NER) for Technical Education that includes assistance to Indian Institutes of Technology (IITs), National Institutes of Technology (NITs), Indian Institutes of Management (IIMs), etc. Out of this, a provision of Rs. 2000.00 crore (including Rs. 165.00 crore for NER) has been made for IITs. A provision of Rs. 1190.00 crore (including Rs. 410.98 crore for NER) has been made for NITs. Indian Institutes of Science Education and Research (including Indian Institute of Science, Bangalore) has been provided Rs. 610.00 crore. A provision of Rs. 300.00 crore has been made for IIMs. A provision of Rs. 1000.00 crore has been made for setting up IITs/IIMs. (Source: Expenditure Budget Volume 1, Government of India 2015-16).
RURAL DEVELOPMENT PROGRAMMES

Rural development aims at finding the ways to improve the rural lives with participation of the rural people themselves to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area. As such, general people themselves have to participate in their sustainable rural development. With this consideration, the rural development programs for the current year has been focused mainly on participation of the people.

Table-1: Outlay Recommended in 12th Plan and Union Government’s Budgetary Allocations for Education (Rs. In Crores)

<table>
<thead>
<tr>
<th>Plan Budget</th>
<th>Total plan Outlay (2012-13 to 2016-17) 12th Plan (Rs. Crores)</th>
<th>Union Budget Allocation 2012-13 RE (Rs. Crores)</th>
<th>2013-14 BE (Rs. Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sarva Shiksha Abhiyan (SSA)</td>
<td>192726</td>
<td>23645</td>
<td>27258</td>
</tr>
<tr>
<td>Mid-Day Meals (MDM)</td>
<td>90155</td>
<td>11500</td>
<td>13215</td>
</tr>
<tr>
<td>Rashtriya Madhyamilk Shiksha Abhiyan</td>
<td>27466</td>
<td>2923</td>
<td>3747</td>
</tr>
<tr>
<td>Department of School Education &amp; Literacy</td>
<td>343028</td>
<td>45542</td>
<td>52701</td>
</tr>
<tr>
<td>State Universities and Colleges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including Rashtriya Uchchhatar Shiksha Abhiyan ( RUSA)</td>
<td>5000</td>
<td>114.7</td>
<td>30008.9</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>110700</td>
<td>21277</td>
<td>26750</td>
</tr>
</tbody>
</table>

Sources: Social Sector, Volume-III of Draft 12th Five-Year Plan 2012-17 Centre for Budget and Governance Accountability (2014)

The plan outlay for the rural development sector for the consequent years has been seen to be increasing until last year i.e. 2014-15. The picture has been found to be changing in this current financial year. The allocation for the sector has decreased by a total of Rs. 8401 crore, from Rs. 80043 crore in 2014-15 to Rs. 71642 in 2015-16. Because of this decrease, there are heavy cuts in most of the social sectors and the rural development sector is no exception. Nevertheless, in spite of these cuts few new programs for the welfare of the people have been introduced too. Therefore, the budget may be less but will, expectantly, encourage people’s participation and bring development. Plan outlay for 2015-16 reflects a major compositional shift in the expenditure estimates.

This changed fiscal reality implies recalibration of the manner in which Plan assistance is extended to States with greater focus on unconditional transfers. Reduction in Central assistance to State Plans is a reflection of this change in fiscal federal fiscal relations.

Table-2: Year-wise Plan Outlay for the Sector of Rural Development (Rs. in Crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Rural Development</td>
<td>66,100</td>
<td>74,100</td>
<td>73,175</td>
<td>74,429</td>
<td>80,043</td>
<td>71,642</td>
</tr>
</tbody>
</table>

Sources: Kurukshetra, Ministry of Rural Development, (Budget 2015-16) Volume 63, Number 6, April 2015

Table-3: Different Active Rural Development Programs and the Allocation made for these in Budget for the Year 2015-16 (Rs. in Crore)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the Active Programs</th>
<th>Amount (Rs. in Crore)</th>
<th>S. No.</th>
<th>Name of the Active Programs</th>
<th>Amount (Rs. in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)</td>
<td>34,699</td>
<td>6</td>
<td>Village Entrepreneur Programme</td>
<td>200</td>
</tr>
<tr>
<td>2</td>
<td>Deen Dayal Upadhyaya Gram Jyoti Yojana</td>
<td>15,000</td>
<td>7</td>
<td>National Social Assistance Programme</td>
<td>9,082</td>
</tr>
<tr>
<td>3</td>
<td>Aajeevika</td>
<td>2,505</td>
<td>8</td>
<td>Rural Drinking Water and Sanitation</td>
<td>6,000</td>
</tr>
<tr>
<td>4</td>
<td>Rural Housing</td>
<td>14,200</td>
<td>9</td>
<td>Rural Infrastructure Development Fund</td>
<td>25,000</td>
</tr>
<tr>
<td>5</td>
<td>Pradhan Mantri Gram Sadak Yojana</td>
<td>14,291</td>
<td>10</td>
<td>Panchayat Raj</td>
<td>94</td>
</tr>
</tbody>
</table>

Sources: Kurukshetra, Ministry of Rural Development, (Budget 2015-16) Volume 63, Number 6, April 2015
NEHRU YUVA KENDRA PROGRAMME (2015-16)

Theme Based Awareness and Education Programme; It is one of the Nehru Yuva Kendra programmes, the following contents are:

- **Skills Development**: for self-employment and employment generation among youth.
- **Women Empowerment**: Gender equality, women rights, legal literacy, employability resources, developing leadership skills, personality development and soft skills.
- **Eradicate Poverty**: Self Help Groups (SHG) formation and link employment opportunities with emphasis on village, block and district based opportunities to check migration.
- **Civic Education**: Spirit of Nationalism, proud to be Indian, respect for national symbols and values promoting national integration, communal harmony, universal goodwill and national unity.
- **Social Issues**: Campaigns against female feticide, dowry, Drug Abuse and alcoholism, Tobacco Cessation, child marriage.
- **Environment**: Tree Plantation, Campaign against use of Polythene Bags and promotion of Renewable Energy.
- **Hygiene and Sanitation**: Hand wash, promoting construction of low cost toilets, Water management, harvesting, conservation, and Safe Drinking Water.
- **Health**: Improving maternal health, promoting Immunization (Mother and Childcare, Nutrition), General Health problems, HIV/AIDS, Institutionalized deliveries, Vasectomy and Tubectomy; Iron Folic Acid tablets for adolescent girls.
- **Education**: Promoting Primary Education - Enrollment of children with emphasis on deprived sections of society, Re-enrollment of Drop Outs because of various social issues, adult education.
- **Volunteerism**: Promoting spirit of volunteerism; Disaster and other natural calamities mitigation: rescue operations and security, training in fire-fighting, first aid, Voluntary Blood Donation and enrolment of volunteers. Moreover, a Voluntary Blood Donors Directory with their blood groups & contact numbers will also be prepared in the entire district NYKs.
- **Leadership**: promoting democratic leadership; it has also been strategized to develop leadership among rural young people to address issues of local, national and international importance with local youth, PRIs, urban local bodies and community participation.

NEED FOR RURAL DEVELOPMENT

- To raise the quality of life & environment in rural areas.
- To reduce urbanization.
- For the improvement of Indian economy.
- For the proper management of natural resources like land, water for agricultural production.
- To produce variety of food products through agriculture.
- To improve profits for farmers.
- For the improvement of the Higher education, particularly science and technology.

CHALLENGES FOR RURAL DEVELOPMENT

- Developing rural areas is long time-consuming process.
- There is no doubt that, Most of the rural people depend on agriculture & that is a risky business.
- Sustainable economic growth and diversification.
- Government funding and institutional development.
- Agricultural employment has started to decline and where replacement employment is required.
- Lack of appropriate technology & beneficiary participation.
STATUS OF RURAL EDUCATION IN INDIA

Sustainable development is essentially an educational process in which school education in rural area is an essential input and to all intents and purposes related to sustainable development, particularly sustainable rural development. In recent initiative, Government of India has taken several schemes such as RTE Act. No doubt, the provisions in the act are very progressive, and would help to ensure equitable access to elementary level school education in India. According to the census of India 2011, 68.84% Indians live in rural areas. Literacy rate in rural areas is 68% as compared to 85% in urban areas. According to 2011 census report “The total literacy rate in India is 74%, male and female wise- versa 82.2%, 65.5% respectively” As per District Information System for Education (DISE) 2011-12, a total of 14,12,178 schools under in the country, out of which 12,14,282 (85.99%) are located in rural areas. The category wise distribution of schools located rural areas is primary (62.55%), primary with upper primary (17.74%), primary with upper primary and secondary /higher secondary (2.48%), upper primary only (11.09%), and upper primary with secondary /higher secondary (5.82%). The gap in ratio of primary to upper primary schools/sections (2011-12) in rural areas is higher than urban areas 2.26 and 1.42 percent respectively.

PROBLEMS REGARDING THE RURAL EDUCATION

- **Lack of Infrastructure**: Many schools are in Villages lack of proper infrastructural facilities. There are no proper facilities for sitting as sometimes children are even made to sit on the floor due to non-availability of furniture. The rural area school building shortages of doors and windows. The schools do not have proper drinking water and toilet facilities.

- **Lack of Extra Curriculum Activities**: Apart from the curriculum, rural schools are not able to involve children in other activities and competitions. Such events and activities lead to overall development of the children.

- **Insufficient Educational institutes**: In comparison to the number of schools and colleges in urban area, there are few schools and colleges in rural areas.

- **Lack of Communication Facilities**: In rural areas, there are no proper transport facilities available and students have to travel miles to come school.

- **Low Teaching faculty–student Ratio**: According to several studies, reveal that major portion of rural areas school regarded as 'single teacher schools' which ultimately signifies that if teacher ill then there is no option but close the school.

SUGGESTIONS FOR IMPROVING RURAL EDUCATION IN INDIA

- In MDMS there are necessary to organized form like kitchen room, storeroom, serving room etc. for successfully implementation.

- The schemes like provision of additional free uniform dresses, textbooks and stationary, cash for purchases bicycles etc. are acting as catalyst in rural education.

- To increase teaching faculty and student ratio in the rural educational institutions.

- To attract more number of students and creating enthusiasm in them for learning by using visual aids like projectors television etc.

- To appreciate the efforts of Students, some type of scholarships either in the form of gifts or books can be given to them who perform well in the class.

- To increase the female literacy rate in feature period and increase the budgeted amount in female higher education students and research scholars.

- One more suggested that the Nehru Yuva Kendra (NYK) might adopt rural Education schemes in order to Develop value education in the rural area. The established institutions like Nehru Yuva Kendra has a full capability to carry out various rural education programs. It includes sponsoring rural education, monitoring the performance and periodical review may help to implement value education more meaningful.

CONCLUSIONS

The principle of sustainable development is that achieving it when there are needed some institutional set up and there education is the basic need of any society. Education advances human security, economic opportunity, skill, and capabilities. An educated person is better aware of his rights and duties and it empower the individual and both the socially. There is a huge shortage of teachers across all the sectors. It is understood that India requires a faculty totaling 1.16 million for all the Universities. As against this, India has a total faculty strength of 8,10,000, which means that there is presently a shortage of 3,50,000. In 2020, the shortage...
will rise to 1.38 million. So improve the faculty student ratio and to enhance budgeted allocation for higher education in rural institutions. The another conclude is enhance the higher and technical education in rural areas because more than 60 percent of the Indian population lives in rural areas. Therefore, there is great need to follow the effective rural development strategies for improving the quality of life in rural areas, particularly higher education, and technical education and self-employment, and training. Therefore it is necessary the rural education in any society for sustainable rural development. Without education, it will be not possible to reach the optimal level of sustainable rural development.

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DIMENSIONS OF MANAGEMENT TRAITS & WOMEN EMPOWERMENT IN REFERENCE TO SELF-HELP GROUPS AT MADURAI: A FUTURISTIC STUDY

Praba K.8 Dr. Kavitha Shanmugam9

<table>
<thead>
<tr>
<th>ABSTRACT</th>
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<tbody>
<tr>
<td>In the changed context of rural development, there is more emphasis on sustainable development and empowerment of women in India, which demand participation of all stakeholders in the process. Empower the women in social, political, economical and legal domains have become necessary to convert the idle society into self-sustainable society. Women empowerment can be achieved through education and employment. Formation of SHGs is one such way through which poor women can be enlightened in the in the society in social, economic and familial spheres. SHG not only mobilize finance and provide credit to the needed members but also it promotes self-employment training, awareness, and leadership qualities to its members through the application of the implied unrecognized management traits. This paper is concerned with empowerment of women and delineates the status of women, and various dimensions of SHG members’ management traits and women empowerment. This paper also focuses on issues and challenges faced by SHG members in attaining empowerment.</td>
</tr>
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<table>
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<tr>
<th>KEYWORDS</th>
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<tbody>
<tr>
<td>Empowerment, Self-Help Groups (SHGs), Management Traits, Sustainability etc.</td>
</tr>
</tbody>
</table>

INTRODUCTION

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labour in the main stream of economic development. Empowerment of women is a holistic concept. It is multidimensional in its approach and covers economic political, social, cultural and familial aspects. Of all these facts of women development, economic development is of utmost significance in order to achieve a lasting and sustainable development of society. Precision of functioning of self-help groups through specific management traits is an important means for attaining women empowerment.

Concept of Self Help Group

A Self Help Group is conceived as a small, economically homogenous and affinity group of poor, voluntarily coming together with the objectives viz. (1) to save small amounts regularly (2) mutually agreed to contribute to a common fund to meet their emergency needs and (3) to provide collateral free loans to members with terms decided by groups and resolve conflicts through collective leadership and mutual discussion. The size of the group is restricted to small numbers ranging from five to twenty to ensure the group solidarity. These group based credit program equip the poor with access to financial services on easy terms and conditions. The SHG is formed and groomed by a NGO or a Bank branch or Government Agency acting as a SHPI. Linked with Micro Finance, the SHG movement has now been accepted as an effective intervention strategy for women empowerment.

Various Dimensions of Management Traits in Self-Help Groups

Strong savings and credit groups owned and managed by the community itself need competent and committed development facilitators, strong cadre of leaders, and enlightened and alert members. Hence, the management and governance of Self-Help Groups that promotes democratic traditions is crucial for its success. Evolution of norms or rules and regulations for self-governance, participatory decision-making, diligence and self-discipline among group members coupled with strong enforcement mechanism for control over affairs are sufficient conditions for transparency in-group operations. These rules and regulations are not mere statements but reflect the understanding of group norms by members through their conduct in-group activities. Rules and regulations of the group, therefore, need to apprehend conflict situation in day-to-day functioning of group and provide ready solutions. These traits could broadly cover:

- **Leadership**: Structure, positions, roles and responsibilities, tenure, selection and change process.
- **Group Dynamics**: Team building, cooption of members, Enforcement of group norms, discipline procedure and group cohesion.

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**Statement of Problem**

In India, poverty in general and extreme poverty in particular has a significant gender dimension. Women are the most affected by poverty. Thus enhancing women’s earnings forms a significant part of the study. Enhancing women’s economic productivity is an important strategic necessity for improving the welfare of the poor women community. To sustain in the economic activity, which has been established, is another important concern of the women at large. The study aims at analyzing the management traits, which will help the women members of the SHGs in sustaining their economic productivity through which they can be empowered in their family and in the society to a larger degree.

**Objectives of Study**

- To study the socio-economic profile of SHG members in the study area.
- To explore the important Management traits influencing SHGs to build leadership, participation and harmony.
- To identify the problems faced by the SHG members in achieving women empowerment.
- To identify the important dimensions of women empowerment.

**Review of Literature**

Singh and Archana (2014) in their study on “Leadership in female SHGs-Traits/Abilities-Situational or forced?” have analysed the leadership traits of women SHG members in Dharavi, Mumbai. The findings of the study highlights the leadership is more situational than forced and leadership traits significantly affected the group performance. According to the authors, the groups that had efficient leaders generated more benefits to the members when compared to the one, which did not have the one.
Adela Kazmi and P. K. Sharma (2014) in their study on “Literature review of behavioural themes on women in management” have identified five broad behavioural themes in the literature. These are attitudes, communication, leadership, and motivational pattern and personality traits. According to the authors, all these behavioural themes have contributed to successful management of tasks by women.

Judge, Timothy and piccolo, et al (2009) in their study on “The bright and dark sides of leaders traits: A review and theoretical extension of the leader trait paradigm” have presented a conceptual model that considers the sources of leaders’ traits, emergence of leaders and effectiveness of leadership. They have taken in to consideration both bright side traits (self-evaluation, Intelligence and charisma) and dark side traits (dominance, hubris and Machiavellianism).

Thalavai Pillai and Nadarajan (2010) shows that the impact of microfinance is commendable in courage, self-confidence, self-worthiness, skill development, awareness about environment, peace in the family, reduction of poverty improving rural savings, managerial ability decision making process and group management.

The study of Palani and Sevaraj (2008) analyzes that empowerment is a process of increasing awareness and capacity building, leading to greater participation in socio-political processes, acquiring greater decision-making power and association with transformative action.

METHODOLOGY

Sampling Design and Statistical Tools

The researchers have used systematic random sampling technique of Probability sampling. From the Total SHGs in the study area every fifth member was selected from the study area. The sample size is restricted to 400 members. The data collected were analyzed with the aid of Statistical Package for Social Sciences (SPSS). The data were tested for normality to ensure that it represents the true population and to avert any skewness in the data. The statistical tool, which is used in this study, is inferential statistics. The researchers have used Percentage analysis, Friedman test and one sample T test for analyzing the primary data. The Primary data were collected from the sample respondents using a Structured Interview Schedule. The secondary data have been collected from the brochures and records of Mahalir Thittam in Madurai District, various magazines, websites, books, National and International journals and dailies. As Against this backdrop, the following chapter presents the results of the data analysis.

Summary of Demographic profile of the Respondents

In this section, the information related to the demographic profile of the respondents, which included age, marital status, educational qualification, type of family, family size, community and source of support were analysed. The data were showed in frequency and percentage by using tables and written explanations. Although a key objective of this section was to comprehend the respondent’s demographic profile having membership in various self-help groups, an analysis was also undertaken to understand the individual differences in the respondent’s opinion towards various management traits and empowerment dimensions. The demographic characteristics are presented in the following section.

Age wise Classification of the Respondents

In this study the age of the respondents were categorized as follows, below 25 years, 25-34 years, 35-44, and 45 years and above. The age wise distribution of the respondents has been presented in table-1.

Table-1: Distribution of the Respondents based on their Age

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Age-Wise Classification</th>
<th>Number of the Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 25 years</td>
<td>75</td>
<td>18.5</td>
</tr>
<tr>
<td>2</td>
<td>25 – 34 Years</td>
<td>103</td>
<td>25.8</td>
</tr>
<tr>
<td>3</td>
<td>35 – 44 Years</td>
<td>106</td>
<td>26.5</td>
</tr>
<tr>
<td>4</td>
<td>Above 45 Years</td>
<td>117</td>
<td>29.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

It is found from table-1 that, 117 (29.3%) of respondents are in above 45 years group followed by 106 (26.5%) who belong to 35-44 years of the age group. 103 (25.8%) respondents are in 25-34 years of age group. Only 75 (18.5%) respondents are in below 25 years of the age group.
Educational Qualification among the Respondents

Education plays an important role in moulding an individual’s life and its main aim is to provide better, richer, peaceful and purposeful life. It develops the capacities of an individual member. Therefore, education plays a vital role in the economic and social emancipation of the individuals. The allocation of sample members according to their literacy level is portrayed in table-2.

Table-2: Distribution of the Respondents based on Educational Qualification

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Educational Status of the Respondents</th>
<th>Number of the Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Illiterate</td>
<td>104</td>
<td>26.0</td>
</tr>
<tr>
<td>2</td>
<td>Primary</td>
<td>136</td>
<td>34.0</td>
</tr>
<tr>
<td>3</td>
<td>Middle</td>
<td>80</td>
<td>20.0</td>
</tr>
<tr>
<td>4</td>
<td>Higher Secondary</td>
<td>48</td>
<td>12.0</td>
</tr>
<tr>
<td>5</td>
<td>Graduate</td>
<td>32</td>
<td>8.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

It is evident from table-2 that out of 400 respondent’s 104 (26.0%) members are illiterates. 136 (34.0%) respondents have studied up to primary level, 80 (20.0%) respondents have studied up to middle school level. 48 (12.0%) respondents have completed higher secondary education. The educational qualifications possessed by 32 (8.0%) of the respondents are up to Graduation.

Marital Status wise Classification of the Respondents

The Marital status plays a vital role in the family context. In this study, the marital status of the respondents is classified as married, unmarried, and others. Table-3 presents the details of distribution of sample respondents based on Marital Status.

Table-3: Distribution of the Respondents Based on Marital Status

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Marital Status of Respondents</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Married</td>
<td>253</td>
<td>63.3</td>
</tr>
<tr>
<td>2</td>
<td>Un Married</td>
<td>99</td>
<td>24.8</td>
</tr>
<tr>
<td>3</td>
<td>Others</td>
<td>48</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

It is clear from table-3 that the marital status of the respondents has been classified into three groups: married, unmarried and others. Out of the 400 sample respondents, majority 253 (63.3%) respondents fall into the category of Married, 99 (24.8%) respondents in the category of Unmarried, and 48 (12.0%) respondents in the category of others.

Family Type

In this study, the type of family is divided into two categories. They are Nuclear and Joint family. Table-4 explains the distribution of sample respondents based on Type of Family.

Table-4: Distribution of Respondents based on Type of Family

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Family Type</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nuclear</td>
<td>102</td>
<td>25.5</td>
</tr>
<tr>
<td>2</td>
<td>Joint</td>
<td>298</td>
<td>74.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

It is inferred from table-4 that out of 400 sample respondents 298 (74.5%) of the respondents are belong to Joint family and rest of the respondents 102 (25.5%) belong to Nuclear family.

Size of Family

The Size of Family refers to total number members in a family. The following table-5 gives the details of distribution of respondents based on Number of members.
Table-5: Distribution of Respondents based on Size of Family

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Family Size</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-4 members</td>
<td>256</td>
<td>64.0</td>
</tr>
<tr>
<td>2</td>
<td>5 and above</td>
<td>144</td>
<td>36.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

It is clear from table-5 that the maximum number of respondents 256 (64.0%) have 1-four members in their family. In addition, the analysis revealed that 144 (36.0%) respondents have above five members in their family.

Duration of Membership in SHG

The number of years completed as a member in SHGs is classified into four groups. They are up to less than 1 year, 1–2 year, 3–5 years and above 5 years. Table-6 presents the details of the distribution of sample respondents based on the duration of the membership.

Table-6: Duration of Membership in SHG

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Duration of Membership in SHG</th>
<th>Number of the Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 1 year</td>
<td>58</td>
<td>14.5</td>
</tr>
<tr>
<td>2</td>
<td>1–2 year</td>
<td>76</td>
<td>19.0</td>
</tr>
<tr>
<td>3</td>
<td>3–5 year</td>
<td>129</td>
<td>32.3</td>
</tr>
<tr>
<td>4</td>
<td>Above 5 years</td>
<td>137</td>
<td>34.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

Table-6 infers the duration of membership of the Respondents with their Self Help Group. Out of 400 Respondents, 34.3 percent of the sample respondents have more than 5 years of membership followed by 32.3 percent of the respondents having 3-5 years of membership with their SHG, 19.0 percent of the respondents have 1-2 years of membership and 14.5 percent of the respondents have less than 1 year of membership with their SHG.

Business Undertaken through Micro Credit

In order to understand the different business undertaken by the respondents using micro credit offered through self-help groups, they were asked to indicate the same. The results are displayed in table-7.

Table-7: Business undertaken through Micro Credit

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Business</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Petty Business</td>
<td>107</td>
<td>26.8</td>
</tr>
<tr>
<td>2</td>
<td>Manufacturing</td>
<td>60</td>
<td>15.0</td>
</tr>
<tr>
<td>3</td>
<td>Services</td>
<td>62</td>
<td>15.5</td>
</tr>
<tr>
<td>4</td>
<td>Agriculture</td>
<td>98</td>
<td>24.5</td>
</tr>
<tr>
<td>5</td>
<td>Animal Husbandry</td>
<td>73</td>
<td>18.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Primary Data

From Table-7 it is clear that out of 400 Respondents, 26.8% of the sample respondents do petty business with micro credit followed by 24.5 percent of the respondents doing agriculture, 18.3 per cent of the respondents doing animal husbandry, 15.5 per cent of the respondents doing services and 15.0 percent of the respondents engaged in manufacturing activities.

Income of the Member per Month

To present the earnings of the respondents before joining SHG and after joining SHG, necessary data were collected from the respondents. The following table-8 reveals the details of respondents based on their earnings.
Table-8: Income of the Member per Month

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Income</th>
<th>Before Joining SHG</th>
<th>After Joining SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than Rs. 1000</td>
<td>56 (14.0 %)</td>
<td>25 (6.3 %)</td>
</tr>
<tr>
<td>2</td>
<td>Rs. 1001 – Rs. 2000</td>
<td>199 (49.8 %)</td>
<td>151 (37.8 %)</td>
</tr>
<tr>
<td>3</td>
<td>Above Rs. 2000</td>
<td>145 (36.3 %)</td>
<td>224 (56.0 %)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

Note: **Figures in brackets indicate percentage to total.
Sources: Primary Data

It is inferred from table-8 that out of 400 sample respondents, 56 (14.0%) respondents have an income of less than Rs. 1000 before joining SHGs, whereas 25 (6.3%) respondents have an income of less than Rs. 1000 after joining SHGs. 199 (49.8%) respondents have an income of Rs. 1001–2000 before joining SHGs, whereas 151 (37.8%) respondents have an income of Rs. 1001–2000 after joining SHGs. 145 (36.3%) respondents have an income of above Rs. 2000 before joining SHGs, whereas 224 (56.0%) respondents have an income of above Rs. 2000 after joining SHGs.

Table-9: Friedman Test for Problems faced by SHG Members

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Mean Rank</th>
<th>Chi Square</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate Loan</td>
<td>1.66</td>
<td>840.41</td>
<td>0.0000*</td>
</tr>
<tr>
<td>Rigid Payment Schedule</td>
<td>2.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence of Subsidy</td>
<td>3.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Capacity Building Activities</td>
<td>5.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Infrastructure and Market</td>
<td>4.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Group Cohesion</td>
<td>5.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Family Support</td>
<td>4.52</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *Significant at 1% level
Sources: Primary Data

According to the results in table-9, the p value of the test is less than 0.01 for mean rank of various reasons for choosing the particular activity. Hence, the null hypothesis is rejected at 1 per cent level of significance. It concludes that there is a significant difference in the rank ordered preferences towards various problems faced by the SHG members. Results of the analysis indicate that there was a significantly more favourable ranking for Inadequate Loan (mean rank = 1.66) followed by Rigid payment Schedule (mean rank = 3.38) and Absence of Subsidy (mean rank = 3.78).

One Sample T test on the Dimensions of Managerial Traits in SHG Members

A one-sample t test was used for the data analysis to measure the perception of the respondents on the extracted ten Management Traits. For measuring the perception of the respondents, a summated scale of all the items pertaining to each dimension is used. The one sample T test procedure tests whether the mean of a single variable differs from a specified constant. The hypothesized test value in the present research is 3 as it will help in categorizing highly agreed and less agreed respondents. Accordingly, the null hypothesis is stated as below.

H⁰: The mean score of perception of respondents' towards each Management Trait are ≥ 3. The results are presented in Table 10

Table-10: T-test results for the Dimensions of Managerial Traits in SHG Members

<table>
<thead>
<tr>
<th>Management Traits</th>
<th>Mean</th>
<th>T Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>2.99</td>
<td>- .124</td>
</tr>
<tr>
<td>Participation in Group Meeting</td>
<td>3.44</td>
<td>22.480*</td>
</tr>
<tr>
<td>Decision Making</td>
<td>3.40</td>
<td>18.951*</td>
</tr>
<tr>
<td>Record Maintenance</td>
<td>3.36</td>
<td>17.106*</td>
</tr>
<tr>
<td>Group Dynamics</td>
<td>3.59</td>
<td>22.229*</td>
</tr>
<tr>
<td>Conflict Resolution</td>
<td>2.65</td>
<td>-10.340*</td>
</tr>
<tr>
<td>Financial Sustainability</td>
<td>3.05</td>
<td>6.864*</td>
</tr>
<tr>
<td>Resource Mobilization and Utilization</td>
<td>4.00</td>
<td>46.366*</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>3.22</td>
<td>7.058*</td>
</tr>
<tr>
<td>Relationship with Stake Holders</td>
<td>2.96</td>
<td>- .973</td>
</tr>
</tbody>
</table>

Note: *Significant at 1% level
Sources: Primary Data
From the above Table 10, significant mean difference were found with regard to the management traits, Participation in Group Meeting (t= 22.480, P < 0.01), Decision Making (t= 18.951, P < 0.01), Record Maintenance (t= 17.106, P < 0.01), Group Dynamics (t= 22.229, P < 0.01), Conflict Resolution (t= -10.340, P < 0.01), Financial Sustainability (t= 6.864, P < 0.01), Resource Mobilization and Utilization (t= 46.366, P < 0.01) and Capacity Building (t= 7.058, P < 0.01) from the hypothesized value of 3. No significant mean difference were found with regard to the management traits Leadership (p > 0.05) and Relationship with Stake Holders (p > 0.05).

In addition, it is found from the analysis that the mean value for all the significant variables is higher than the hypothesized value of 3 other than Conflict Resolution (M= 2.65).

When observing the mean scores for the perception on Management traits (shown in Table 4.34), it is evident that participants have higher agreement on Resource Mobilization and Utilization (m=4.00), followed by Group Dynamics (m=3.59), Participation in Group Meeting (m=3.44) and Decision Making (m = 3.40).

One Sample T test on the Dimensions of Women Empowerment

A one-sample t test was used for the data analysis to measure the perception of the respondents on the extracted three women empowerment dimensions. For measuring the perception of the respondents, a summated scale of all the items pertaining to each empowerment dimension is used. The one sample T test procedure tests whether the mean of a single variable differs from a specified constant. The hypothesized test value in the present research is 3 as it will help in categorizing highly agreed and less agreed respondents. Accordingly, the null hypothesis is stated as below:

H0: The mean score of perception of respondents’ towards women empowerment dimensions are ≥ 3.

The results are presented in table-11

<table>
<thead>
<tr>
<th>Empowerment</th>
<th>Mean</th>
<th>T Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Empowerment</td>
<td>3.55</td>
<td>13.650*</td>
</tr>
<tr>
<td>Family Empowerment</td>
<td>2.96</td>
<td>-1.821</td>
</tr>
<tr>
<td>Social Empowerment</td>
<td>3.85</td>
<td>22.240*</td>
</tr>
</tbody>
</table>

Note: *Significant at 1% level

Sources: Primary Data

From the above table-11, significant mean difference were found with regard to the women empowerment dimensions, Economic empowerment (t= 13.650, P < 0.01), and Social Empowerment (t= 22.240, P < 0.01) from the hypothesized value of 3. No significant mean difference was found with regard to the dimension Family empowerment (p > 0.05). In addition, it is found from the analysis that the mean value for both the significant variables is higher than the hypothesized value of 3.

When observing the mean scores for the perception on empowerment dimensions (shown in Table 11), it is evident that participants have higher agreement on Social Empowerment (m= 3.85), followed by Economic empowerment (m=3.55).

SUGGESTION & CONCLUSION

It is evident from the study that a sustainable women movement needs effective management of its day-to-day affairs. The group, which practices management traits, tastes the fruit of success than the one, which is not. Along with that, the state should also support the women movement and they should be put in the country’s development agenda to achieve its desired goal. They should also be made partners in development efforts which by itself known as empowerment. This ensures their full participation in every realm of social and national development. This participation is necessary to increase the productivity level of women. Thus, women’s empowerment would enlarge the choices and productivity levels of individual women and the collective contribution of women groups. Further, the imperative need is to provide equality of status, roles and position to women. Social mobilization of poor women and empowering them is needed to tackle poverty and enable the community to improve its quality of life. Empowerment enables transition from a position of enforced powerlessness to that of power.

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ROLE OF MICRO-FINANCE IN POOR WOMEN’S EMPOWERMENT

M. Bamarukmani

ABSTRACT

The subject of micro-finance is considered as significant and emerging trend in the present scenario for the empowerment of women and reducing poverty. Microfinance programmes are presently being promoted as an important strategy for concurrently addressing both poverty alleviation and women’s empowerment. In the present scenario, commercial banks are expanding rapidly and providing loans to small business and core micro financial services to poor people. NGO’s are competing with commercial banks in providing micro financial services.

This paper examines the efficiency of micro finance as a solution to women’s empowerment and whether micro financial institutions effectively improve their well-being. It also focuses the challenges of micro financial institutions to reach out the poor. In Tamil Nadu State, Kanyakumari district was selected for study. The survey shows that SHG were satisfied about Group financing from Micro financial institutions. The data also supports that transaction cost makes micro financing costlier.

INTRODUCTION

Microfinance is one of the powerful weapons to fight against poverty. Microfinance service industry is growing predominantly over the past three decades of time in the financial market. It offers financial services to support the poor especially women both financially and socially. Though microfinance services have witnessed tremendous growth, still it is not able to reach out to all the segments of the poor section. The critical challenge faced by the micro financial institution is high transaction cost, which makes micro financing comparatively costlier. The reason behind this being high cost of supervision, small size and large number of loans. It is high time for MFIs to formulate new strategies to reduce the cost of financing. Microfinance organizations should provide livelihoods finance through its innovative strategy. The innovative scheme of micro financing has transmitted the real economic power in the hands of women through Self Help Groups (SHGs) and has significantly reduced their dependence on men. This has helped in empowerment of women and economic independence of women.

Poverty in India at a Glance

Poverty is an acute problem in India. The poverty line ($1.25 a day) as described by World Bank report, in India the number of poor living in poverty line has increased from 421 million in 1981 to 456 million in 2005. According to Asian Development Bank (ADB), the new poverty line is roughly $1.35 per day. If this measure is used to measure poverty, nearly two-thirds of India’s population or about 740 million are in poverty. To achieve a higher rate of poverty reduction, India realized the importance of poverty reduction programme of micro financing to reach out the poorest people. Micro-finance has become one of the most effective tools for economic empowerment of the poor women. Now the poor people are able to access financial services, which previously were exclusively available to the upper and middle-income population. In India, banking system NABARD developed the Self Help Group (SHG) - bank linkage programme as the innovative strategy for increasing their reach out to the poor. According to the McKinsey India survey (April 2006) report, rural India has the potential to become a US$500 billion market by the year 2020.

Self-Help Group

Self-help group is an informal association of 12 to 20 small economically homogeneous affinity group of poor women. The SHG encourages small savings among its members. The savings are kept with a bank, obtain loans from bank and subsequently they decides which woman should get the loan at what rate of interest and how much should be the repayment period. The main characteristic of Self-help group is instead of one woman, the entire group is to negotiate with the bank. The SHG can then on-lend the money to its members, helping them to employ it in some income generation activities. Presently there are about 800 MFIs and 22 lakh self-help groups (SHGs) that are the main sources of microfinance. The primary objective of a self-help group is to provide credit access to members of poor households on sustainable basis.

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Characteristics of Self-help Group

- Mostly focus on women.
- SHG is commonly an economically homogeneous group formed based upon the affinity of its members.
- Poor people are able to access credit.
- Encourage savings and thrift among poor people and achieve reasonable standard of life.
- Avoid the dependence on moneylenders.
- Helps to achieve empowerment of women.
- Progressive lending.
- Easy repayment terms.

The Reserve Bank of India influenced Commercial Banks, Regional Rural Banks and Cooperative Banks to aggressively participate in the linkage programme. Under the RBI’s Guidelines, banks were given authorization to open saving bank account in the name of SHG, without any collateral security requirements. Thus, an informal credit system was progressed with assistance from formal financial institutions. The various organizations involved in the schemes were NABARD, Banks, NGOs and SHGs.

Role of NABARD

NABARD has been doing well with its Self-Help Group (SHG)-Bank Linkage Programme. It conducted several studies of the pilot programme, which “showed clearly that the SHG-Bank Linkage model was by far the most cost effective”. More than ten years, the linkage programme not only finances SHGs through commercial banks, Regional Rural Banks (RRB) and cooperatives, but has also educated bankers to become SHG supporters. The most general model for linkage is where an NGO forms a group and a bank links to it directly. Training and capacity building is a vital module of NABARD’s strategy. The various Micro finance service providers include apex institutions like National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), and, Rashtriya Mahila Kosh (RMK). At the retail level, Commercial Banks, Regional Rural Banks, and, Cooperative banks provide micro finance services.

LITERATURE REVIEW

The self-help group model has been identified as a potential pathway to alleviating poverty. The number of poor women and men who are enrolling in SHGs all over rural India has been increasing remarkably. They are not only active in thrift and credit management but are also taking up other activities, such as natural resource management and development work, literacy, knowledge management, nutritional security etc. This paper argues for a more coherent interpretation of women empowerment using Kabeer’s notion of women empowerment within the South Asian context. It therefore defines women empowerment as the process in which women challenge the existing norms and culture of the society in which they live to effectively improve their well-being. A distinction is made between the outcomes that lead to greater efficiency within the existing norms, development of the community and outcomes that can be directly interpreted as women empowerment. Micro finance institutions target not only for giving them loans, so that they can provide financial assets to the family, but also to give them the opportunity to explore their own talents of doing economic activities (Rafiqul, Shahnaz and Hamid 2007). Not all activities that lead to an increase in well-being of a woman are necessarily empowering in themselves. It is difficult to say which factors are more important for empowering women. For SHG programs, the results seem to indicate that the minimalist microfinance approach is not sufficient. Additional services like training, awareness raising workshops and other activities over and above microfinance programs that merely focus on financial services are also an important determinant of the degree of its impact on the empowerment process of women (Ranjula and Fan Yang 2007).

It is clear that most micro finance programmes have a long way to go before they make their full potential contribution to gender equality and empowerment. Many of the strategies promoted for financial sustainability may exacerbate the negative impacts of debt, because of over rapid expansion, rigid product design inappropriate to women’s economic activities, cutting of necessary support services and lack of attention to local economic contexts. If microfinance programmes are to fulfill their very significant potential, evidence indicates there is a need to rethink current ‘Best Practice’ to ensure that women have equal access to all types of financial services. Gender ‘Best Practice’ must also be integral to microfinance design rather than a marginal and marginalized add-on to financial sustainability or poverty reduction. There is also a need for innovation to ensure that access translates into a significant and sustainable contribution to women’s empowerment. Different women have very different needs, even though they are often subject to similar forms of discrimination and disadvantage (Linda 2006).

The future sustainability of SHG Banking hinges on five factors:

- A sound self-supporting institutional framework is in place.
• Despite exceptionally low interest rates, linkage banking was found to be viable and profit making for all financial institutions and SHGs; however, many rural banks require restructuring.
• SHGs have substantially increased their level of self-reliance and deposited reserves, while banks are constrained by high statutory liquidity requirements.
• Given the low inflation rate, preservation of the value of resources is no major issue, except in distressed banks.
• With continually increasing internal funds, effective supervision of SHGs through a delegated system, together with the enforcement of prudential norms in banks and cooperatives, emerges as a major challenge to the long-term sustainability of SHG banking and rural finance in India. (Hans & Harishkumar 2002).

There is a greater need for MFIs to carefully design service that meet the needs of poor. MFIs have to understand and ensure financial and environmental sustainability and outreach of financial services designed to meet the needs of those mostly in need of such services (Sheenu & Ravindra 2008).

OBJECTIVES OF STUDY
• To analyze the impact of micro financing on women’s empowerment,
• To analyze the constraints and problems faced by SHG,
• To analyze the challenges of Micro financial institutions to reach out poor.

RESEARCH METHODOLOGY
The present study uses both primary and secondary data. For the purpose of the study, well-structured Questionnaire was designed by incorporating scaling technique. This study is partly exploratory and descriptive in nature and is aimed to identify the impact of micro financing on women’s empowerment and challenges of MFI. The research was based on 100 SHGs from Kanyakumari district in Tamil Nadu State using a questionnaire instrument. The questionnaire was translated from English to Tamil because the survey was undertaken in southern rural part of Tamil Nadu. The paper analyses the data and test the hypotheses, by using the data collected from the respondents and finally concluded with findings.

ANALYSIS OF DATA
The data collected through questionnaire were tabulated and further suitably analyzed by applying following statistical tools:
• Percentage Analysis,
• Frequency analysis,
• Chi-square test,
• One-way ANOVA test.

ANALYSIS AND INTERPRETATION

Characteristics of Groups
100 groups were included in the study it is fully based on Women. The groups comprised of Minimum 12 to maximum of 20 members. Group size varied from 12 to 20. On average the age of the groups are approximately 3.5 years old. Over 35% of them are by commercial banks 34% respondents were financed Regional rural banks, 17% of them are by cooperative banks, 14% of them by NGO. The study shows that SHG members save between Rs.50-Rs.100. On the observation of group leader it was found that leader of the group have good interpersonal skill, command over group and ability to deal with the bank personnel. Due to good organizing capacity of leader, the repayment of loan is highly satisfactory.

Testing of Hypothesis

Table-1: Sources of Microfinance

<table>
<thead>
<tr>
<th>Sources</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Regional rural banks</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Cooperative Bank</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>NGO</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation
One-way ANOVA

Hₐ: The reasons for joining SHG members in SHG group are independent.

H₁: The reasons for joining SHG members in SHG group are dependent.

The result is shown in the following table

Table-2: Changes after Joining the SHG

<table>
<thead>
<tr>
<th>Changes</th>
<th>HS</th>
<th>S</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-economic status</td>
<td>67</td>
<td>3</td>
<td>30</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Savings</td>
<td>55</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Investment in the business</td>
<td>48</td>
<td>22</td>
<td>30</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Standard of living</td>
<td>63</td>
<td>22</td>
<td>15</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Family income</td>
<td>37</td>
<td>43</td>
<td>20</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Economic Independence</td>
<td>54</td>
<td>24</td>
<td>17</td>
<td>5</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Self-confidence</td>
<td>33</td>
<td>51</td>
<td>16</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

Table-3: Reason for Joining SHG

<table>
<thead>
<tr>
<th>Reason</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease in formalities</td>
<td>68</td>
<td>27</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Low interest rate</td>
<td>43</td>
<td>30</td>
<td>21</td>
<td>6</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>More time for repayment</td>
<td>74</td>
<td>14</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>No delay</td>
<td>58</td>
<td>32</td>
<td>8</td>
<td>2</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Economic independence</td>
<td>48</td>
<td>18</td>
<td>27</td>
<td>7</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>To meet emergency needs</td>
<td>75</td>
<td>23</td>
<td>-</td>
<td>2</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Children’s education</td>
<td>58</td>
<td>32</td>
<td>20</td>
<td>10</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

Note: SA- Strongly Agree, A- Agree, N-Neutral, D- Disagree, SD- Strongly Disagree

By applying one way ANOVA, it was found that calculated value (11.17) is more than the table value at 5% level of significance (2.81), hence, H₀ is rejected.

Inference: The reasons for joining SHG members in SHG group are dependent.

Table-4: Problems of Self Help Group

<table>
<thead>
<tr>
<th>Problems</th>
<th>No. of Responses</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of literacy</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Lack of experience</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Waiting long hours in the bank</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Transportation problem to go to bank</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>High interest</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Primary Data

Sources: Authors Compilation
Table-5: Transaction costs of SHG

<table>
<thead>
<tr>
<th>Various cost</th>
<th>No.of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Bank charges</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Telephone charges</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Stationary charges</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Meeting with higher authorities</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Remuneration of office-bearers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan documentation</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Auditing fees</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Authors Compilation

In general, there are four main types of intermediaries offering microfinance:

Full-Service Private Commercial Banks

Its presence can be felt worldwide and it provides variety of financial products and services through various branches of network. They are using SHGs as channels to distribute their potential business.

- **State-owned Banks**: These banks act as a channel for providing multiple services. Finance companies and specialized banks. These banks operate at the regional level. E.g. Pandian banks, Tamil Nadu Mercantile Banks.

- **Micro-lending NGOs**: These institutions are smaller. NGO’s are providing variety of financial services for uplifting the lives of the poor. These are transformed into regulated banks or specialized financial institutions.

- **Co-operative Banks**: NGO’s are competing with commercial banks in providing micro financial services. Commercial banks are finding it very difficult to cover up their transaction cost at the low interest rate on micro loans.

Challenges and Opportunities of Micro Financial Institutions

- The first challenge relates to sustainability. It has been reported that the MFI model is comparatively costlier in terms of delivery of financial services.
- The cost of supervision of credit is high, the loan volumes and loan size is low.
- Sizable proportion of the clients is illiterate or barely literate; they would prefer simple procedures and minimal paperwork.
- In spite of a huge banking network, the facilities, particularly in rural areas, are not easily accessible.
- The banking hours are not adjusted to the convenience of the small rural client who would prefer to deal with his financial matters in the morning or late evening.
- Rural banker being male has failed to understand the psyche of the microfinance client, who are predominantly female.
- On the savings side, the savings bank account in the name of the SHG is the only product available.
- Further, the RBI has fixed the interest rate on savings bank deposits and there is no scope for innovation by the banks in this regard.
- Similarly, on the credit side, banks take into account the savings made by the group and provide credit only up to a fixed multiple of the savings (generally four times).
- Costs for micro-finance are simply higher than those for conventional banking.
- In fact, MF has become a tool for political party to collect votes.

Comparative Advantages of Commercial Banks in Micro-finance

In the present scenario, commercial banks are expanding rapidly and providing loans to small business and core micro financial services to poor people. Banks are now competitive with Non-banks and NGO’s. The Comparative Advantages of Commercial Banks in Micro-finance are:

- They are regulated institutions and facilitated by proper management.
- Adequate physical infrastructure helps to reach out more micro finance clients.
• Good administrative and accounting control system.
• They have their own source of funds, which in turn facilitates sustainability.
• The variety of core financial services attract small micro finance clients.

Obstacles for Commercial Banks in Microfinance

In spite of all these competitive advantages over NGO’s, still Commercial banks are finding it very difficult to cover up their transaction cost at the low interest rate on micro loans. It suffer from financial strategies to reach out low income population segments. Banks are required to sort out some key related issues to achieve success in the micro finance market:

• The commitment of commercial banks towards micro lending is very important and it should be one of the missions of the organization.
• The bank organizational structure should facilitate to handle thousands of small transactions efficiently.
• Banks must identify an appropriate innovative financial strategy to suit the needs of poor clients.
• Banks must recruit and retain specialized staff to handle poor women micro clients.
• The large number of small size of micro finance loans make micro financing little costlier.

Regulation and Supervision

Continuous and tight monitoring and imposing regulatory requirements are compulsory to ensure effective implementation of micro finance programme. Generally, interest rates charged by MFIs are higher than what banks charge, but it is lower than interest rates of moneylenders’. The reason being high transaction cost, these costs have effect on interest rate. MFIs are just to cover the cost they charge between minimum 12% to maximum 24%.

The Goal of every MFI is to identify innovative strategies to bring down the costs of transaction. Still, it is difficult to bring down the interest rate to 8% to 10% since the cost of lending small loans is high. In spite of various steps taken by banks and financial institutions, they could not reach out to the poor clients successfully. The main reason for high transaction cost is high cost of delivering a number of small loans in a fragmented location. The main difficulty of MFIS is to identify a borrower, appraising them, disbursing money and then collecting it back within twelve months in small installments. Generally, there are three kinds of costs that a lending institution encounters when it offers a loan:

• Cost of the lending money,
• Cost of prudent financial practices such as provisioning for loan defaults,
• Cost of transaction.

Cost of Transaction

It is defined as the cost of the transact or (usually the field worker) doing the group-loan transaction. It generally includes the cost of identifying and screening the client, processing the loan application, completing the documentation, disbursing the loan and collecting the repayments on date. Its three main components are:

• Group formation costs,
• Cost of direct Administrative activities, and
• Cost of monitoring.

Cost of Group Formation

Cost of group formation includes the cost of formation and training of the group with the objective of using it to deliver credit.

Cost of Direct Administrative Activities

Direct administrative activities cost comprises cost of appraisal, documentation, disbursement, other direct administration activities and the cost of branch manager supervision. Cost of appraisal refers to a charge by a lender for appraising, grading the group before the sanction of a loan. It includes Cost of documentation, appraisal of documentation, disbursement and the completion of documentation formalities. These relate to the loan and the allocated supervision cost per loan of the branch manager. Cost of other direct administrative activities include the cost of time spent by the field worker in completing administrative formalities such as report and format completion, reporting to immediate supervisor, filling up movement registers, filling up expense claims for travel and bank related duties etc.
Cost of Monitoring

Cost of monitoring refers to cost of monitoring of loan utilization checks and collection of installments and cost of “avoiding default”. Further, they added that Micro financial institutions portfolio tends to be extremely volatile and can deteriorate any time because of an unsecured loan going bad or even default of a secured loan. In such a case, the collateral does not sufficiently cover the principal, interest and the collection cost. This happens as the borrowers have no collateral at risk, and they do not feel constrained to repay.

Indirect Transaction Cost

Apart from direct transaction costs, other costs such as rent, electricity and facility maintenance also have impact on increasing the cost of financing. In addition, there are other expenses of the regional offices and head offices – which do not do direct business but supervise the branches. Such costs need to be considered in the Cost reduction strategies.

FINDINGS

Based on the research undertaken the researcher is able to elucidate the following findings:

Bank Lending

Banks can explore various innovative strategies to reduce transaction cost to reach out to the poor people. Many banks spend large amount of money for recruiting and retaining staff. The salary paid to the staff can be saved through appropriate cost saving measures. The micro financial institutions and banks can also follow the guidelines of RBI issued on NOV 2006 regarding ‘outsourcing of financial services’. The guidelines being:

- The micro financial banker can outsource the financial services of a bank including processing of loan application, document processing, marketing and research and supervision of loans to reduce the cost of transaction
- Banks can appoint direct selling agent (DSA) and direct marketing agent (DMA) to disburse large number of small loans to ensure the reduction of cost the sensitive operations of all the banks is loan recovery. This job can be done professionally by appointing loan recovery agent by imposing certain code of conduct on its functioning.

Other Suggestions

Another method of reducing transaction cost is minimizing the cost of SHG formation costs and costs of lending to the poor. The government can fund and allocate resources for formation of self-help group.

The amount of transaction cost can be reduced to some extent by professional methods of management and by use of technology, information system and computerized methods of administration. It helps micro financial institutions to increase their efficiency, thus lowering their overhead costs, and help them to achieve sustainability.

The SHG can be brought under the self-employment scheme of government of India operated through commercial banks. Under this scheme, the government through district industry center gives the subsidy of 25%. This can reduce the ‘burden of interest’ of the poor people, eventually reduce the cost of operation and indirectly motivates the borrower to repay the loans promptly.

Banks could explore new methodologies to expand lending. In order to reach out poor people and women the micro financial institutions require to launch new products further than credit like insurance, deposit, remittances, securitization of the loans to adhere the conventional of the worldwide financial system. Specialized outlets can also be designed exclusively for delivery of micro-finance products. Such as smart cards, automated teller machines (ATMs) and mobile phones may be employed, as is being done in other countries.

CONCLUSION

The researcher is able to conclude based on primary and secondary data that micro finance helps to attain empowerment through self-help group. The study is able to prove that the microfinance clients are suffered from high transaction cost and this ultimately adds to the cost of financing.

Micro financial institutions must maintain efficiency levels to increase their scale of operations. This surely will bring down the cost of financing and ultimately the benefits will be transferred to the poor people in terms of improving the standard of living and
reasonable cost of borrowing. Micro financial institutions should adopt innovative strategies to meet the challenges of high transaction cost to reach out to the poor. Many studies also prove that bankers need to regulate their loan prices and their operating procedures to formulate appropriate cost-saving measures.

REFERENCES


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