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Socio- Political Empowerment of Microfinance Beneficiaries : An Empirical Study of Jammu & Kashmir State

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Abstract

Microfinance is showing a significant impact on various poverty related dimensions and a positive impacts on socio-economic and socio-political empowerment. The purpose of the creation of Self Help Groups is considered an indispensable step towards poverty alleviation in the developing and under developing countries. SHG-bank linkage program by NABARD in 1992 under the pilot study has got impetus and presently microfinance has a significant impacts on various dimensions of poverty. The current study examines the impact of Microfinance on the ,microfinance beneficiaries on their **Socio- political Empowerment** in the Jammu & Kashmir State.. The study shows that the impact microfinance has a significant impact on **SHGs Socio- political Empowerment which is one of the prime objective of the scheme**

Key words: Microfinance, Economic empowerment, SHGs, Beneficiaries.

Introduction

Microfinance is considered as an informal approach and an effective step and Powerful instrument for poverty reduction and empowering those who are economically deprived in various countries mostly in developing and underdeveloped counties including India. Microfinance covers a broad range of financial services including loans, deposits and payment services and insurance to the poor and low-income households and their micro enterprises. Microfinance institutions have shown a significant contribution towards the poor in rural, semi urban or urban areas for enabling them to raise their income level and living standards in various countries to empower them socially, economically and politically

In developing countries like India the structure of economy is not properly balanced. The gap between poor and rich is getting bigger and bigger day by day. This worsens the access of poor to economic opportunities and reaches for formal financial services. The purpose of the microfinance in poverty driven countries is to have a significant impact on socio- economic and social-political of the vulnerable.. The focus of the study is to see the impact of microfinance on the socio-political empowerment on microfinance beneficiaries in the state of Jammu and Kashmir.



Microfinance Country view

Poverty is big issues before the whole world. as per the world bank estimates, around half of the population of the world is living less than dollar and day and one third of the population is living in between one and two dollar a day. Most of these people are living in Asian Countries including India. In this backdrop In India many gigantic institutions took the responsibility on their shoulders to reach the deprived class particularly the ones living in extreme conditions of poverty. Major initiative came in 1969 by nationalization of commercial banks, bank branches got extended in the rural area. India has over 35,000 rural branches of commercial banks and regional rural banks, and around 15,000 cooperative bank branches to bring the people under the purview of banking system. In 1978 integrated rural development program (IRDP) was introduced to alleviate India's rural poverty. A serious deliberation for poverty alleviation in India is seen by some major initiatives like the setting up of Rashtriya Mahila Kosh to re-finance microfinance activities of NGOs, Establishment of SIDBI foundation for micro-credit (SFMC0 as a financier of microfinance institution (MFIs), Bank linkage program under the overall guidance and supervision of the National Bank of Agriculture and Rural Development (NABARD), leading of Self Help Group (SHGs) as a part of priority sector, exemption of non- profit companies engaged in microfinance business from registering as non-banking financial companies (NBFCs). As a result of this, commercial banks (mainly in the public sector), regional rural banks (RRBs) and cooperative banks have emerged as important channels of microfinance provision and introduction of schemes like Swaran Jayanti Gram Swarozgar Yojana (sgsy) and Swa Shakti targeting rural poor routed through SHGs have given a new direction for poverty alleviation in the country. The SGSY Program is being replace by NRLM with the basic objective of reaching the most deprived classes suffering with various poverty related dimension, mostly suffering on account socio-political empowerment and socio economic - empowerment

Review of Literature :

According to Karnagar (2009) microfinance on the lives of underprivileged rural had a great impact as till 31 March 2007 4160, 584 SHGs were maintaining savings bank accounts with bank with banking sector with outstanding savings of Rs. 351271 crore, thereby ensuring financial inclusion for more than 5.8 crore poor households within its fold. In this regard post offices, NGOs NABARD and other financial institutions plays a significant role towards poverty alleviation in the rural areas.

Nikhil (2009) in this study revealed that micro credit program have a strongly positive relationship with poverty alleviation, but laid stress that loan given authority should mean it. The study reveals that states like Bihar (including Jharkand), Uttar Pradesh (including Uttrachand) and Madhya Pradesh (including chatisgarah) are with bulk of poor people, microfinance may suit then for improving in their socio-economic conditions and for poverty alleviation.

Deininger and Liu(2009) Argues that Although there has been considerable recent interest in micro-credit programs, rigorous evidence on the impacts of forming self-help groups to mobilize savings and foster social empowerment at the local level is virtually nonexistent, despite a large number of programs following this pattern. The authors use a large household survey to assess the economic



and social impacts of the formation of self-help groups in India. They find positive impacts on empowerment and nutritional intake in program areas overall and heterogeneity of impacts between members of pre-existing and newly formed groups, as well as non-participants. Female social and economic empowerment in program areas increased irrespective of participation status, suggesting positive externalities. Nutritional benefit was more pronounced for new participants than for members of pre-existing groups. Evidence of higher consumption—but not income or asset formation—by participants suggests that at the time of the survey, the program's main economic impact had been through consumption smoothing and diversification of income sources rather than exploitation of new income sources. Evaluation of such programs in ways that allow heterogeneity of program impact can yield highly policy relevant insights

Neeraj (2014) in this study reveals that the micro finance played a major role in the mobilization of savings and promoting economic development. In the post financial sector reforms (1991) phase, the performance and strength of the banking structure improved perceptibly. Financial soundness of the Indian commercial banking system compares favorably with most of the advanced and emerging countries. Since 1991, the size of the Indian economy in terms of GDP at market prices has increased by almost fifteen times, whereas the household financial savings have expanded by sixteen times and the gross domestic savings by almost seventeen times during the same period but in this growth the contribution of Rural India is negligible. There is the immense need of development in rural areas as without rural development India cannot become a developed economy this can only be achieved through micro financing and making rural population self dependent is revealed in this study In this study some of the major issues related to shaping the future development of the legal framework for microfinance in India have been discussed. It is observed in this study that Micro finance sector seems to grow and with no full stop in sight. The sector performed creditably in a year under study that experienced a widespread liquidity crunch. The Self Help Group (SHG)–bank linkage programme, made remarkable progress during the year 2008-09 with 8% growth.

Belli and Raghavenra (2014) in this study reveals that Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) played a vital role in rural reconstruction, agricultural Development, community development and rural development even during last three decades era in Karnataka state. After the introduction of microfinance through Self-Help Groups (SHG), they penetrated into each and every corner in India and actually the NGOs are responsible for converting the pilot project of microfinance into a major programme and the NGOs are responsible for making the microfinance through SHG as the largest programme in the world. This study analyses the role of SKDRDP in sustainable rural development through microfinance. The study reported that SKDRDP are playing vital role in the formation of SHGs and motivating women to join the groups and linking the groups with the banks for microfinance. But, SKDRDP played limited role in marketing the products of SHGs.



Objectives of the Study

- (i) To analyze the progress of Self Help Groups (SHGs) in J&K State in reference to Indian progress in this respect. .
- (ii) To study the impact of Microfinance on **SHGs Social -political Empowerment of Microfinance** in J&K State with the empirical study of Kashmir region

Hypothesis:

H1: There is significant improvement in Socio-Political Empowerment of microfinance beneficiaries after joining the microfinance programme in the region under Study

Methodology:

Collection of data: The study was based on the critical analysis of the available of literature as well as on both primary and secondary data. For this purpose a primary survey was carried in Kashmir Division of the J&K State and well supported by the secondary obtained from various published and unpublished sources.

Database:

Primary data: The primary data was collected through direct investigation method. For this purpose, a schedule type questionnaire was designed which was administered to the beneficiaries of the microfinance schemes in the Kashmir Region J&K State

Secondary data: In order to supplement the data collected through primary sources , various secondary sources were also explored which includes studies conducted and published in various academic and research journals and reports, besides relevant information available in the magazines , news papers and web-sites. Information was also collected from published data of NABARD publications, State level Banker's committee report, Census reports, Economic surveys, Statistical Digests and various dissertation and papers. Data has been collected from directorate of Rural Development Authorities Kashmir (DRDAK), and Directorate of Statistics & Economics.

Analysis and Findings of the study:

Impact of Microfinance on SHGs Social-Political Empowerment

- **Awareness (Finance and Economic affairs)**
- **Confidence and Participation**
- **Leadership and Problem Solving**
- **Recognition and Bargaining**

**Awareness (Finance and Economic affairs)**

The impact on the awareness in the (**Table A**) shows that 'awareness about insurance' mean difference (-.61194, t -20.515), awareness about bank deposit (mean difference -.39104, t -8.823), awareness about advance (mean difference -.40000, t, -9.962), awareness about Govt. schemes (mean difference -.32239, t --5.055), awareness about financial products (mean difference -.47463, t -7.033) Economic affairs (mean difference about -.71642, t -16.379) shows that there is significant difference between pre and post of these variables. The t value in all the variables in the table 4.6 is highly significantly at 5% level. It is shows that there is a significant improvement in the empowerment of SHG beneficiaries with respect to awareness of various financial matters.

Table A: Awareness (Finance and Economic affairs)

	Mean score before intervention	Mean score after intervention	Mean difference	Standard deviation	t	P. Value Sign (2 tailed test)
Awareness about Insurance Pre and post	1.6985	2.3104	-.61194	.54595	-20.515	.000
Awareness about Bank deposits Pre and post	1.8179	2.2090	-.39104	.81117	-8.823	.000
Awareness about advances Pre and post	1.8507	2.2507	-.40000	.73493	-9.962	.000
Awareness about Govt. Schemes Pre and post	1.9522	2.2746	-.32239	1.16740	-5.055	.000
Awareness about Financial Products Pre and post	1.9075	2.3821	-.47463	1.23513	-7.033	.000
Awareness about Economic affairs pre and post	1.8299	2.5463	-.71642	.80056	-16.379	.000

Source: Field Survey

Confidence and Participation

The (**table B**) reveals that 'Authority' (mean difference -.68955, t -18.484), satisfaction (mean difference -.74925, t -15.697) Public meetings (mean difference .73731, t -21.558), Gram

Saba (mean difference -.77910, t-24.664) shows that there is significant difference between pre and post in the variable of confidence and participation of microfinance beneficiaries. The t values in these variables are highly significant; it reveals that program has proved successful in developing confidence and removing bashfulness among the beneficiaries.



Table B: Confidence and Participation

	Mean score before intervention	Mean score after intervention	Mean difference	Standard deviation	t	P. Value Sign (2 tailed test)
Authority Pre and post	1.7910	2.4806	-.68955	.68279	-18.484	.000
Satisfaction Pre and post	1.7582	2.5075	-.74925	.87366	-15.697	.000
Public Meeting Pre and post	1.5999	2.3373	-.73731	.62599	-21.558	.000
Gram Saba Participation Pre and post	1.5940	2.3731	-.77910	.57818	-24.664	.000

Source: Field Survey

Leadership and Problem Solving

The (table C) shows that Recognition in society (mean difference -1.44478, t -38.359), Taking decisions (mean difference -.1.03284, t -23.472), Leadership in the society (mean difference -1.03284, t -23.472), Handling problems (mean difference -.87463, t -13.904) shows that there is a significant difference between pre and post variables of leadership and problem solving. The t values in the table 4.8 in the variables are highly significant. It means that there is positive impact on the political empowerment of SHGs after they join the program.

Table C: Leadership and Problem Solving

	Mean score before intervention	Mean score after intervention	Mean difference	Standard deviation	t	P. Value Sign (2 tailed test)
Recognition in society Pre and post	1.2627	2.7075	-1.44478	.68937	-38.359	.000
Taking decision Pre and post	1.5045	2.5373	-1.03284	.80537	-23.472	.000
Leadership in the society Pre and post	1.3343	2.4269	-1.09254	.74249	-26.932	.000
Handling Problems Pre and post	1.7522	2.6269	-.87463	1.15133	-13.904	.000

Source: Field Survey



Recognition and Bargaining

The(**table D**) shows that societal recognition (mean difference -1.22388, t -28.790), membership (mean difference -1.27761, t -30.590), Negotiating power (mean difference -1.31642, t --32.962) shows that there is significant difference between pre and post in the

variables of Recognition and Bargaining power of SHGs beneficiaries. The t value in these variables are highly significant, it shows that there is a positive impact of microfinance on social recognition and negotiating power of the beneficiaries.

Table D: Recognition and Bargaining

	Mean score before intervention	Mean score after intervention	Mean difference	Standard deviation	t	P. Value Sign (2 tailed test)
Societal Recognition	1.1910	2.4149	-1.22388	.77808	-28.790	.000
Membership	1.3134	2.5910	-1.27761	.76445	-30.590	.000
Negotiating Power	1.2597	2.5761	-1.31642	.73097	-32.962	.000

Source: Field Survey

Conclusion: There is a positive impact of microfinance on microfinance beneficiaries on their socio-political empowerment after they join the program.:

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