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Attitude of rural women towards self-help groups (SHGs) from Aspirational districts of Maharashtra

Monica Singh and Sandeep Deshmukh

Abstract

The National Bank for Agriculture and Rural Development (NABARD) had piloted women 'Self-Help Group-Bank Linkage Program' in 1992. In 1999, the Government of India had launched Swarnjayanti Gram Swarozgar Yojana (SGSY)—a rural self-employment program with an objective to provide microfinancial services to the rural poor through SHGs. At present there are two dominant models viz., 'SHG-Bank Linkage model' and 'Microfinance Institutes (MFIs)-Bank Linkage model' are lending microfinance in the country. SHG being one of the approaches to microfinance has a unique innovation of credits delivery technique to enhance income generating activities. As on date, SHG-Bank Linkage Program reached to link '8.00 million' savings linked SHGs and covered almost '100 million' households in the country. This study has devoted to the psychological or attitudinal aspect of the rural poor associated with SHGs and impact of microfinance on sustainable rural livelihood security. The rural women possessed a favourable attitude because Self-Help Groups helped them to reduce their financial dependence on informal money lenders; they accessed hassle free banking services and started saving money after joining SHGs. this study suggests that leveraging microfinance for 'financial inclusion' and 'livelihood diversification' will enable low- and middle-income countries in South Asia to achieve the SDGs.

Keywords: Attitude, self-help groups, rural women, microfinance

1. Introduction

Globally, more than 750 million people are still living on less than US\$ 1.25 a day, many lacking accesses to adequate food, clean drinking water and sanitation. Rapid economic growth in countries like China and India has lifted millions out of poverty, but progress has been uneven. Women are more likely to live in poverty than men due to unequal access to paid work, education, and property. At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted the agenda for sustainable development, which includes a set of seventeen Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030. Microfinance has emerged as a frontier instrument to alleviate poverty in many developing countries (Johnson and Rogaly, 1997; Gibbons and Meehan, 2002; Armendariz and Morduch, 2005; Bakhtiari, 2011) [6, 4, 1, 2]. Microfinance would act as a vital dynamic mechanism towards attaining SDGs of 'no poverty' and 'zero hunger' by 2030. The microfinancial programs extend small loans to poor people for self-employment activities; thus, allowing the clients to achieve a better quality of life (Rahman, 1995; Hussain, 1998; Morduch, 2000) [9, 5, 7]. Many innovative models of microfinance are being implemented in the world for achieving the goal of financial inclusion. The term financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services may include access to credit, savings, insurance and, payments and remittance facilities from all type of formal financial institutes. An estimated 2 billion working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. For example, in Sub-Saharan Africa, only 24% of adults have a bank account even though Africa's formal financial sector has grown in recent years (Muzigiti and Schmidt, 2013). However, microfinance through Grameen Bank in Bangladesh has inherited a long history of financial inclusion (Ferdousi, 2015) [3].

In India, the National Bank for Agriculture and Rural Development (NABARD) had piloted women 'Self-Help Group-Bank Linkage Program' in 1992. In 1999, the Government of India had launched Swarnjayanti Gram Swarozgar Yojana (SGSY)—a rural self-employment program with an objective to provide microfinancial services to the rural poor through SHGs.

At present there are two dominant models viz., ‘SHG-Bank Linkage model’ and ‘Microfinance Institutes (MFIs)-Bank Linkage model’ are lending microfinance in the country. SHG being one of the approaches to microfinance has a unique innovation of credits delivery technique to enhance income generating activities. As on date, SHG-Bank Linkage Program reached to link ‘8.00 million’ savings linked SHGs and covered almost ‘100 million’ households in the country”.

As stated earlier, microfinance has emerged as a frontier instrument to alleviate poverty in the world. Many of the international and national research and development organizations are being involved in evaluating the performance and impact of the microfinance programs on the lives of poor. Thousands of studies were conducted by researchers, academicians and scholars of different public, private and non-governmental organizations across the globe and most of them have mainly focused on the quantitative aspects of microfinance. There are very few studies in the world in which important tangible and intangible factors are considered for evaluating the effectiveness and impact of microfinance program. In India, with starting of SHG-BLP; NABARD constituted a few teams of acclaimed scientists, technocrats, and practitioners to evaluate the performance and impact of the SHG program. This indicates hardly any study has devoted to the psychological or attitudinal aspect of the rural poor associated with SHGs. It is quite natural that a favourable or an unfavourable attitude of women has a direct impact on their participation and performance in SHG activities. Therefore, we explore the degree of the attitude of rural women associated with SHGs.

2. Research Methodology

We selected two districts for conducting present investigation

namely, Ahmednagar and Nandurbar; as the most backward districts declared by the Ministry of Panchayat Raj in 2006. Recently in 2018, National Institute for Transforming India (NITI Aayog) has included Nandurbar in ‘Transformation of Aspirational Districts Programme’ which aims to transform the selected districts quickly and effectively. Therefore, the study was exclusively undertaken in ‘Ahmednagar’ and ‘Nandurbar’ districts of the Maharashtra state in India. We used the ex-post facto design of social research for the present study. Kerlinger (1964) [10] stated that ex-post facto research is a systematic and empirical enquiry in which the researcher does not put direct control on independent factors because their manifestation has already occurred or they are inherently not manipulable. We employed a multi-stage random sampling strategy to draw an adequate size of the sample (N=240). By adopting a random sampling method, the researcher identified ‘40 SHGs’ in selected districts. In all, ‘six’ women members were selected on a random basis from every sampled SHG. This resulted in a total sample of ‘240’ SHG households (HHs) across four blocks of two selected districts. The researcher had collected data using household survey method. The data collected for this study were analyzed using suitable statistics.

3. Results and Discussion

3.1 Degree of attitude of rural towards SHG

Attitude of women towards SHG may affect their participation and interest in group activities. If an individual had a favorable outlook towards SHG then she will actively take part in different activities of the group and vice-versa. In this view, degree of attitude of women members towards SHG has been assessed by developing an attitude scale and data was depicted in Table 1 and Fig. 1.

Table 1: Distribution of rural women according to their degree of attitude towards SHG

Sr. No	Category	Frequency (N=240)	Percentage
1	Strongly Unfavorable (Up to 20.00)	00	0.00
2	Unfavorable (20.01 to 40.00)	24	10.00
3	Neutral (40.01 to 60.00)	48	20.00
4	Favorable (60.01 to 80.00)	104	43.34
5	Strongly Favorable (Above 80.00)	64	26.66
	Total	240	100.00

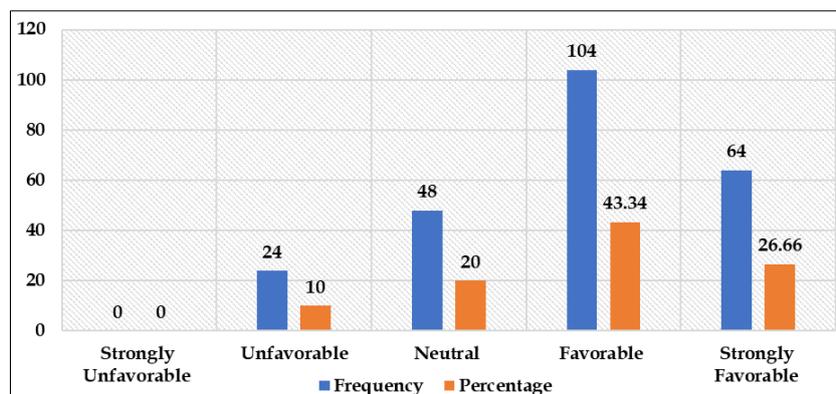


Fig 1: Distribution of rural women based on their degree of attitude

A critical look at Table 1 revealed that the majority (43.34%) of respondents had a favorable attitude towards SHG, followed more than one-fourth (26.66%) women having strongly favorable attitude and 20.00 per cent having neutral attitude. Further, meager proportions (10.00%) of respondents possessed unfavorable attitude towards SHG. It was worth to

mention that none of the respondents expressed strongly unfavorable attitude towards SHG. Therefore, it was safely concluded that majority of women have highly favorable attitude towards Self-Help Group. These findings were in line with Singh *et al.* (2008) [11] and Meena *et al.* (2008) [12].

3.2 Statement/item wise attitude towards SHG

For measurement of attitude, the response of respondents was rated on five-point continuum viz., strongly agree, agree,

undecided, disagree and strongly disagree with respective weightage of 5, 4, 3, 2 and 1 for the positive statements and 1, 2, 3, 4 and 5 for negative statements.

Table 2: Statement wise attitude of rural women towards Self-Help Group

Sr. No	Statements	Response (N=240)				
		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
	Self-Help Group functions on the principles of democracy, decentralization, and participation	40 (16.66)	112 (46.67)	48 (20.00)	24 (10.00)	16 (6.67)
	Rotation of group leadership is necessary for decentralization of power	40 (16.66)	48 (20.00)	16 (6.67)	64 (26.67)	72 (30.00)
	Group liability, the spirit of solidarity and peer pressure in the Self-Help Group are valuable for timely repayment of the loan	48 (20.00)	80 (33.33)	56 (23.34)	40 (16.66)	16 (6.67)
	Many times, I feel that functioning of Self-Help Group is biased towards the President and Secretary*	8 (3.33)	64 (26.67)	24 (10.00)	56 (23.34)	88 (36.66)
	Regularly attending meetings of the Self-Help Group means waste of time*	8 (3.33)	48 (20.00)	16 (6.67)	64 (26.67)	104 (43.33)
	I accessed hassle free banking services by becoming a Member of Self-Help Group	112 (46.67)	64 (26.67)	32 (13.33)	24 (10.00)	8 (3.33)
	An individual can easily avail loan directly from the bank rather than Self-Help Group*	00 (0.00)	40 (16.66)	48 (20.00)	96 (40.00)	56 (23.34)
	Self-Help Group reduces financial dependence on exploitative money lenders	128 (53.33)	88 (36.67)	24 (10.00)	00 (0.00)	00 (0.00)
	Self-Help Group inculcate the thrift habit to its member	120 (50.00)	88 (36.67)	32 (13.33)	00 (0.00)	00 (0.00)
	An individual can be acquainted with bank operations through Self-Help Group Membership	80 (33.33)	64 (26.67)	56 (23.34)	40 (16.66)	00 (0.00)
	If one has a real desire to be an entrepreneur the best way is to become Self-Help Group Member	80 (33.33)	104 (43.34)	16 (6.67)	40 (16.66)	00 (0.00)
	Self-Help Group helps to develop sustainable micro enterprises in rural and urban areas	40 (16.66)	72 (30.00)	72 (30.00)	56 (23.34)	00 (0.00)
	Micro enterprises started by Self-Help Group provides an adequate return on investment	80 (33.33)	96 (40.00)	8 (3.33)	40 (16.66)	16 (6.67)
	Communication skill is improved due to participation in the meetings of Self-Help Group	48 (20.00)	120 (50.00)	16 (6.67)	16 (6.67)	40 (16.66)
	Self-Help Group improves managerial capacities of an individual	24 (10.00)	80 (33.33)	56 (23.34)	64 (26.67)	16 (6.67)
	Self-Help Group builds capacity to perform a key role in village institutes like Gram Panchayat	40 (16.66)	64 (26.67)	24 (10.00)	48 (20.00)	64 (26.67)
	I got recognition in society through Self-Help Group membership	80 (33.33)	120 (50.00)	00 (0.00)	16 (6.67)	24 (10.00)
	I am unable to reap benefit of government schemes and programs due to involvement in Self-Help Group*	32 (13.33)	16 (6.67)	32 (13.33)	88 (36.67)	72 (30.00)
	I feel that there is little benefit and more publicity associated with Self-Help Group*	16 (6.67)	32 (13.33)	32 (13.33)	96 (40.00)	64 (26.67)
	Self-Help Group strengthen leadership qualities of its member	40 (16.66)	96 (40.00)	40 (16.66)	40 (16.66)	24 (10.00)
	Self-Help Group pins down domestic violence against women	48 (20.00)	64 (26.67)	32 (13.33)	48 (20.00)	48 (20.00)
	Microfinance of Self-Help Group is inadequate to cope up family in vulnerable situation*	24 (10.00)	48 (20.00)	32 (13.33)	88 (36.67)	48 (20.00)
	An individual can generate sustainable income and employment through Self-Help Group	72 (30.00)	96 (40.00)	48 (20.00)	24 (10.00)	00 (0.00)
	Borrowing microfinance through Self-Help Group is the only way to come out of poverty	80 (33.33)	96 (40.00)	24 (10.00)	32 (13.34)	8 (3.33)

*Figure in parentheses indicates percentage.

Data was collected, analyzed, and presented in Table 2 indicates that 53.33 percent of women strongly agreed that 'Self-Help Group reduces financial dependence on exploitative money lenders' followed by 50.00 percent women strongly agreed that 'Self-Help Group inculcates the thrift habit to its member' and 46.67 percent strongly said that 'they accessed hassle free banking services by becoming a Member of Self-Help Group'. Further it was observed that half of the women agreed that 'communication skill improved due to participation in the meetings of Self-Help Group' and

'they got recognition in society through Self-Help Group membership.' It was also seen that 46.67 percent of respondents agreed that, 'Self-Help Group functions on the principles of democracy, decentralization and participation' while 43.34 per cent of women felt 'If one has a real desire to be an entrepreneur the best way is to become Self-Help Group Member.' Addition to this, 40.00 percent of women expressed a favorable attitude towards positive statements viz., 'Micro enterprises started by Self-Help Group provides an adequate return on investment'; 'Self-Help Group strengthens

leadership qualities of its member'; 'Individual can generate sustainable income and employment through Self-Help Group' and 'Borrowing microfinance through Self-Help Group is the only way to come out of poverty'. On the other hand, majority of respondents showed strong disagreement with negative statements viz., 'Regularly attending meetings of the Self-Help Group means waste of time;' 'Many times I feel that functioning of Self-Help Group is biased towards President and Secretary'; 'I feel that there is little benefit and more publicity associated with Self-Help Group' and 'Individual can easily avail loan directly from bank rather than Self-Help Group'. This disagreement towards a negative statement of attitude scale indicates favorable outlook of women towards Self-help Group. Very small proportion of respondents expressed neutral attitude towards Self-help Group. Thus, it is generalized that majority of women possessed favorable attitude towards Self-help Group. The SHG gives different benefits such as saving, credit, training, employment, income, gender equity and social recognition to

women. In addition, SHG functions on democratic principles; give freedom to express views, empower their members to involve in the decision-making process and offer equal opportunity for leadership. These factors led to formation of favorable attitude of women towards SHG.

3.4 Impact of microfinance on sustainable rural livelihood security of SHG household

The second objective of the investigation was to work out the impact of microfinance on sustainable rural livelihood security of SHG households. In the present study, a tool was developed to measure sustainable rural livelihood security consists of different components such as livelihood vulnerability, coping capacity, livelihood capitals, livelihood strategies and transforming structure and process. Therefore, efforts were taken to determine various changes occurred in different components of sustainable rural livelihood security and to estimate the quantitative impact of microfinance intervention.

Table 3: Impact of microfinance on sustainable rural livelihood security of SHG household

Sr. No	Components	Mean Index		Percent Change (Livelihood Outcomes)	Z test Value
		Pre-SHG	Post-SHG		
A.	Livelihood vulnerability	23.26	9.93	-57.00	17.55*
B.	Coping capacity	11.58	15.09	30.00	6.11*
C.	Livelihood capital				
1	Human capital	40.58	64.06	57.00	30.67*
2	Financial capital	36.19	66.66	84.00	19.17*
3	Social capital	32.16	54.55	69.00	22.20*
4	Physical capital	30.71	44.49	44.00	9.46*
5	Natural capital	26.66	44.23	65.00	11.09*
D.	Livelihood strategies	50.00	76.04	52.00	22.00*
E.	Transforming structures and process	25.57	45.37	77.00	12.62
F.	Sustainable Rural Livelihood Security	36.69	55.61	51.00	26.50*

Data projected in Table 3 illuminated that microfinance made a positive and significant impact on different components of sustainable rural livelihood security of SHG Households. There was 57.00 percent significant reduction in livelihood vulnerability of SHG households due to microfinance. The vulnerability of SHG household was high (23.26%) before access to microfinance, which reduced significantly (9.93%) after access to microfinance. As regards to coping capacity, microfinance has improved the capacity of SHG households to cope up or recover from vulnerable situation by 30.00 per cent. The coping capacity of SHG household increased from 11.58 percent to 15.09 percent after borrowing microfinance. This means microfinance helped households to their meet their contingencies, emergencies, and crises. Similar positive and significant impact of microfinance was seen on livelihood capitals such as human, financial, social, physical, and natural capital of SHG households. The positive and significant changes after access to microfinance intervention found in human capital was 57.00 percent followed by financial capital (84.00%), social capital (69.00%), physical capital (44.00%) and natural capital (65.00%). The most important finding was that there was 52.00 percent positive and significant improvement in the livelihood strategies of SHG household from pre-SHG period and post -SHG period. The mean index of livelihood strategies increased from 50.00 per cent to 76.04 per cent after access to micro-financial services. The same trend of positive and significant impact was observed in case of SHG household access to different transforming structures and process. The enormous (77.00%) change was found in access to transforming structures and processes by SHG

household. Also, the impact of microfinance on overall sustainable rural livelihood security of SHG households was positive and highly significant. There was an increase in the mean SRLS index from 36.69 per cent to 55.61 per cent after access to microfinance by SHG households. This quantitatively concludes that sustainable rural livelihood security of SHG households increased significantly by 51.00 per cent after access to microfinance. Therefore, present investigation had estimated positive and significant impact of microfinance with respect to vulnerability, coping capacity; livelihood capitals; livelihood strategies and access to transforming structures and process. Similar observations were noted by Dolli (2006) ^[13] while studying sustainability of natural resource management in watershed development project. He revealed the impact of NRM was positive and significant on the livelihood of participating families. This significant impact was noted with respect to human, physical, natural, social, financial capitals, and food security of SHG household.

4. Conclusions and future directions

The study revealed that the majority rural women had a favorable attitude towards SHG and only meager percentage of women possessed unfavorable attitude towards SHG. The rural women possessed a favourable attitude because Self-Help Groups helped them to reduce their financial dependence on informal money lenders; they accessed hassle free banking services and started saving money after joining SHGs. Further, the women felt that group liability, the spirit of solidarity, peer pressure, democracy, decentralization,

participation, and rotation of group leadership are essential for good governance of the SHG. The present study also reports that rural women had unwillingness for rotation of their existing leaders. A strong faith in the leadership of a particular person, lack of confidence and lack of willingness, to become a leader are the reasons behind it. Therefore, Self-Help Promoting Institutions may take right efforts in the right direction to develop leadership qualities among rural women through appropriate capacity development interventions. The rural women strongly agreed that the SHGs have developed the micro enterprises in rural areas, provided adequate returns on their investments, which in turn improved their rural livelihood.

The SRLS index as a whole increased by 51.00 percent between pre- and post-SHG. Prior to SHG, it was 36.69 percent and increased to 55.61 percent post-SHG. After microfinance intervention, most of the SHG households shifted to the upper strata, falling into the 'moderate' and 'high' SRLSI categories. No household fell below the 'low' end of the SRLS index, and no household reached the 'extremely high' end of the index. As a result, disbursing microfinance alone will not guarantee 'extremely high' SRLS. Existing microfinance programmes may be merged with livelihood promotion programmes administered by various development agencies. Microfinance has a significant positive and significant effect on reducing vulnerability, improving coping capacity, and increasing access to livelihood capital, as demonstrated by our study. India, 25.6 percent of women earn their living through farming. SHG microfinance assists rural women in diversifying their financial assets. Significant efforts are expected to ensure job expansion and financial inclusion of the province's poor through SHG microfinance, which would serve as a dynamic mechanism for achieving the SDGs of 'no poverty,' 'zero hunger,' and 'gender equality.' In a nutshell, this study suggests that leveraging microfinance for 'financial inclusion' and 'livelihood diversification' will enable low- and middle-income countries in South Asia to achieve the SDGs.

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