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Microfinance, Self-Help Groups and Women Empowerment: An Impact Study in Rural Parts of Hilly Districts of Kumaon Region in Uttarakhand State Under NRLM Scheme

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A B S T R A C T

Microfinance, Self-help groups and Empowerment are three interconnected forces that drives the socio-economic development especially in rural areas. The study is an investigation of impact of microfinance and self-help groups on empowering rural hill women of Kumaon region of Himalayan state Uttarakhand under the Deendayal Antyoday – National Rural Livelihood Mission (DAY-NRLM) scheme. Adopting the qualitative and quantitative data this research aims that how the self-help group participation of women make influence on their income, saving, expenditure, asset making, access to credit and entrepreneurial activities. The study includes a sample of 300 respondents from 100 self-help groups to find the impact of scheme in women's life and livelihood so that they can get economically empowered, which leads path to overall empowerment. Finally, the study also offers valuable recommendations to enhance the economic empowerment of the women in study area. Both primary and secondary sources are adopted for the study to make it meaningful.

Keywords: economic empowerment, self-help groups, hill districts, Kumaon

Introduction

In the developing country like India the concept of microfinance is a ray of hope for all those communities which are still deprived from the financial inclusion specially the women. Financial inclusion helps pave the way for economic empowerment of these women through self-help groups and economic empowerment can serve the social status and power in the society to them. This empowerment of women would be able to develop self-esteem and enhance in their collective bargaining power (Amutha, 2011)[1]. Thangamani and Muthuselvi (2013)[2] defines empowerment of women as a process in which the women challenge, existing norms and culture for promoting their well-being effectively. Mishra (2015)[3] states that empowerment is a multifaceted process with a number of aspects like enhancing the awareness, success to resources either they are economic, political or social. Kabeer (2005)[4], interrelates the empowerment through close dimensions and these dimensions are agency, resources, and achievements.

Self-help groups has a huge potential to develop the environment for the rural women so that they can connect with the organized source of finance and get motivate for getting self-employment and also help them in developing their entrepreneurial skills (Singh et al., 2017)[5]. As Usha & Prasad (2018)[6], clears that the success of self-help group gains in bringing the women of rural and slum parts into the mainstream by approaching the empowerment. Self-help groups are informal in nature which consist of 15-20 women specially from poor class of the same region mostly in rural areas (Devika et al., 2023)[7], (Mohile & Manglani, 2024)[8], (Husain et al., 2010)[9] which have main objective to get empower their members though microfinance. The members of the group offer mutual support to each other (Vijayarani & Vinitha, 2022)[10] with-in the group and these groups are promoted by the Government and Non-Government agencies to solve the financial or social problems (Naik & Rodrigues, 2017)[11].

The poverty especially in rural regions of the country has a huge percentage and the rural households remain trapped in the trap of poverty. A decade ago, with having the objective of secured livelihood opportunities for upliftment of rural poor and their poverty alleviation specially women in these villages, the Government launched self-employment through self-help groups programme namely National Rural Livelihood Mission which was presently known as DAY-National Rural Livelihood Mission (DAY-NRLM) by restructuring SGSY scheme with a guiding principle line that, poor people have strong desire to come out the poverty. This scheme ensures at least one member from the rural households is brought under the SHG network (Mishra & Debata, 2021) [12] so that it helps the family in alleviating from the poverty trap through adopting any self-employment generated programme either individual or in group activity. This mission's strategy is based on three basic components – skill building for employment, enhance and expanding the present livelihood and nurturing entrepreneurs (Ahmad, 2016) [13].

Review of Literature

Dasgupta (2017) [14], concludes that the scheme needs proper assessment at macro level through livelihood measurement and also the sustainability and effect on sustainable livelihood promotion. Tiwari & Kumar (2019) [15], finds that the structuring (basic & complete) of the scheme succeeded and allowing a great scope of projection to the individual member or whole group of rural polulation. Mishra & Debata (2021) [16], studied the socio-economic factors which determines the participation decision of respondents to join NRLM. They find that occupation and source of cooking has significant effect on participation. They also find the positive impact of scheme on livelihood security. Kumar et al. (2022) [17], suggested that there should be regulation for the framework of scheme, uniform distribution of microfinancing and also proper maintenance and growth of SHG-Bank Linkage programmes. Sinha & Agarwal (2022) [18], NRLM provided employment, entrepreneurial power, income and opportunities for social interaction and finally they conclude that this scheme is beneficial for poor women. Soti (2023) [19], in her research concluded that this is a successful poverty alleviation programme which has positive impact on rural development and women empowerment. The programme has significant impact on socio-economic condition of women. The reviewed literature found the positive impact of scheme specially for women who get employment, credit access, entrepreneurship skills, income and social recognition. The research gap which was found that there is a need to study the impact of National Rural Livelihood Scheme in the hilly state like Uttarakhand and the present study is focused especially rural women of hilly regions.

Material and Methods

Research Design – This study is descriptive research design-based study adopting both qualitative and quantitative data.

Methods of Sampling – The present study is based on multistage sampling technique. The first stage is the selection of district Almora and Pithoragarh, which was based on Judgement sampling. Furthermore, the selection of one development block from each district is also done through judgement sampling. 50 Self-help groups were selected from 10 gram-panchayats on randomly basis and 3 members from each self-help group, were selected in each district for the present study. So, in this way the total sample of 300 respondents was taken for the final study which were selected through random selection method.

Data Collection – The study is done with a well-structured questionnaire including a number of variables related to the study. The study was conducted from September 2023 to April 2024 to collect primary data. Personal interview of selected respondents and observation method were also part of present study to collect the data.

Objectives of the Study - The study was conducted in the hills of Uttarakhand State and investigates the impact of self-help groups formed through National Rural Livelihood Scheme on economic empowerment of women respondents. Keeping in view of the above, the two main objectives for the present study were -

1. To Study the Socio-economic background of women respondents.

2. To Study the impact of scheme on empowerment of women respondents.

Hypotheses of the Study - The two main hypotheses were setup for the present study -

1. **H_0:** There is no significant difference in income, saving, expenditure and asset creation after joining the self-help group under NRLM scheme.

2. **H_0:** There is no significant difference in economic empowerment of respondents even after joining the self-help groups under NRLM Scheme.

Limitations of the Study - The present study is limited to the women self-help groups under National Rural Livelihood Mission in District Almora (Development Block Takula) and District Pithoragarh (Development Block Gangolihaat) of Uttarakhand state.

The Study Area

The study area is the Kumaon region of Uttarakhand state which is situated in the foothills of Himalayan range. District Almora is situated in the mid hill region of the state. Takula community development block is situated in eastern part of the district with having 158 villages and population of 45.0 thousand people out of which 54.44 percent is female ppulation. 33.40 percnt population is Schedule Caste social category and 0.21 percent is Schedule Tribe category. 10906 households resides in the development block with having the literacy rate of 79.02 percent [20]. The another study area lies in Pithoragarh district which is totally a hill district with typical topography and the community development Gangolihaat is among one of the eight development blocks of the district with having 16405 households and 332 villages. The total population of bock is 71.0 thousand out of which 52.154 percent is female population. 31.23 percent population is Schedule Caste and 0.03 percent is Schedule Tribe population. The literacy rate of the development block is 77.84 percent [21].
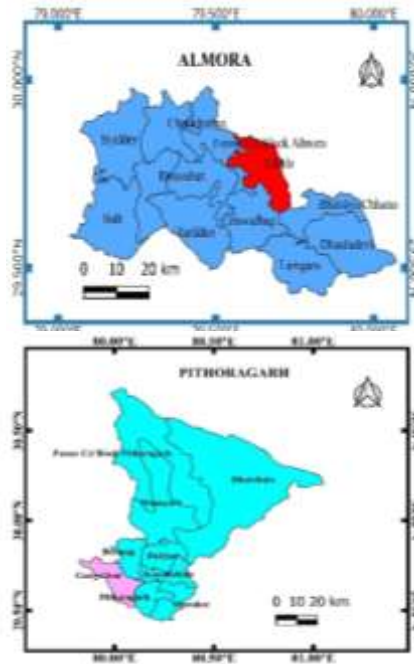
Figure 1 Map of Study Region (Almora & Pithoragarh) prepared by researcher using QGIS Software

Results and Discussion

Table 01: Socio-economic and Demographic Profile of Respondents

Variable		District Almora (N=150)	District Pithoragarh (N=150)
Social category in percentage	General Category	66.67	80.33
	Schedule Caste	33.33	19.67
Average age of respondents		37 Years	36 Years
Percentage of married respondents		95.33	94.00
Literacy rate among respondents		100.00	100.00
Average size of family of respondents		5.06	3.91
Dependency Ratio in families of respondents		0.409	0.472
Gender Ratio among respondents		910	941
Percentage of family headed by women		10.67	14.67
Percentage of nuclear families among respondents		54.00	68.33
Percentage of BPL families among respondents		72.00	76.00
Percentage of respondent's family involved in Primary sector as main occupation		90.67	78.52
Percentage of respondents having less than 0.5-hectare land		78.00	52.67

Source: Primary data collected by researcher

Socio-economic and Demographic Profile of Respondents – Table 01 reveals the socio-economic and demographic status of the respondents in study area. In both study regions the percentage of general caste members is high which shows the active participation of this social category more than Schedule Caste. The average age of respondents is 36-37 years in both the study regions which shows the young women are more members of SHG and participating in NRLM scheme. Marital status of members shows that majority of women are married among respondents the other category unmarried has less percentage of participation. All the member respondents are literate and it's a good sign for the growth of self-help group. The average size of the family is high (5.06) in Takula development block of Almora district in comparison to Gangolihaat development block (3.91) of district Pithoragarh. The dependency ratio, gender ratio and family headed by women, percentage of nuclear families, BPL families is higher in the Gangolihaat development block in comparison to Takula. The main occupation of household in primary sector is more in district Almora where the percentage is 90.67. As per the typical topography the land is scattered and terraced so the size of land is very less sometimes less than 0.5 hectare and in district Takula 78.00 percent respondents had the size of land only less than 0.5 hectare.

Impact of Scheme on Respondents

Two hypotheses were formulated to know the impact of National Rural Livelihood Mission scheme on the respondent's status after they had joined the self-help groups under this scheme.

The first hypothesis was formulated that –

H$_0$: There is no significant difference in income, saving, expenditure and asset creation after joining the self-help group under NRLM scheme.

The two sampled mean Z-test (Mann-Whitney Test) was carried out and the results related shows that-

Table 02: Impact of Scheme on Respondents

	Variable		N	Mean	Standard Deviation	P Value	|Z| Score *
1.	Income	Before Joining the Group	300	1037.66	918.81	0.0000	11.27
		After Joining the Group	300	2104.33	1212.59		
2.	Expenditure	Before Joining the Group	300	136.00	317.55	0.0000	5.32
		After Joining the Group	300	639.33	574.24		
3.	Saving	Before Joining the Group	300	901.66	658.59	0.0000	5.95
		After Joining the Group	300	1465.00	723.38		
4.	Asset	Before Joining the Group	300	2519.33	1874.97	0.0000	33.21
		After Joining the Group	300	5661.66	3287.96		

[* Level of Significance = 95%, Critical value of Z = ±1.96]

Source: Primary data collected by researcher

Hence, the Z-score > Z-Critical Value (±1.96) in all (i.e., Income, Saving, Expenditure and Asset), which rejects the null hypothesis and therefore, it can be said that there is significant difference in Income, Saving, Expenditure and Asset creation of the respondents after joining the self-help group under the NRLM scheme.

The Second hypothesis was formulated that-

H$_0$: There is no significant difference in economic empowerment of respondents even after joining the self-help groups under NRLM Scheme.

A Women Economic Empowerment Index [22] is used to check the status of empowerment. Which includes six variables i.e., decision making power over purchases, access to finance, choice of pursued income generating activities, mobility, attitudes to women's economic role & perceived self-efficacy. Having the score range in between 0-1. If the score value>0.666, it shows that women is economically empowered. The calculated index value shows that –

Table 03: Economic Empowerment of Respondents

S.No.	District	Score
1.	Almora (Block Takula)	79.33%
2.	Pithoragarh (Block Gangolihaat)	81.33%

Source: Primary data collected by researcher

The score results shows that 79.33 percent respondents in District Almora and 81.33 percent respondents in District Pithoragarh scored above 0.666 in the indicator. Which shows that more than two third of the respondents have got economically empowered and able to make their decisions independently or jointly in family. Finally, the null hypothesis is rejected and it can be concluded that the NRLM scheme is helping the respondents in empowering economically.

Conclusion and Suggestions

The collected data analyzed and interpreted for the study finally concludes that under socio-economic and demographic introduction of respondents the majority of the women have joined having general category social status while it is compared to the Schedule Caste category. All respondents are literate and majority are married. The family size varies 4-5 person per family with having 40.0 percent dependents at every 100 working-age individuals. Under the economic category a high number of respondents belongs to below poverty line and their families involved in primary sector as their primary occupation. While analyzing the impact of scheme on respondents both hypothesis tests shows that there is a positive impact of National Rural Livelihood Scheme on rural women in selected development blocks of hilly districts of Uttarakhand.

It is suggested that this scheme needs more attention in hills by providing the skill training programmes and training to access the credit from organized sources through SHG-Bank linkage. The marketing of the product produced by the self-help group women also needs attention especially when it has competition with digital marketing format. Proper training in this regard can help the self-help groups in the rural hilly regions to market their products easily through digital marketing.

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