Microfinance on Poverty Alleviation: Empirical Evidence from Indian Perspective

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Abstract

This paper is a modest attempt to collect data from northern, southern and central India to analyze the impact of microfinance on poverty through empirical evidence from across the country. The respondents were divided into two groups, Participants and Non-Participants. Participants were members of Self Help groups (SHGs) which have benefited from credit and had received bank loans. Non-participant members were those who were eligible for microfinance and formed SHGs, but did not obtain credit up to the time of the survey. As per the NABARD guidelines, SHGs are provided bank loans only after active existence of the groups for about six months since inception. Non-participants belonged to the group which was less than six months old at the time of survey and have not availed any benefit from the microfinance program. The study concludes that the socio-economic profile of sample respondents with experience of less than six months was completely different from the respondents with experience of more than six months.

JEL Classification: G21, P46.

Keywords: *Microfinance, SHGs, poverty alleviation.*

Introduction

"The poor are left in poverty, not because they are lazy, But because they lack access to capital."

Milton Friedman

Microfinance is a worldwide movement whose object is 'a world in which as many poor and near-poor households as possible receive permanent access to an appropriate range of high quality financial services, including not only credit, but also insurance and savings. The major objective of microfinance for policy planners in India is to search for products and strategies for delivering financial services to the poorer and small entrepreneurs mainly from backward areas in a sustainable manner that generally lack banking related services. The source of microfinance has been viewed as a development tool which would alleviate poverty, empower women and enhance growth of the country through financial inclusion. This sector has grown very swiftly over the last few decades. The Bangladesh economist Mohammad Yonus in 1976 was credited with leaving the foundation of Grameen Bank; India is also witnessing progressive growth of microfinance activities over the past few decades or more. Microcredit does not directly address structural problems facing Indian society and the economy, and it is not effective as it will be when economies of scale are realized and a more supportive policy environment is created (Hume & David, 2008). Economic theory advises that financial development can contribute to economic growth, and growth can contribute to poverty alleviation, although there is a wide divergence about whether and under what circumstances this occurs. Financial expansion may play a greater role in poverty alleviation directly and indirectly, through credit constraints on the poor and fostering economic growth that benefits poor people. Microfinance has been found to increase and diversify domestic income, promote household savings, and brings about "consumption smoothing" in the face of instability of income (Meagher, Patrich, 2002). According to data, there are about 4,000 Microfinance Institutions (MFIs) across the world. The number of users of credit services from the sector was estimated at 96.2 million. The number of those who used microfinance for savings exceeded the number of borrowers at 955.8 million. Among all the MFIs, Latin America had the largest share of 28 per cent followed by Eastern Europe and Central Asia region with 21 per cent. In term of borrowers and savers, South Asia had the largest share at more than 50 per cent and more than one-third respectively. The total loan volume of the sector across the globe as of March 2016 was of the order of US$ 54.2 billion. Latin America had a lion share of 38 per cent of loan volumes and South Asia had

minimum loan (about 10 per cent), which is low considering the sheer number of clients in the region. South Asian loans were typically small in size and will remain the same for some time. Savings through MFIs amounted to US$ 16 billion with 40 per cent of savings being accounted for by the Latin American region. Equity to the extent of US$ 9.9 billion had been invested in the microfinance sector of which Latin America region accounted for 35 per cent followed by Eastern Europe/Central Asia with 21 per cent and South Asia with 14 per cent (Srinivasan, N. 2010). The number of groups linked at the end of March 2010 increased to 4.59 million and the sum of loans was outstanding at Rs. 272.66 billion. Asian microfinance has increased globally and it has facilitated growth of the financial sector. According to the 2005 global survey of 446 microfinance institutions (MFIs) conducted by the Microfinance Information Exchange, Inc. (MIX), (Benchmarks, 2005), Asian institutions have grown over 4 billion dollars in loans and served an impressive 22.5 million borrowers. While Asian institutions have less than one fourth of the total global data set, they serve over two thirds of the total borrowers (Shastri, Rajesh Kumar 2009).

While there is no generally accepted definition of poverty, economic measurements of poverty level based on consumption and income data have commonly been used to measure poverty. For instance, the World Bank defines two thresholds of poverty – the 'extreme poor' who live on less than $1.90 a day and the merely 'poor' who live on less than $2 a day based on per capita consumption (Banerjee and Duflo, 2007). While the dollar a day number may be a useful heuristic for policy makers and researchers, it does not capture the realities of the poor – feelings of powerlessness and vulnerability hazards for example, or poor nutrition and health arising from continued deprivation, or gender differences in poverty (Chakravarti, 2006; Ravallion, 2002). Economic measures of poverty may reflect the structural aspects of poverty but do not capture the cultural, social and psychological dimensions of poverty and more importantly, precludes any kind of agency to the poor by ignoring their public relations, existence strategies and practices of resistance (Arora and Romijn, 2012).

Some research work has recognized qualitative indicators of poverty such as helplessness, vulnerability, deprivation, and deficiency that arise from income poverty and the incapability of the poor people to leverage resources mandatory to fulfil their basic needs (Bradshaw, 2007; Chambers, 1995; Chakravarti, 2006).

Review of Literature

Hulme and Mosley (1996, p.109) in their study on microfinance to eradicate poverty, argue that a well-designed program can improve the living standard of the poor and can move them out of poverty. According to these researchers, "evidence shows that the influence of a loan on a borrower's revenue is related to the level of income" as people with more income have a greater level of investment opportunities and so these credit schemes are more likely to benefit the "middle and upper poor" (1996, pp109-112).

Wright (1999) highlighted the responsibilities of only taking higher income as a measure of the impact of a microfinance program on poverty levels. He states that there is a vast difference between increasing income and reducing poverty (1999). He opines that by increasing the income of the poor, MFIs are not necessarily reducing poverty. It depends how the poor use this money. Often it is gambled away or spent on alcohol (1999), so focusing merely on increasing incomes is not sufficient. The effort needs to be on helping the poor to "sustain a quantified level of well-being" (Wright, 1999) by providing them a variety of financial services tailored to their needs so that their net wealth and income security can be improved.

Rutherford (2000) analyzed the difference between microfinance and micro-credit. Micro-credit refers to micro loans given to poor people while microfinance is a broader term that includes savings from low-income households, consumption loans and insurance along with micro-credit. It also helps in distribution marketing of clients' output. It includes a range of financial services that seek to meet the basic needs of poor people, also protecting them from cyclical fluctuating incomes and other shocks, and helps to promote their incomes and livelihood.

Mayoux (2001, p.52) states that while microfinance has significant potential, its main effects on poverty are:
• Microfinance is a momentous contribution to increasing incomes of the better-off poor, especially for women.
• It contributes to smoothing the peaks and troughs in income and expenditure, thereby enabling the poor to face hardships in life.

Therefore, while much has been discussed about the impact of microfinance projects on poverty, we have seen that when MFIs understand the needs of the poor and try to meet these needs, projects can have a positive impact on reducing the vulnerability, not just of the poor, but also of the poorest in society.

S. Sundari and N. Geetha (2000), in their paper "Poverty and Micro enterprises", conducted a study on gender inequality in access to institutional credit. The inequality has been reduced over a period of time. Empowerment of women will be possible only if they are trained and build skills for employment. According to them, skill training includes areas like enterprise development, increased access to credit, social, economic and political strategies and new approach to markets.

Robinson (2001) states that there was a turning point in the history of microfinance when MFIs such as Grameen Bank showed that they could provide small loans and savings services profitably on a large scale. They didn't receive continuing subsidies, they were commercially sound and fully supportable, and could achieve wide outreach to clients. It was also at this time that the term "microcredit" got popularity in development (MIX3, 2005). It was now obvious for the first time that microcredit could provide large-scale outreach profitably.

Zaman Hassan (2001) has proven the extent to which micro-credit reduces poverty and vulnerability through a case study. This has made a positive impact on the overall economic status of the group members. Additional employment generated through the group has provided scope for increase in the household income.

Swain (2007) analyzed the role of SHG program on poverty, vulnerability and socio economic development of the program participants. The study included data in two periods from five states in India. He used group discussions and interviews for his studies. Twenty group discussions were conducted; four in each of the five surveyed states. In each group, there were 15-20 SHG participants each from different SHGs. In order to assess the outcomes of microfinance program, the SHG members were compared with respondents who were exposed to the concept of SHGs till the time of the survey. The comparison showed differences. The level of confidence, mobility, exposure and communication skills were better in case of SHG participants. Majority (88 per cent) of the SHG respondents showed a positive response in the meetings held thereafter. The SHG households showed a positive response in the meetings that were held thereafter. About 87 per cent of the SHG respondents expressed their ability to meet a financial crisis in the family. Almost 60 per cent of the SHG members and 43 per cent of the control group members reported that borrowing women themselves took the crucial decisions regarding the purchase of raw material and product pricing. About 50 per cent of the microfinance participants reported an increased level of respect from their spouses as compared to just 20 per cent of the control group respondents. When compared to the control group, the data also showed greater involvement of SHG participants in decision-making, children's marriage, buying and selling of property, sending their daughters to school, etc. However, a small increase of about 8 per cent in family violence was also noticed within the participant households.

Sarawathy et al., (2009) conducted a study on the role of microfinance in Krishnagiri district. The study highlighted the role of Government of India, NABARD, NGO and banks. The questionnaire was distributed among 75 members of 16 SHGs of 9 NGOs. The studies showed a positive response from members agreeing that their income had increased after joining a SHG. It showed that SHGs have become the development ambassadors of villages.

Thus, most of the above studies revealed microfinance programs helped reduce poverty, generate employment opportunities, improve living standards, reduce gender inequality and improve status of women, whereas a few studies showed negative effects of microfinance program, particularly regarding the unchanged level of poverty, ineffective reach to the poorest, lower amount of bank loans, unproductive use of group loans and mis-targeting of the program. Most criticisms about the negative impact of micro finance has come from southern India, especially related to Andhra Pradesh crisis. The review of literature gives us an insight about both positive and negative aspects of the program. In case of India, a developing country, poverty is a serious issue. Despite having one of the fastest growing economies in the world, India's around 170 million people, or 12.4% lived in poverty (defined as $1.90 (INR135.5)). Government and NGOs of the country have been launching poverty alleviation programs in the country. Most of the studies have been carried out in central and southern regions; however, in northern India, there is a dearth of microfinance studies. There is no comprehensive study of the impact of microfinance on poverty alleviation covering all the three zones of India. This study is a modest attempt to collect data from northern, southern and central India to analyze the impact of microfinance on poverty through empirical evidence from all over India.

Design of Survey and Data

In this study, the impact of microfinance programs has been determined by comparing two groups: participant members of the program (henceforth called as participants) and non-participants. Participants were members of SHGs which had benefited from the scheme and received bank loans. Non-participant members were those in the same area who were eligible for the microfinance program and had formed SHGs but did not access credit up to the time of the survey. As per the NABARD

guidelines, Self Help Groups are provided bank loans only after active existence of the groups for about six months from inception. So, non-participants belonged to SHGs which were less than six months old at the time of survey; and had not availed any benefit of the program.

The study was based on both primary and secondary data. The primary data was collected through interviews with participants and non-participants from sample households. Primary data was collected from SHG members based on a specially structured pre-tested questionnaire through personal interview method. The study was conducted all over the country. While it was not possible to collect data from all areas, districts were selected from 3 states for data collection. From the north, the state of Jammu and Kashmir was selected; data was collected from district Anantnag. In central India, data was collected from district Gwalior in the state of Madhya Pradesh. In the south district, Madurai was selected from Tamil Nadu. All the three regions were selected on the basis of average infrastructure. Secondary source of data was also used to understand the concepts, definitions, theories and empirical results. The researcher has used books, research literatures, articles, journals and reports, and the internet as secondary sources for this study.

The researcher has taken a random sample of 100 each in three districts, namely, Gwalior from Madhya Pradesh, Anantnag from Jammu and Kashmir and Madurai from Tamil Nadu. The researcher distributed 300 questionnaires to participant and non-participant SHG members of the program where participants had benefited from the scheme and received bank loans while non-participants in the same area were eligible for the microfinance scheme and had formed SHGs, but did not get access to credit up to the time of the survey. In total, 300 samples were used for the study. The questionnaire was distributed to both men and women respondents. As per a survey in Gwalior district of Madhya Pradesh, out of 100 questionnaires, 43 responses were from respondents with more than six months of experience and 36 responses were from respondents with less than six months of experience. In Anantnag district of Jammu and Kashmir, 47 responses were from respondents with more than six months of experience and 42 responses were from respondents with less than six months of experience. In Madurai district of Tamil Nadu, 39 responses were from respondents with more than six months of experience and 35 responses were from respondents with less than six months of experience.

To ensure reliability of data, only 70 respondents were selected for data analysis from each district; 35 respondents with experience of less than six months and 35 respondents with experience of more than six months. Regression analysis through SPSS was used to compare respondents with experience of less than six months and more than six months. Both socio-economic variables were selected for data collection.

Northern India
Social and Economic Empowerment of Respondents in Jammu & Kashmir
Table 1.I. Reliability Test

S.N.	Variables	Cronbach's Alpha	No. of Items
1	Socio-Economic empowerment of respondents with experience of less than six months in Jammu & Kashmir	.833	6
2	Socio-Economic empowerment of respondents with experience of more than six months in Jammu & Kashmir	.817	6

Source: survey data

The reliability test was conducted on data among two groups of variables - one group with experience of less than six months and the other group with experience of more than six months. The obtained values of Cronbach's Alpha Are Greater than the Standard Value of Cronbach's Alpha i.e. 0.7; it means that the data is reliable and provides necessary information.

Table 1.II

Socio-Economic Empowerment of both Experienced and Inexperienced Respondents in Anantnag District of Jammu and Kashmir

Variables	Part first Experience of less than six months				Part second Experience of more than six months			
	Fully benefit	Partly benefit	Not benefit	Total	Fully benefit	Partly benefit	Not benefits	Total
Improvement in personal and family health	4 (11.4%)	9 (25.7%)	22 (62.8%)	35 (100%)	11 (31.4%)	18 (50.4%)	6 (17.1%)	35 (100%)
Increase in income	1 (2.8%)	3 (8.5%)	31 (88.5%)	35 (100%)	9 (25.7%)	22 (62.8%)	4 (11.4%)	35 (100%)
Employment opportunity	8 (22.8%)	16 (45.7%)	11 (31.4%)	35 (100%)	11 (31.4%)	20 (57.1%)	4 (11.4%)	35 (100%)
Increase in savings	1 (2.8%)	3 (8.5%)	31 (88.5%)	35 (100%)	10 (28.5%)	17 (48.5%)	8 (22.8%)	35 (100%)
Social status	3 (8.5%)	5 (14.2%)	27 (77.1%)	35 (100%)	6 (17.1%)	9 (25.7%)	20 (57.1%)	35 (100%)
Importance in community	4 (11.4%)	6 (17.1%)	25 (71.4%)	35 (100%)	4 (11.4%)	9 (25.7%)	22 (62.8%)	35 (100%)

Source: survey data

Table 1.II shows the socio-economic empowerment of sample respondents with experience of less than and more than six months in Anantnag district of Jammu and Kashmir. The table is divided into two parts; part first shows sample respondents with experience of less than six months and part second shows sample respondents with experience of more than six months. Data indicates that there is a lot more improvement in economic status of respondents with experience of more than six months through microfinance than respondents with experience of less than six months after joining a self-help group. But the social condition of respondents in both the groups is almost the same. In Jammu and Kashmir, most women respondents stated that after joining SHG, the social status of women decrease. The data was analyzed through SPSS by using regression analysis of respondents between experience of less than six months and more than six months.

Table 1.III. Regression of Sample Respondents with Experience of Less Than Six Months and More Than Six Months for Socio-Economic Empowerment in Anantnag District of Jammu and Kashmir

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.183[a]	.265	.011	3.66648	2.049

a. Predictors: (Constant), Experienced Above Six Months

b. Dependent Variable: Experienced Less than Six Months

The model shows 'Above Six Months' respondents as an independent variable and 'Below Six Months' respondents as a dependent variable. The model summary table indicates that 'Above Six Months' respondents have 26.5% effect on 'Below Six Months' respondents. The square value of the table is .265 which means 'Above Six Months' respondents have direct but low relationship with 'Below Six Months' SHG members in Anantnag and the R Value 0.183 shows positive, but very low correlation. The Durbin Watson value is between 1 – 3 which means that there is no auto correlation of the errors – data is free of auto correlation.

ANOVAᵃ

Table tests whether the overall regression model is a good fit for the data.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.234	1	.262	2.001	.015ᵇ
	Residual	1218.331	59	21.776		
	Total	1218.603	60			

a. Dependent Variable: Experienced Below Six Months

b. Predictors Constant: Experienced Above Six Months

This model has an average fit as indicated by F-test value which is 2.001 insignificant at .015b level of significance.

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.001	3.369		7.072	.000
	Above Six Months	-.024	.211	.105	1.180	.011

a. Dependent Variable: Below Six Months

The result of regression from the coefficient table indicates that 'Above Six Months' respondents have a direct but low relationship with 'Below Six months' SHG respondents in Anantnag. It shows the socio-economic condition of members with experience of less than six months is different from the respondents with experience of more than six months in Anantnag district of Jammu and Kashmir. Having beta value of 0.105 tested through t-test having t-value of 1.180 (t standard value is 1.96) which is insignificant at 0.011 level of significance.

Central India

Social and Economic Empowerment

Table 1.IV Reliability Test

1	Socio-Economic empowerment of respondents with experience of less than six months in Madhya Pradesh	.761	6
2	Socio-Economic empowerment of respondents with experience of more than six months in Madhya Pradesh	.816	6

Source: Survey Data

The reliability test was taken on data among two groups of variables. The obtained values of Cronbach's Alpha are Greater than Standard Value of Cronbach's Alpha i.e. 0.7; it means that the data is reliable and provides necessary information.

Table 1.V. Socio-Economic Empowerment of both Experienced and Inexperienced Respondents in Gwalior

Variables	Part first Experience of less than six months				Part second Experience of more than six months			
	Fully benefit	Partly benefit	Not benefit	Total	Fully benefit	Partly benefit	Not benefits	Total
Improvement in personal and family health	2 (5.7%)	3 (8.5%)	30 (85.7%)	35 (100%)	11 (31.4%)	18 (50.4%)	6 (17.1%)	35 (100%)
Increase in income	3 (8.5%)	4 (11.4%)	28 (80%)	35 (100%)	11 (31.4%)	22 (62.8%)	2 (5.7%)	35 (100%)
Employment opportunity	12 (34.2%)	16 (45.7%)	7 (20%)	35 (100%)	13 (37.1%)	20 (57.1%)	2 (5.7%)	35 (100%)
Savings increase	3 (8.5%)	5 (14.2%)	27 (77.1%)	35 (100%)	10 (28.5%)	19 (54.2%)	6 (17.1%)	35 (100%)
Social status	7 (20%)	12 (34.2%)	16 (45.7%)	35 (100%)	12 (34.2%)	16 (45.7%)	7 (20%)	35 (100%)
Importance in community	9 (25.7%)	11 (31.4%)	15 (42.8%)	35 (100%)	14 (40%)	16 (45.7%)	5 (14.2%)	35 (100%)

Source: survey data

Table 1.V. shows the socio-economic empowerment of sample respondents with experience of less than and more than six months in Gwalior district of Madhya Pradesh. The table is divided into two parts; part first shows sample respondents with experience of less than six months and part second shows sample respondents with experience of more than six months. Data indicates that there is significant improvement in the socio-economic status of the sample respondents with experience of more than six months through microfinance than respondents with experience of less than six months after joining a self-help group. The data was analyzed through SPSS by using regression analysis between respondents with experience of less than six months and those with more than six months' experience.

Table 1.VI. Regression of Sample Respondents with Experience of Less Than Six Months and More Than Six Months for Socio-Economic Empowerment in Gwalior District of Madhya Pradesh

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.117[a]	.027	.016	3.66648	2.049

a. Predictors: (Constant), Experienced Above Six Months

b. Dependent Variable: Experienced Less than Six Months

The model shows 'Above Six Months' sample respondents as an independent variable and 'Below Six Months' respondents as a dependent variable. The model summary table indicates that 'Above Six Months' respondents have 2.7% effect on 'Below Six Months' respondents. The r square value of the table is .027 which means 'Above Six Months' respondents have a direct but very low relationship with 'Below Six Months' SHG members in Gwalior and the R Value 0.117 shows positive, but very low correlation. The Durbin Watson value is between 1 – 3; it means that there is no auto correlation of the errors – Data is free of auto correlation.

ANOVA[a]

Table tests whether the overall regression model is a good fit for the data.

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.262	1	.262	2.016	.013[b]
	Residual	1328.341	61	21.776		
	Total	1328.603	62			

a. Dependent Variable: Experienced Less than Six Months
b. Predictors Constant: Experienced Above Six Months

This model has average fit as indicated by F-test value which is 2.016 insignificant at .013[b] level of significance.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.001	3.389		7.082	.000
	Above Six Months	-.024	.221	.118	1.115	.013

a. Dependent Variable: Below Six Months

The result of regression from the coefficient table indicates that 'Above Six Months' respondents have a direct but low relationship with 'Below Six months' SHG respondents in Gwalior. It shows the socio-economic condition of members with experience of less than six months is different from respondents with experience of more than six months in Gwalior district of Madhya Pradesh. Having beta value of 0.118 tested through t-test having t-value of 1.115 (t standard value is 1.96) which is insignificant at 0.013 level of significance.

Southern India

Social and Economic Empowerment
Table 1. VII. Reliability Test

1	Socio-Economic empowerment of respondents with experience of less than six months in Tamil Nadu	.796	6
2	Socio-Economic empowerment of respondents with experience of more than six months in Tamil Nadu	.832	6

Table 1. VIII. Socio-Economic Empowerment of both Experienced and Inexperienced Respondents in Madurai Tamil Nadu

	Part first Experience of less than six months				Part second Experience of more than six months			
Variables	Fully benefit	Partly benefit	Not benefit	Total	Fully benefit	Partly benefit	Not benefits	Total
Improvement in personal and family health	1 (2.8%)	4 (11.4%)	30 (85.7%)	35 (100%)	9 (25.7%)	16 (45.7%)	10 (28.5%)	35 (100%)
Increase in income	2 (5.7%)	3 (8.5%)	30 (85.7%)	35 (100%)	12 (34.2%)	22 (62.8%)	1 (2.8%)	35 (100%)
Employment opportunity	8 (22.8%)	13 (37.1%)	14 (40%)	35 (100%)	13 (37.1%)	20 (57.1%)	2 (5.7%)	35 (100%)

Variables	Part first Experience of less than six months				Part second Experience of more than six months			
	Fully benefit	Partly benefit	Not benefit	Total	Fully benefit	Partly benefit	Not benefits	Total
Savings increase	3 (8.5%)	4 (11.4%)	28 (77.1%)	35 (100%)	11 (31.4%)	19 (54.2%)	5 (14.2%)	35 (100%)
Social Status	9 (25.7%)	13 (37.1%)	13 (37.1%)	35 (100%)	14 (40.2%)	16 (45.7%)	5 (14.2%)	35 (100%)
Importance in community	6 (17.1%)	18 (50.4%)	11 (31.4%)	35 (100%)	12 (34.2%)	13 (37.1%)	10 (28.5%)	35 (100%)

Source: survey data

 Table 1.VIII shows the socio-economic empowerment of sample respondents with experience of less than and more than six months in Madurai district of Tamil Nadu. The table is divided into two parts; part first shows sample respondents with experience of less than six months and part second shows the sample respondents with experience of more than six months. Data shows that there is a significant amount of improvement in socio-economic status of members with experience of more than six months through microfinance than respondents with experience of less than six months after joining a self-help group. The data was analyzed through SPSS by using regression analysis between experienced and less experienced respondents.

Table 1.X. Regression of Sample Respondents with Experience of Less Than Six Months and More Than Six Months for Socio-Economic Empowerment in Madurai Tamil Nadu

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.119[a]	.021	.016	3.66648	2.049

a. Predictors: (Constant), Experienced Above Six Months

b. Dependent Variable: Experienced Less than Six Months

The model shows 'Above Six Months' respondents as an independent variable and 'Below Six Months' as a dependent variable. The model summary table indicates that 'Above Six Months' respondents have 2.1% effect on 'Below Six Months' respondents. The r square value of table is .021 which means 'Above Six Months' respondents have direct but very low relationship with 'Below Six Months' SHG members in Madurai Tamil Nadu and the R Value 0.119 shows positive but very low correlation. The Durbin Watson value is between $1-3$; it means that there is no auto correlation of the errors $-$ Data is free of auto correlation.

ANOVA[a]
Table tests whether the overall regression model is a good fit for the data.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.262	1	.262	2.016	.015[b]
	Residual	1328.341	61	21.776		
	Total	1328.603	62			

a. Dependent Variable: Experienced Less than Six Months

b. Predictors Constant: Experienced Above Six Months

This model has average fit as indicated by F-test value which is 2.016 insignificant at .015[b] level of significance.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.001	3.389		7.082	.000
	Above Six Months	-.024	.221	.114	1.110	.015

a. Dependent Variable: Below Six Months

The result of regression from the coefficient table indicates that 'Above Six Months' respondents have a direct but low relationship with 'Below Six Months' respondents. It shows the socio-economic condition of respondents with experience of less than six months is different from respondents with experience of more than six months in Madurai district of Tamil Nadu. Having beta value of 0.115 tested through t-test having t-value of 1.111 (t standard value is 1.96) which is insignificant at 0.013 level of significance.

Conclusion

The study concludes that microfinance pre-supposes a drastic, dynamic and democratic change in the perception and expectation change in our society. Social and Economic empowerment through microfinance leads to empowerment of people in many areas including socio-economic opportunity, property rights, social equality, personal rights, family development, market development, community development and eventually, nation development. Data from all three zones indicates positive relationship between microfinance and economic development. But variables like social status and greater importance in community shows a negative relationship with microfinance in Anantnag district of Jammu and Kashmir, because all the data from this area was collected from Muslim respondents. The Muslim community prefer their women to be home-bound.

Scope for Future Research

- The variables and sub-variables used in this study need to be further investigated. Research studies in future can further refine and strengthen each parameter of the study for better understanding.
- Future research can also focus on the refinement of scale used to measure various parameters of the study. The modifications would also make it possible for the researchers to probe and improve areas excluded by existing research due to various constraints.
- Future research can get lessons from this study and highlight the lack of existing data, which will contribute to the overall improvement of information system on micro finance.
- This evidence that research on micro finance is insufficient, itself indicates the need for further research in the area.

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