

## **A STUDY ON PROBLEM OF SC AND ST WOMEN WITH RESPECT TO MICROFINANCE PROGRAMME IN THE STATE OF ANDHRA PRADESH, INDIA**

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### **ABSTRACT**

In times of financial emergency poor women have no option but to knock the doors of the money lenders who lend at exorbitant rates of interest as banks are unwilling to provide credit without any collateral security. In this time, Self Help Group (SHG's) comes into play to meet the credit requirements of the poor women. There is no doubt that SHG's of late have become a powerful weapon in poverty eradication, but still poor women especially SC and ST women are facing a host of problems with respect to microfinance programme. This paper is an attempt to understand the different problems being faced by the SC and ST women belonging to SHG's with respect to microfinance programmes. The main objective of this paper is to examine the problems being faced by the ST and SC women with respect to microfinance programme in the Coastal Andhra and Rayalaseema regions of the State of Andhra Pradesh, India. Lack of education, delay in approval of loans, no control over loan usage, difficulty in communication, lack of training etc are some of the problems being faced by the SC and ST women that needs immediate attention of the policy makers.

**KEYWORDS:** SC and ST Women, Microfinance, Self Help Groups, Problems, Andhra Pradesh

### **INTRODUCTION**

The SHG's have achieved a remarkable success in empowering the rural masses, especially women, socially and economically. However, the prevailing model of SHG micro-finance in general and women SHGs, in particular continue to face a myriad of problems. The SHG scheme supported by the government has become a powerful weapon for poverty eradication but some lacunae in its implementation are making it less effective in achieving the stated goals. According to Rajendran & Raya (2011), for any strategic approach to be sustainable, it is important to track the deficiencies and constraints for making necessary corrections and adjustments at the policy level and also at the implementation levels and the SHG and micro-finance approach is no exception.

### **LITERATURE REVIEW**

Despite availability of literature supporting benefits of microfinance, it cannot be assumed that there are no problems associated with the implementation of the microfinance programme. According to Mayoux (1997) the microfinance programmes promoted through banks and sometimes co-operative unions put pressure on women to repay loans at specified dates and rates which forces women to get loans from elsewhere and sink deeper into debt. This is a

vicious cycle and women find it difficult to come out of it. Further she found in her study that women, who received loans for income generating activities, employed their daughters as unpaid labour. There are two disadvantages arising from this situation. Firstly, this process has increased the daily workload for women apart from the household workload and second, the daughters of these women are deprived of their education.

A lot of studies have shown that women are only recipients of the loan, but they do not have any right to control it and the male members of family end up deciding the use of the loan. Montgomery et al. (1996) found that women did not manage the funded enterprise because husbands or other male members in the family controlled it due to the assumption that women did not have prior skills in the money management. A study conducted by Mayoux (1999) stated that the larger the amount of the loan, it was more likely, to be appropriated by the husband or other male members of the family. Women can control the loan use if the amount is less and it is used in areas such as livestock and poultry rising but if the amount of the loan is higher then the male members exercise control over (Hashemi & Schuler, 1996).

Goetz and Gupta (1996) cited examples from their study about the percentage of women who control their microfinance loans. Only 37 per cent of the respondents indicated that they retained full or significant control of the loan, while 22 per cent were unable to give any details of the loan use.

Further, it was found that when women participated in financial meetings, spend hours in obtaining loans, or have to leave the house for considerable time to receive the training related to loan management, it leads to an increase in domestic violence (Goetz and Gupta 1996).

According to Schuler, et al. (1996) the most empowered women emerges when they define their roles and status in the household and also start earning but at the same time, it leads to domestic violence because these women speak against what they perceive as unfair. Bhemannanna, M. (2015) had studied the administrative, financial and personal problems faced by the SHG women which included lack of education, lack of family support, complicated loan procedures, exorbitant rates of interest, delay in loan approval and lack of training facilities among others. Anju & Raju (2014) stated that lack of supportive network, financial and marketing problems were major problem areas for rural women entrepreneurs in Karnataka. According to Singh *et al.* (2010), the most important obstacles of empowerment in the rural women in India were: illiteracy, lack of self-confidence, lack of legal awareness in relation to their rights, lack of self-help groups, lack of socio-political participation, lack of extension-educational and vocational institutes in rural areas, lack of women's leadership, male dominance, the limitation of access to the credit and lack of business opportunities. As these constraints are more relevant to the poor SC and ST women in rural areas, an attempt has been made to examine the problems of ST and SC women related to microfinance programmes.

## RESEARCH METHODOLOGY

The State of Andhra Pradesh comprises of two distinct regions namely Coastal Andhra and Rayalaseema. The Coastal region consists of 9 districts and Rayalaseema constitutes 4 districts. One district from each region has been selected based on the highest number of SHG members existing in the districts. In the second stage, 3 mandals and 3 villages from each district have been selected on a random basis. Finally 21 SC and ST women have been selected from each village on convenience basis. A structured questionnaire was administered with 9 problem statements and response of SC and ST women was obtained in Yes / No format and percentage analysis was performed to conclude the results.

## RESULTS AND DISCUSSIONS

The percentage analysis of the problem statements are detailed below:

### Lack of Education

Around 50% of the respondents in Rayalaseema and 72% in the Coastal Andhra expressed that they have difficulty in all aspects of microfinance because they are uneducated. In general, the SC and ST women are characterized by low literacy levels which prove to be a major barrier and makes it difficult for them to participate in the income generating activities.

**Table 1: Lack of Education**

Problem 1 - I Have Difficulty Because I am Not Educated					
Region	Response	Sample Size in Nos.	Percent	Valid Percent	Cumulative Percent
Rayalaseema	Yes	80	49.7	49.7	49.7
	No	81	50.3	50.3	100
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	125	72.3	72.3	72.3
	No	48	27.7	27.7	100
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

### Delays in Sanctioning of the Loan

It is found that there is a considerable delay in sanctioning of the loan by the SHG's / Banks. The banks often delay the loan disbursement to the SHGs because of which the SHG members are forced to resort to borrowing from informal sources such as moneylenders or Daily Finance Companies at exorbitant rates of interest (**Ghiyazuddin, 2012**). Further, at the SHG level, they process the loan requests only during the monthly meetings and the members have to wait till the meeting is held for approval of the member's loans.

**Table 2: Delay in Sanctioning of the Loan**

Problem 2: There is a Lot of Delay in Sanctioning the Loan					
Region	Response	Sample Size in Nos.	Percent	Valid Percent	Cumulative Percent
Rayalaseema	Yes	134	83.2	83.2	83.2
	No	27	16.8	16.8	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	141	81.5	81.5	81.5
	No	32	18.5	18.5	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

### Control over Loan Use

The perception of the majority of the respondents was that they do not have control over loan usage. Owing to lack of education and absence of strong decision making power, these women were not in a position to decide about the use of loan which was solely decided by the male members of the family.

**Table 3: Not Having Control over Loan Use**

<b>Problem 3: I Do Not Have Control Over Loan Usage.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	139	86.3	86.3	86.3
	No	22	13.7	13.7	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	142	82.0	82.0	82.0
	No	31	18.0	18.0	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Discrimination Due to Caste**

Results revealed that majority of the respondents do not feel that there is any discrimination due to their caste status. According to them, all facilities were the same for all women beneficiaries in the SHG.

**Table 4: Discrimination Due to Caste**

<b>Problem 4: I am Facing Discrimination Due to My Caste.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	24	14.9	14.9	14.9
	No	137	85.1	85.1	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	6	3.5	3.5	3.5
	No	167	96.5	96.5	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Difficulty Due to Formalities and Procedures**

Around 60% of the respondents in the Coastal Andhra region expressed that a lot of formalities and procedures were associated with participation in the SHG programme. These formalities include attending a number of meetings which were not fruitful for them and attending same type of workshops and seminars. However, in the Rayalaseema region, the percentage of women who faced problem due to formalities and procedures was limited to 43.5%.

**Table 5: Difficulty Due to Formalities and Procedures**

<b>Problem 5: I Have Difficulty Due to Lot of Formalities and Procedures Associated with the SHG</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	70	43.5	43.5	43.5
	No	91	56.5	56.5	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	103	59.5	59.5	59.5
	No	70	40.5	40.5	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Difficulty in Communication**

Majority of the respondents in both the regions expressed that they were unable to communicate with the Bank and SHG officials effectively. Though, they expressed that their communication skills have shown improvement after joining the SHG program but still they feel hesitation in talking to officials and taking guidance regarding self employment and income generating activities.

**Table 6: Difficulty in Communication**

<b>Problem 6 - I Have Difficulty in Communicating with the Officials.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percentage</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	149	92.5	92.5	92.5
	No	12	7.5	7.5	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	157	90.7	90.7	90.7
	No	16	9.3	9.3	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Insufficient Training Facilities**

Many women members were expecting the SHG's to come up with more training sessions on income generating activities and skill development initiatives. According to these women, the training facilities regarding employment should be provided and skill training to engage in any micro or small scale business is more relevant rather than only meetings and lectures.

**Table 7: Insufficient Training Facilities**

<b>Problem 7: Training Facilities are Not Sufficient.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	133	82.6	82.6	82.6
	No	28	17.4	17.4	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	151	87.3	87.3	87.3
	No	22	12.7	12.7	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Pressure of Household Chores**

Majority of the respondents do all household chores in spite of their working status. Very few respondents shared that their family members help them in the household chores.

**Table 8: Pressure of Household Chores**

<b>Problem 8 - I Have to do all Household Chores in Spite of My Working Status.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	148	91.9	91.9	91.9
	No	13	8.1	8.1	100.0
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100.0</b>	
Coastal Andhra	Yes	165	95.4	95.4	95.4
	No	8	4.6	4.6	100.0
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	

**Insufficient Loan Amount**

Many of the respondents expressed that the loan amounts were grossly inadequate and insufficient to pursue any meaningful livelihood activity. The delay in sanctioning of the loan coupled with insufficiency of loan amount is hampering the effective utilization of the loans for income generating activities.

**Table 9: Insufficient Loan Amount**

<b>Problem 9: The Loan Amount is Insufficient.</b>					
<b>Region</b>	<b>Response</b>	<b>Sample Size in Nos.</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Rayalaseema	Yes	132	81.9	81.9	81.9
	No	29	18.1	18.1	100
	<b>Total</b>	<b>161</b>	<b>100.0</b>	<b>100</b>	
Coastal Andhra	Yes	148	85.5	85.5	85.5
	No	25	14.5	14.5	100
	<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100</b>	

## CONCLUSIONS

The SC and ST women expressed that they have difficulty in all aspects of microfinance because they are uneducated. Majority of the respondents faced difficulty in communicating with the officials and a lot of formalities and procedures were associated with participation in the SHG programmes and thus it created a burden of either paperwork or time consuming meetings. These women had to perform all household chores in spite of their working status. The results revealed that there is a delay in the sanctioning of the loan amounts. This study concludes that providing the loan itself is not sufficient to empower the poor SC and ST women rather the problems associated with the implementation of the microfinance programme should be addressed immediately.

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