

IMPACT OF MICRO FINANCE ON LIVING STANDARD, EMPOWERMENT AND POVERTY ALLEVIATION

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ABSTRACT

Microfinance gives financial services like loan facility, saving opportunity, transfer of money and insurance of health and business, to the poor people which are ignored by commercial banks. Microfinance helps these persons for smooth working of their business and makes their own assets. Poor and low income people all over the world have been connected with money lenders who provide easy access to credit but at higher cost. The objective of the study is to study the impact of microfinance on living standard, study the impact of micro finance in empowering the socio economic status of women and developing of social entrepreneurship and to study the impact of microfinance on poverty alleviation. A total of 160 respondents were analyzed by using factor analysis.

Keywords : Microfinance, Living Standard, Empowerment, Poverty Alleviation

Introduction

“Micro finance is the supply of loans, savings, and other basic financial services to the poor”. Micro finance gives financial services like loan facility, saving opportunity, transfer of money and insurance of health and business, to the poor people which are ignored by commercial banks. Micro finance helps these persons for smooth working of their business and makes their own assets. Poor and low income people all over the world have been connected with money lenders who provide easy access to credit but at higher cost. There are two main approaches to financing the poor, the poverty lending approach through credit that funded by donors and patrons, government and other concessional dispensations. Many organizations using the poverty lending approach to provide credit to poor borrowers at low cost. But in long run these very institutions are not sustainable primarily because their interest rates are just too low for their full cost recovery and the another approach the financial system approach focuses on commercial intermediation for the economically active poor and they offer easy access to credit at a reasonable and an affordable cost. Their credit portfolio is financed by savings commercial debts and for profit investment in varying proportions, these two approaches providing financial service to the poor people. Micro finance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving

livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing. A large variety of sectors provide micro finance in India, using a range of micro finance delivery methods. Since the ICICI Bank in India, various actors have endeavored to provide access to financial services to the poor in creative ways. Governments also have piloted national programs, NGOs have undertaken the activity of raising donor funds for on-lending, and some banks have partnered with public organizations or made small in roads themselves in providing such services. This has resulted in a rather broad definition of micro finance as any activity that targets poor and low-income individuals for the provision of financial services. The range of activities undertaken in micro finance include group lending, individual lending, the provision of savings and insurance, capacity building, and agricultural business development services. Whatever the form of activity however, the overarching goal that unifies all actors in the provision of microfinance is the creation of social value.

Components of SHG

SHGs are composed for a variety of purposes and by a variety of people. Most SHGs start without any external financial capital by saving regular contributions by the members. These contributions can be very small (e.g. 10 Rs per week). After a period of consistent savings (e.g. 6 months to one year) the SHGs start to give loans from savings in the form of small internal loans for micro enterprise activities and consumption. Only those SHGs that have utilized their own funds well are assisted with external funds through linkages with banks and other financial intermediaries.

Micro Finance Social Aspects

Micro financing institutions significantly contributed to gender equality and women's empowerment as well as poor development and civil society strengthening. Contribution to women's ability to earn an income led to their economic empowerment, increased well being of women and their families and wider social and political empowerment.

Micro finance programs targeting women became a major plank of poverty alleviation and gender strategies in the 1990s. Increasing evidence of the centrality of gender equality to poverty reduction and women's higher credit repayment rates led to a general consensus on the desire ability of targeting women.

NGOs and SHG

NGOs are the significant player in the micro finance sector. It is a voluntary organization established to social intermediation. MYRADA (Mysore Restettlement and Development Agency) were the pioneers to promote SHGs. An SHG is registered or unregistered group of 15-20 members who have a relatively and homogenous social and economic background and have voluntarily come together to save small amount to a common fund and to meet their emergency needs on mutual help basis.

Micro finance is used by SHGs to meet the survival need, diversify their source of income meeting day to day

requirement of funds and setting up of micro finance enterprise.

Self Help Groups (SHGs): Self- help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts.

The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

Savings services help poor people : Savings has been called the “forgotten half of micro finance.” Most poor people now use informal mechanisms to save because they lack access to good formal deposit services. They may tuck cash under the mattress; buy animals or jewelry that can be sold off later, or stockpile inventory or building materials.

These savings methods tend to be risky cash can be stolen, animals can get sick, and neighbors can run off. Often they are illiquid as well – one cannot sell just the cow's leg when one needs a small amount of cash. Poor people want secure, convenient deposit services that allow for small balances and easy access to funds. MFIs that offer good savings services usually attract far more savers than borrowers.

Review of Literature

Mosley (2001) evaluated the impact of loans provided by two urban and two rural MFIs on poverty in Bolivia. He found that the net impact of microfinance was positive in relation to borrowers' income, even though the net impact on poorer borrowers might be less than the net impact for richer borrowers. Mosley pointed out that micro finance had a positive impact on asset levels. He further highlighted that accumulation of assets and income status was generally highly correlated, which led to extremely high correlation between poverty and asset poverty

Monique Cohen (2002) has examined that the ideas presented in this paper are designed to direct the arena of discourse towards a more holistic market driven or client focused micro finance agenda. Currently, the debate on market-driven micro finance is primarily framed by the 'problems' of competition and dropouts among established MFIs. The solutions to the problems are defined in terms of more responsive products, the creation of new products, and the restructuring of existing ones. Appropriate products will not only benefit the operations of an institution they will also have a positive impact on the well being of the client, reducing the risk of borrowing and the poor's vulnerability. In presenting current thinking on a client-led agenda, this paper finds itself in a precarious position in the midst of this debate. Client-led models are still in their infancy, and the fact that this topic is the theme of this special edition of the Journal of Development Studies is itself an important milestone. When this author began to focus on clients in micro

finance six years ago, the notion that clients deserved a voice in the design and delivery of services was dismissed out of hand.

Suzy Cheston (2002) has examined that Micro finance has the potential to have a powerful impact on women's empowerment. Although micro finance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. Product design and program planning should take women's needs and assets into account. By building an awareness of the potential impacts of their programs, MFIs can design products, services, and service delivery mechanisms that mitigate negative impacts and enhance positive ones.

Yunus (2003) has examined that count 130 McMaster School for Advancing Humanity on women to spread the word to their neighbors and friends about the success of these loans. The testimony is expected to convince others to seek out Grameen for help. Yunus also encourages members to save some of their money in case they fall on hard times, such as natural disasters, or to use this money for other opportunities. In 1977, Yunus founded Grameen Bank after working for six months to get a loan from the Janata Bank. Yunus realized that having groups of people take out a loan was a better plan for success than giving loans to individuals. He describes the process by which Grameen Bank lends money. Loan repayments are to be made in very small amounts, and in the first project, Yunus chose a villager to be in charge of collecting the repayments.

Jennifer Meehan (2004) has examined that it will need to do three things simultaneously. First, it will need to rapidly scale up, in key markets, like India, home to high numbers of the world's poor. Second, in this process, clear priority is needed for philanthropic, quasi-commercial and commercial financing for the business plans of MFIs targeting the poorest segments of the population, especially women. Third, micro finance will need to realize its possibility as a broad platform and movement, more than simply an intervention and industry. The pioneering financings completed by leading, poverty-focused MFIs have shown the industry what is possible – large amounts of financing that allows for rapid expansion of financial services to new poor customers. The MFIs offer a model to others that are interested in tapping the financial markets. If leading MFIs continue on their present course and adopt some or all of the suggestions offered, financial market interest – or more specifically, debt capital market interest – in leading, poverty-focused MFIs is expected to grow.

Ernest Aryeetey (2005) has examined that informal finance and micro finance suitable for financing growing small to medium size enterprises (SMEs) in Sub-Saharan Africa? First, he present the characteristics of informal finance, focusing on size, structure, and scope of activities. Informal finance has not been very attractive for the private sector. Indeed, the informal sector has considerable experience and knowledge about

dealing with small borrowers, but there are significant limitations to what it can lend to growing micro businesses. Second, he discusses some recent trends in micro finance. While externally driven micro finance projects have surfaced in Africa, their performance relative to small business finance has not been as positive as in Asia and Latin America. Third, he introduce some possible steps toward a new reform agenda that will make informal and micro finance relevant to private sector development, including focusing on links among formal, semi-formal and informal finance and how these links can be developed.

Montgomery (2005) empirically examined the impact of Khushhali Bank's micro finance lending programme on the welfare of poor households in Pakistan. The programme was assessed using the technique of prospective clients as the comparison group. The primary data was collected from 2881 rural and urban households in Pakistan. The empirical results showed the positive impact on both economic and social indicators of welfare as well as income generating activities, especially for the poorest participants in the programme. The programme enabled poorest people to increase expenditure on their children's education and health.

Yunus (2005) explained Grameen Bank's new micro finance programme, exclusively targeted for beggars in Bangladesh. The 'struggling members (beggars) programme' was a new initiative taken by Grameen Bank in late 2003. The goal of the programme was not only to economically empower but also to boost the morale and dignity of the beggars. In this programme, 31.11 million Taka loans were provided to 47,454 struggling members without charging any interest, up to July 2005. Out of this collateral free loan, 15.40 million Taka had been repaid and 786 members had already quit begging.

Linda Mayoux (2006) has examined that Micro-finance programmers not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. Through their contribution to women's ability to earn an income, micro-finance programmers can potentially initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment Banks generally use individual rather than group-based lending and may not have scope for introducing non-financial services. This means that they cannot be expected to have the type of the focused empowerment strategies which NGOs have

Basu (2006) has examined that the two basic research questions. First, the paper tries to attempt to study how a woman's tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households. Second, in addition to the project choice, women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample household in Hooghly district of West Bengal. The empowerment depends on the choice of investment of project. The choice of safe project leads to more empower of women than the choice of

uncertain projects. The Commercial Banks and Regional Rural banks played a crucial role in the formation of groups in the SHGs -Bank Linkage Program in Andhra Pradesh while the Cooperative Banks in West Bengal.

Nidhiya Menon (2006) has examined that this paper studies the benefits of participation in micro-finance programs, where benefits are measured in terms of the ability to smooth the effect of seasonal shocks that cause consumption fluctuations. It is shown that although membership in these programs is an effective instrument in combating inter-seasonal consumption differences, there is a threshold level of length of participation beyond which benefits begin to diminish. Returns from membership are modeled using an Euler equation approach. Fixed effects non-linear least squares estimation of parameters using data from 24 villages of the Grameen Bank suggests that returns to participation, as measured by the ability to smooth seasonal shocks, begin to decline after approximately two years of membership. This implies that membership alone no longer has a mitigating marginal effect on seasonal shocks to per capita consumption after four years of participation. Such patterns suggest that the ability to smooth consumption as a function of length of membership need not accrue indefinitely in a linear fashion. Reprinted by permission of Frank Cass & Co. Ltd.

Srinivasan, Sunderasan (2007) has examined that micro banking facilities have helped large numbers of developing country nationals by supporting the establishment and growth of micro enterprises. And yet, the micro finance movement has grown on the back of passive replication and needs to be revitalized with new product offerings and innovative service delivery. Renewable Energy systems viz., solar home systems, biogas digesters, etc., serve to improve indoor air quality, provide superior light and extend working and study hours. Such applications are not inherently income generating and returns on such investments accrue from cost avoidance, but should qualify for micro funding, as such 'quality of life' investments, reflect borrower maturity and simultaneously contribute to MFI sustain ability.

Mohammed Anisur Rahaman (2007) has examined that about micro finance and to investigate the impact of micro finance on the poor people of the society with the main focus on Bangladesh. We mainly concise our thesis through client's (the poor people, who borrowed loan from micro finance institutions) perspective and build up our research based on it. Therefore, the objective of this study is to show how micro finance works, by using group lending methodology for reducing poverty and how it affects the living standard (income, saving etc.) of the poor people in Bangladesh. Micro finance has the positive impact on the standard of living of the poor people and on their life style. It has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves.

Crabb, P. (2008) has examined that the relationship between the success of micro finance institutions and the degree of economic freedom in their host countries. Many micro finance institutions are currently not self-sustaining and research

suggests that the economic environment in which the institution operates is an important factor in the ability of the institution to reach this goal, furthering its mission of outreach to the poor. The sustain ability of the micro lending institutions is analyzed here using a large cross-section of institutions and countries. The results show that micro finance institutions operate primarily in countries with a relatively low degree of overall economic freedom and that various economic policy factors are important to sustain ability.

Chintamani Prasad Patnaik (2012) has examined that micro finance seems to have generated a view that micro finance development could provide an answer to the problems of rural financial market development. While the development of micro finance is undoubtedly critical in improving access to finance for the unserved and under served poor and low-income households and their enterprises, it is inadequate to address issues of rural financial market development. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural orientation of the groups to suit the requirements of new business. Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for a deliberate policy implication in favour of assurance in terms of technology back-up, product market and human resource development.

Prabhavathy (2012) has examined that collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can alone reach the ultra-poor, third the extent of positive results varies across household headship, caste and religion and fourth the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

Sivachithappa (2013) the study carried out the impact of micro finance on livelihood of 186 SHG members in the Mandya. District of Karnataka state in India. The researcher has applied mean score and standard deviation as an analytical tool. From the study it was revealed that after joining the SHG, the level of income of SHG members has increased and micro finance is one of the important tools for the poverty alleviation.

Suprabh (2014) has evaluated the development of enterprise with financial support from SHG to assess the impact of microfinance on the poverty alleviation. The researcher has surveyed 200 respondents and applied correlation and regression analysis. The study has revealed an outcome that microfinance leads to enterprise development and poverty reduction. Overall, microfinance is a tool to reduce the level of poverty through developing entrepreneurial activities.

Nirmala & Yephthomi (2014) examined the impact of SHGs micro-financing on poverty alleviation and well-being of the rural poor women in Nagaland. The results revealed the credit to have significantly improved their economic status and household wellbeing. It also led to their empowerment, independence and social participation. The study recommended training to them for better competitiveness and employment activities, besides assisting with marketing facilities.

Thileepan & Soundararajan (2014) reviewed the studies relating to marketing, financial and socio-cultural problems of SHG. With the help of micro finance, the SHGs in India emerged as a popular strategy for the facilitation of micro-enterprise development by government, non-government organizations and educational institutes in rural areas of India. So success of Self Help Group is based on a thorough understanding of local conditions and possibilities to intervene

Mukherjee (2015) has studied the impact of micro finance on poverty alleviation in the Murishabad district of west Bengal State. The researcher has used two-period panel data collected in years 2006 and 2008m respectively. The respondents belong to backwards cast, scheduled cast and Muslims, the study has revealed that the micro finance leads to decrease in level of poverty and improvement in the living standard.

Need of the study

Paper investigates the impact of micro finance on living standard, women empowerment and poverty alleviation. An attempt has been made to find how micro finance helps in reduce poverty and increase living standard of poor population in India. Poverty is a major issue in the country. Credit is a powerful technique that could be effectively deployed when it made available to the credit worthy among the economically active poor. Self Help Group model of micro finance serves well to reduce poverty and improve living standard. The SHG's are small, informal and homogenous groups. These groups have proved as cyclic agents of development in both the rural and urban areas. The SHG's after being formed start collecting a fixed amount of thrift from each member regularly. After accumulating a reasonable amount of resource, the group starts lending to its members for petty consumption needs and group members by taking loans from bank and other institutions starts their own work or work collectively in other words they got employment and these groups helps them to increase their income and savings ,when income is increased they become able to fulfill their basic needs and able to increase they living standard by acquiring new assets ,increase in expenditure on health, food, entertainment etc and ,increase in consumption. This study brings out the importance of micro finance in developing countries or in poor nations. This study is conducted to know whether there is improvement in living standard, income of members of self help groups and women members got empowerment or not. Basically this research is done to know is there any difference in living standard, poverty and empowerment of members of SHG before and after joining the group.

Objective of the study

- To study the impact of micro finance on living standard
- To study the impact of micro finance in empowering the socio economic status of women and developing of social entrepreneurship.
- To study the impact of micro finance on poverty alleviation

Scope of the study

This study was accomplished in Bathinda district and it targeted individuals who have used MFI services for the last two years that is 2016-2018. The respondents were targeted SHG customers. This study is only on the micro finance to analyze and understanding the impact of micro finance on living standard, women empowerment and poverty alleviation. It was carried out within Bathinda city. Bathinda city selected for this research because there are number of SHGs such as: Mata Gujar SHG, Baba Mool SHG, Khalsa SHG, ChardiKala SHG, Mehak SHG, Baba Balmik SHG, Lakh data peer SHG, Kaljhrani SHG, Shree Gopal SHG , Gyani SHG and Jal Lashmi SHG they help their members to generate income and improve their living standard, these groups helps women's to increase their involvement in decision making and other aspects and they helps in women empowerment. Therefore number of women joined the SHGs. This research topic has its own importance because in our country poverty, unemployment, illiteracy is major problems and this research is conducted to study how micro finance is able to remove these problems and up to what extent. In this report three aspects will be covered one is living standard, women empowerment and poverty alleviation and impact of micro finance on these three. This study helps to know micro finance has any impact on all variables which are related with living standard, empowerment and poverty alleviation.

Sample size

The sample size is indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples. The sample size is restricted to 130 respondents. The sample size is selected by considering characteristics of interest and objectives of the study. The respondents most of where the women members of (SHG) Self Help Groups. The population is infinite and from which the study needs a sample of 130 respondents.

Sampling technique

In this study will include simple random sampling. The people for the interview will select randomly.

Data Collection

Questionnaire is used to collect primary data from respondents. The questionnaire is structured type and contained questions relating to **impact of micro finance on living standard, empowerment and poverty alleviation**. The five point likert scale is used in questionnaire. These ordinal **scales** measure

levels of agreement/disagreement. A **Likert-type scale** assumes that the intensity of experience is linear, i.e. on a sequence from strongly agree, agree, Neutral disagree and strongly disagrees, and makes the assumption that attitudes can be measured.

Statistical Technique

Statistical Package for Social Sciences (SPSS) was used to analyze the data. The following tool has been applied:

Factor Analysis

The data so collected was analyzed through the application of statistical techniques, such as Principal component Analysis (PCA) notably Factor Analysis. The principle component analysis is performed with varimax rotation, a method which is very frequently used. And in descriptive option the Kaiser-Meyer-Olkin (KMO) measure, coefficients, determinant and initial solution is used. The key statistics associated with factor analysis are Bartlett's test of sphericity, Meyer-Olkin (KMO) measure of sampling adequacy, and in principal factor analysis includes total variance explained, communality, component matrix, factor loadings in rotated component matrix and screen plot.

Research Design

This study is descriptive in nature. It helps in breaking vague problem into smaller and precise problem and emphasizes on discovering of new ideas and insights. Research design constitutes the blue print for the collection, measurement and analysis of data. The present study seeks to identify the impact of micro finance on living standard, poverty alleviation and women empowerment. The research is to be conducted on members of self help groups specially women's within Bathinda. For the selection of the sample, convenient sampling method was adopted and an attempt has been made to include all the age groups and gender within the class.

Analysis

The factor analysis technique is applied on impact of micro

finance on standard of living, women empowerment and poverty alleviation. There were twenty six variables and each factor was defined by at least five scale Likert items.

Factor Analysis

In this study exploratory factor analysis was engaged to identify the importance of micro finance for standard of living. There respondents were requested to rate the ten variables at five point Likert Scale ranging from strongly disagree to strongly agree. Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a total that shows the proportion of variance in the variables which might be caused by basic factors. High values which are close to 1 generally show that factor analysis may be useful with the following data. Factor analysis will not be useful in the case of KMO > 0.5. In this case, Table 1 shows KMO is .680 is sufficient enough for validating analysis results, in such a way it shows that numerical acceptance value of the factor analysis.

Table 1 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.680
Approx. Chi-Square	470.876
Df	45

Source : Compiled from SPSS Software

The factor analysis results are validated as shown in table 1.

The correlation was used to measure the degree of relationship between the 10 independent variables of standard of living. As the rule of thumb if a correlation value of r indicates 0 to .2, there is weak relationship between the variables. If r values of .3 to .6, then considered moderate, and .7 to 1 is strong. There is a sufficient correlation to go ahead with factor analysis. Factor analysis is done using SPSS software with varimax rotated, Principal Component Analysis. The correlation matrix was computed as shown in table 2.

Table 2 : Correlation Matrix

	Spend more amount on outwear	Manage household task	Consumption Level	Acquire A cooler	Buy two Wheeler	Durable Goods	Status has improved	Significant increase in expenditure	Expenditure On food	Acquire New assets
Spend more amount on outwear	1.000									
Manage household task	.694	1.000								
Consumption level	.615	.366	1.000							
Acquire a cooler	.514	.397	-.630	1.000						
Buy two wheeler	.347	.334	.564	.611	1.000					
Durable goods	.405	.508	.427	.372	.697	1.000				
Status has improved	.280	.337	.668	.338	.481	.624	1.000			
Significant increase in expenditure	.480	.549	.464	.535	.368	.450	.695	1.000		
Expenditure on food	.349	.406	.418	.512	.412	.582	.536	.700	1.000	
Acquire new assets	-.499	.134	.316	.316	.657	.551	.354	.664	.590	1.000

Source: Compiled from SPSS Software

Table 3 : Rotated component matrix

Variables	Component		
	1	2	3
Acquire new assets	.911		
Significant increase in expenditure	.785		
Expenditure on food	.744		
Durable goods		.849	
Status has improved		.758	
Spend more amount on outwear		.675	
Acquire a cooler		.592	
Obtain two wheeler			.811
Consumption level			.760
			.531

Source : Compiled from SPSS Software

Factor Analysis of standard of living**Factor 1 : Expenditure**

Dimensions	Factor loading	Eigen Value
S10.Acquire new assets	.911	3.409
S8. Expenditure on education	.785	
S9.Expenditure on food	.744	
Percentage of variance explained= 23.53%		

Source : Compiled from SPSS Software

Here, three variables have been loaded in factor one and this factor explains 23.53% of the total variance. The variables which have been included in this factor are S10: acquire new

assets, S8: expenditure on education, S9: expenditure on food. The factor loading ranges from .911 to .744 and the scale reliability of first is. It covers 3.409 of the Eigen values.

Factor 2 : Status has improved

Dimensions	Factor loading	Eigen Value
S6. Durable goods	.849	1.884
S7. Status has improved	.758	
S1. Spend more amount on outwear	.675	
S4. Acquire a cooler	.592	
Percentage of variance explained = 45.08%		

Source : Compiled from SPSS Software

Here, four variables have been loaded in factor second and this factor explains 21.55% of the total variance. The variables which have been included in this factor are S6: durable goods,

S7: status has improved, S1: spend more amount on outwear, S4 acquire a cooler. The factor loading ranges from .849 to .592 and the scale reliability of first is. It covers 1.884 of the Eigen values.

Factor 3 : Consumption level

Dimensions	Factor loading	Eigen Value
S5. Obtain two wheeler	.811	1.320
S3. Consumption level	.760	
S2. Manage household task	.531	
Percentage of variance explained = 66.12%		

Source: Compiled from SPSS Software

Here, three variables have been loaded in factor third and this factor explains 21.04% of the total variance. The variables which have been included in this factor are S5: obtain two wheeler, S3: consumption level, S2: manage household task. The factor loading ranges from .811 to .531 and the scale reliability of first is. It covers 1.320 of the Eigen values.

Factor Analysis

Here, exploratory factor analysis was engaged to identify the importance of micro finance for women empowerment. There

respondents were request to rate the eight variables at five point Likert Scale ranging from strongly disagree to strongly agree. Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a total that shows the proportion of variance in the variables. High values which are close to 1 generally show that factor analysis may be useful with the following data. Factor analysis will not be useful in the case of $KMO > 0.5$. In this case, Table 4 shows KMO is .526 in such a way it shows the numerical acceptance value of the factor analysis.

Table 4 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.526
Bartlett's Test of Sphericity	Approx. Chi-Square	326.180
	Df	28
	Sig.	.000

Source : Compiled from SPSS Software

The factor analysis results are validated as shown in table

The correlation was used to measure the degree of relationship between the eight independent variables of standard of living. As the rule of thumb if a correlation value of r indicates 0 to .2, there is weak relationship between the variables. If r values of

.3 to .6, then considered moderate, and .7 to 1 is strong. There is a sufficient correlation to go ahead with factor analysis. Factor analysis is done using SPSS software with varimax rotated, Principal Component Analysis. The correlation matrix was computed as shown in table 5

Table 5 : Correlation Matrix

	Got recognition	Awareness about social issues	Able to talk with village panchayats	Decision making power	Able to express your views	Attending social meetings, village fairs and festivals	Feel work load	Changed the way of thinking
Got recognition	1.000							
Awareness about social issues	.353	1.000						
Able to talk with village panchayats	.481	.375	1.000					
Decision making power	-.303	.484	.479	1.000				
Able to express your views	-.491	.477	.366	.762	1.000			
Attending social meetings, village fairs and festivals	.674	.478	-.565	.534	.529	1.000		
Feel work load	-.663	.399	.381	.317	.517	.473	1.000	
Changed the way of thinking	-.349	.344	.459	.623	.559	-.546	.416	1.000

Source : Compiled from SPSS Software

Table 6 : Rotated component matrix

	Component		
	1	2	3
Able to express your views	.901		
Decision making power	.862		
Feel work load	.608		
Attending social meetings, village fairs and festivals		.680	
Able to talk with village panchayats		.660	
Changed the way of thinking		.653	
Awareness about social issues			.831
Got recognition			.733

Source : Compiled from SPSS Software

Factor Analysis of women empowerment:**Factor 1 : Express views**

Dimensions	Factor loading	Eigen Value
W1. Able to express your views	.901	2.621
W4. Decision making power	.862	
W7. Feel work load	.608	
Percentage of variance explained =29.39%		

Here, three variables have been loaded in factor first and this factor explains 29.39% of the total variance. The variables which have been included in this factor are W1: able to express your views, W4: decision making power, W7: feel

work load. The factor loading ranges from .901 to .608 and the scale reliability of first variable. Means overall result is women can express views freely. It covers 2.621 of the Eigen values.

Factor 2 : Way of thinking

Dimensions	Factor loading	Eigen Value
W6. Attending social meetings, village fairs and festivals	.680	1.515
W3. Able to talk with village panchayats	.660	
W8. Changed the way of thinking	.653	
Percentage of variance explained = 49.15%		

Here, three variables have been loaded in factor second and this factor explains 19.75% of the total variance. The variables which have been included in this factor are W6: attending social meetings, village fairs and celebrating

festivals, W3: able to talk with village panchayats, W8: changed the way of thinking. The factor loading ranges from .680 to .653 and the scale reliability of first is. It covers 1.515 of the Eigen values.

Factor 3 : Got recognition

Dimensions	Factor loading	Eigen Value
W2. Awareness about social issues	.831	1.315
W1. Got recognition	.733	
Percentage of variance explained = 68.13%		

Here, two variables have been loaded in factor third and this factor explains 18.98% of the total variance. The variables which have been included in this factor are W2: awareness about social issues, W1: got recognition. The factor loading ranges from .831 to .733. It was covered 1.315 of the Eigen values.

Factor analysis of Poverty alleviation In this study exploratory factor analysis was engaged to identify the importance of microfinance for poverty alleviation. There were request to rate the eight variables at five point Likert

Scale ranging from strongly disagree to strongly agree. Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a total that shows the proportion of variance in the variables which may be caused by basic factors. High values which are close to 1 generally show that factor analysis may be useful with the following data. Factor analysis will not be useful in the case of $KMO > 0.5$. In this case, Table 7 shows KMO is .643 is sufficient enough for validating analysis results, in such a way it shows the numerical acceptance value of the factor analysis.

Table 7 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.643
Bartlett's Test of Sphericity	Approx. Chi-Square	200.191
	Df	28
	Sig.	.000

Source : Compiled from SPSS Software

The factor analysis results are validated as shown in table 7.

The correlation was used to measure the degree of relationship between the 10 independent variables of standard of living. As the rule of thumb if a correlation value of r indicates 0 to .2, there is weak relationship between the variables. If r values of

.3 to .6, then considered moderate, and .7 to 1 is strong. There is a sufficient correlation to go ahead with factor analysis. Factor analysis is done using SPSS software with varimax rotated, Principal Component Analysis. The correlation matrix was computed as shown in table 8

Table 8 : Correlation Matrix

	Borrowed money	Increase in income of your family	Expenditure on health	Entertainment expenditure	Increase in savings	Helped in poverty reduction	Provide financial help in case of illness	Through assets acquisition, your income has increased
Borrowed money	1.000							
Increase in income of your family	-.474	1.000						
Expenditure on health	-.426	.650	1.000					
Entertainment expenditure	-.509	.544	.784	1.000				
Increase in savings	.616	.409	.592	.412	1.000			
Helped in poverty reduction	-.423	-.589	-.321	.555	-.620	1.000		
Provide financial help in case of illness	-.596	.354	.501	.585	.472	.476	1.000	
Through assets acquisition, your income has increased	-.668	.639	.608	-.641	.695	-.504	.587	1.000

Source : Compiled from SPSS Software

Table 9 : Rotated Component Matrix

	Component		
	1	2	3
Expenditure on health	.881		
Increase in savings	.805		
Increase in income of your family	.765		
Provide financial help in case of illness	.675		
Entertainment expenditure		.868	
Helped in poverty reduction		.851	
Borrowed money			-.855
Through assets acquisition, your income has increased			.692

Source : Compiled from SPSS Software

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Factor Analysis of poverty alleviation:**Factor 1 : Income**

Dimensions	Factor loading	Eigen Value
P3. expenditure on health	.881	2.602
P5. increase in savings	.805	
P2. increase in incomes of your family	.765	
P7. provide financial help in case of illness	.675	
Percentage of variance explained = 31.75		

Here, four variables have been loaded in factor first and this factor explains 31.75% of the total variance. The variables which have been included in this factor are P3: expenditure on health, P5: increase in savings, P2:

increase in income of your family, P7: provide financial help in case of illness. The factor loading ranges from .901 to .608 and the scale reliability of first- is. It covers 2.602 of the Eigen values.

Factor 2 : Poverty reduction

Dimensions	Factor loading	Eigen Value
P4. Entertainment expenditure	.868	1.680
P6. Helped in poverty reduction	.851	
Percentage of variance explained = 52.47		

Here, four variables have been loaded in factor second and this factor explains 20.71% of the total variance. The variables which have been included in this factor are P4: entertainment

expenditure, P6: helped in poverty reduction. The factor loading ranges from .868 to .851 and the scale reliability of first is. It covers 1.680 of the Eigen values.

Factor 3 : Borrowed Money

Dimensions	Factor loading	Eigen Value
P1. Borrowed money	-.855	1.248
P8. Through assets acquisition, your income has increased	.692	
Percentage of variance explained = 69.12		

Here, four variables have been loaded in factor first and this factor explains 16.65% of the total variance. The variables which have been included in this factor are P1: borrowed money, P8: through assets acquisition, your income has increased. The factor loading ranges from .855 to .692 and the scale reliability of first is. It covers 1.248 of the Eigen values.

Findings of the study

1. Micro finance has more impact on expenditure; it includes acquire new asset, expenditure on education, and expenditure on food of members SHGs is increased and after joining the SHG their standard of living has increased.
2. The status has improved through micro finance. Member of SHG buy durable goods, spend more amount on cloths and also acquire a cooler.
3. Members of the SHGs manage household tasks properly, their consumption level has increased over the period and also buy a two wheeler.
4. There is a big change in women decision making power that is increased, they are freely to express their views, as compare other variables there is work load is increased.
5. SHG member's way of thinks also changed which include the attending social meetings, village fairs, and festivals; they become able to talk with village panchayats.
6. Micro finance has helped to got recognition in their family and awarded about the social issues.
7. Micro finance increased the income: it show by including expenditure on health, increase in savings, increase in incomes of the family, and provide financial help in case of illness.
8. Poverty alleviation includes the entertainment expenditure, and helped in poverty reduction by the help of micro finance and made a member of SHG.
9. Members of SHG's can borrow money from MFI and also from their relatives; friends so that they can increased their income through buy a batter assets.
10. There is change in the attitude of Members of SHG's

Recommendations of the study

1. Micro finance helps only poor people to reduce their poverty but here I suggest that if credit given to very poor women at low rate of interest to start their work then micro finance becomes more effective to reduce poverty.

2. There should be proper training gives to women's to improve their management ability. Proper meetings and training programs should be conducted by group members.
3. In the case of constant poverty it is more important to provide saving services than to offer credit.
4. As we know the poor are unsafe it is not tolerable for us just to provide micro credit but we have to a series of support systems provided at the correct time.
5. There should provide marketing channel provide to the members of SHG so that helps them to easily sale their products in market at reasonable prices.
6. There was also the need to launch new products by the banks compatible with requirement of rural women. The customers should conduct programs, especially for women, they should be arranging to launch information of various schemes and financial requirements of women.
7. There are some SHGs are not working properly, there should be checked, examined and analyzed scientifically and systematically to solve the problems and challenges faced by NGO's, SHG's which are dealing with micro finance.
8. The members should be give necessary training and guidance for right operation of group because rights and gender awareness is important element to micro credit for the empowerment of women.
9. According to the need of SHG banks should provide advance credits and procedure of credit of banks should be easy and quick.
10. Government should implement their development projects by self help groups so that SHG's members get benefits for getting empowered.
11. They should ensure there is equal distribution of micro finance in rural, semi urban and urban to provide equal opportunities and encourage poverty reduction.
12. Micro finance charge high interest rate. I would suggest here should be charge less rate of interest

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