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Identifying factors governing attitude of rural women towards Self-Help Groups using principal component analysis

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ABSTRACT

Self-Help Groups-Bank Linkage Program (SHG-BLP) had expanded significantly and emerged as a dominant model of microfinance in India. National Bank for Agriculture and Rural Development (NABARD) had constituted the teams of acclaimed scientists, technocrats, and practitioners to evaluate the performance and impact of SHG-Bank Linkage Program. These researchers emphasised only physical aspects of the program, and specifically determined the impact of SHG microfinance on the socio-economic aspect of the rural poor. In this context, the present study aimed at exploring the attitudinal aspect of rural women associated with SHGs. The study consists of a multistage random sample of '240' women SHG members. A well-structured interview schedule, consisting of summated rating attitude scale was administered to the respondents. The findings illustrate that 43.34 percent of the rural women had 'favourable' and 26.66 percent had 'strongly favourable' attitude towards SHGs. The factor analysis using the principal component method brought forward 'coping up ability', 'personality traits', 'resource utilisation and building', 'entrepreneurial attributes', 'organizational governance', 'financial inclusion' and 'economic upliftment' are the precursors of attitude. These seven components could explain 76.02 percent of the total variance in the attitude. Further, study suggests that policy makers, financial institutions and technocrats may consider these seven factors while planning, promoting, implementing, and evaluating any microfinance programme, especially in developing countries. The study also provides a valid and reliable instrument for measuring the attitude of rural women towards SHGs. This Likert-type attitude scale could be widely used in future researches, especially by the scholars from low-income countries for achieving more accurate and reliable results.

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1. Introduction

Globally, more than 800 million people are still living on less than US\$ 1.25 a day, many lacking access to adequate food, clean drinking water and sanitation. Rapid economic growth in countries like China and India has lifted millions out of poverty, but progress has been uneven. Women are more likely to live in poverty than men due to unequal access to paid work, education and property. At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted the agenda for sustainable development, which includes a set of seventeen Sustainable Development Goals (SDGs) to end poverty, fight inequality and

injustice, and tackle climate change by 2030. Microfinance has emerged as a frontier instrument to *alleviate poverty* in many developing countries (Johnson and Rogaly, 1997; Gibbons and Meehan, 2002; Armendariz and Morduch, 2005; Bakhtiari, 2011). Microfinance would act as a vital dynamic mechanism towards attaining SDGs of 'no poverty' and 'zero hunger' by 2030. The microfinancial programs extend small loans to poor people for self-employment activities; thus, allowing the clients to achieve a better quality of life (Rahman, 1995; Hussain, 1998; Morduch, 2000). Many innovative models of microfinance are being implemented in the world for achieving the goal of *financial inclusion*. The term *financial inclusion* denotes delivery of financial services at an *affordable* cost to the vast sections of the disadvantaged and low-income groups. The various financial services may include access to credit, savings, insurance and, payments and remittance facilities from all type of formal financial institutes. An estimated 2 billion working-age adults globally have no access to the types of formal

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financial services delivered by regulated financial institutions. For example, in Sub-Saharan Africa, only 24% of adults have a bank account even though Africa's formal financial sector has grown in recent years (Muzigiti and Schmidt, 2013). However, microfinance through Grameen Bank in Bangladesh has inherited a long history of financial inclusion (Ferdousi, 2015).

In India, the National Bank for Agriculture and Rural Development (NABARD) had piloted women 'Self-Help Group-Bank Linkage Program' in 1992. In 1999, the Government of India had launched Swarnjayanti Gram Swarajgar Yojana (SGSY)—a rural self-employment program with an objective to provide *microfinancial services* to the rural poor through SHGs. At present there are two dominant models viz., 'SHG-Bank Linkage model' and 'Microfinance Institutes (MFIs)-Bank Linkage model' are lending microfinance in the country. SHG being one of the approaches to microfinance has a unique innovation of credits delivery technique to enhance income generating activities. As on date, SHG-Bank Linkage Program reached to link '8.00 million' savings linked SHGs and covered almost '100 million' households in the country" (NABARD 2015).

As stated earlier, microfinance has emerged as a frontier instrument to alleviate poverty in the world. Many of the international and national research and development organizations are being involved in evaluating the performance and impact of the microfinance programs on the lives of poor. Thousands of studies were conducted by researchers, academicians and scholars of different public, private and non-governmental organizations across the globe and most of them have mainly focused on the *quantitative* aspects of microfinance. There are very few studies in the world in which important *tangible* and *intangible* factors are considered for evaluating the *effectiveness* and *impact* of microfinance program. In India, with starting of SHG-BLP; NABARD constituted a few teams of acclaimed scientists, technocrats, and practitioners to evaluate the performance and impact of the SHG program. Several researchers reported that "*SHGs contributed significantly to poverty eradication, social transformation and empowerment*" (Anand, 2002; Chavan and Birajdar, 2009; Nidheesh, 2009; Sujatha, 2011). The relevance of SHGs as powerful instruments of social, political and economic empowerment of women has also been unanimously accepted in many studies (Amin et al., 2001; Robinson and Net Library, 2001; Robinson, 2002; Antia and Kadekodi, 2002; Jahan et al., 2004). Most of the researchers often emphasised the *physical* aspects of the program, and specifically determined the impact of the SHG model on socioeconomic aspects of the rural poor. This indicates hardly any study has devoted to the *psychological* or *attitudinal* aspect of the rural poor associated with SHGs. It is quite natural that a favourable or an unfavourable attitude of women has a direct impact on their participation and performance in SHG activities. Therefore, we explore the *degree of the attitude of rural women associated with SHGs*; and *identify the factors governing attitude of rural women towards SHGs*.

2. Research methods

2.1. Study area

As on 31st March 2016, total 8.00 million SHGs are formed by the different agencies in India. Out of which, Maharashtra has promoted 7, 89,158 savings and credit linked SHGs. Maharashtra ranked 5th in overall coverage of the SHGs under SHGs-Bank Linkage Program, followed by Karnataka, Tamil Nadu, Andhra Pradesh and West Bengal state (NABARD, 2016). Considering the position of the state in overall coverage of the SHGs, Maharashtra state was purposively selected to conduct present investigation. Further, the [Planning Commission, Government of India \(2007\)](#) had

declared 'Ahmednagar' and 'Nandurbar' as *disadvantaged* districts during XIth five year plan. The Planning Commission had identified these disadvantaged districts on the basis of their index of *backwardness*; which comprises three parameters namely, the value of output per agricultural worker, agriculture wage rate and percentage of Schedule Caste (SC) or Schedule Tribes (ST) population in the districts. This indicates that maximum percentage of population from both the district is primarily belonged to weaker socio-economic strata. Therefore, the study was exclusively undertaken in 'Ahmednagar' and 'Nandurbar' districts of the Maharashtra.

Ahmednagar is the largest district in the state of Maharashtra. The district lies between 18.2 and 19.9°N and 73.9 to 75.5°E longitude. Total geographical area (17,412 Km²) is divided into fourteen administrative blocks. Two main rivers, the Godavari and the Bhima drain the district a tributary of the Krishna River. Ahmednagar has a population of 4,543,083; sex ratio of 934 women per thousand men and literacy is 80.22% (India's Census 2011). Majority of the workforce is engaged in the agricultural sector, of which 44.34% are cultivators, 25.30% are agricultural labourers. The climate is hot and dry with average annual rainfall of 750 mm. Sorghum is the major crop grown in the rainfed areas, whereas; Sugarcane, Maize, Bajara and Wheat are the principle crops grown in irrigated region. Some part of the district is also cultivated pomegranate, guava, citrus, and vegetables as cash crops.

Likewise, Nandurbar is located at 21.37°N and 74.25°E longitude. Total geographical area of Nandurbar is 5035 Km² and total population is 1,648,295. An average literacy rate in the district is low (46.63%). Male literacy is higher (55.11%) than the female literacy (37.93%). Nandurbar is dominated by the tribal population (1,141,933) and divided into five administrative blocks (India's Census 2011). Therefore, Government has declared entire Nandurbar is a 'Tribal' district. The climate is hot and dry throughout the year with an average annual rainfall of 767 mm. Major crops grown in the district are Sorghum, Chilli, Finger Millet, Cotton, Sugarcane, Mango, Banana and Custard Apple.

2.2. Research design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research objectives with economy in procedure (Selltiz et al., 1976). The present study used the ex-post facto design of social research. The ex-post facto research is a systematic and empirical inquiry in which the researcher does not have direct control on independent variables because their manifestations have already occurred or they are inherently not manipulable (Kerlinger, 1964).

2.3. Sampling technique

The researchers adopted a multi-stage random sampling technique to draw adequate size of the sample (N = 240). In view of the Planning Commission's identification of Ahmednagar and Nandurbar as disadvantaged districts, they were selected for the study. Accordingly, on the basis of maximum remoteness, dominant tribal population and a sufficient number of banks linked SHGs, 'Akole' and 'Rahata' blocks of Ahmednagar; and 'Taloda' and 'Akkalkuwa' of Nandurbar districts identified. Based on methodology of the study, researchers obtained the list of SHGs from District Development Manager, NABARD; Project Director, District Rural Development Agency; Manager, MAVIM and Chief Scientist, Krishi Vigyan Kendras (KVK)-Agriculture Science Centre of the respective district. The Self-Help Promoting Institutions (SHPIs) has promoted 17,295 and 8929 savings and credit linked SHGs under SHG-Bank Linkage Programme in Ahmednagar and Nandurbar, respectively. The list arranged in ascending order of SHGs formation. SHGs with less

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