

# **A Study of the Consumption Expenditure Behaviour of the Members Who Participate in the Microfinance Programme: A Special Reference to Satna District in Madhya Pradesh**

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**Abstract:** Women endure prejudice and exclusion in every aspect of their lives due to a variety of socioeconomic and cultural limitations. Women have less authority and less control over resources than males in practically every society. A nation's economic and social advancement depends on women's emancipation since they make up 50% of the population and one-third of its human resources; they may be a more powerful force in the development of human resources than males.

There are several ways in which women's empowerment may be achieved via the use of microfinance services. A total of 79 million women in the world's poorest areas were served by microfinance services by the end of 2006. Thus, microfinance may have a substantial impact on gender equality and the promotion of sustainable livelihoods and improved working conditions for women.

In the present paper a study have been made for analysing the rise in expenditure of the women and on which activities did the money was spent. A sample of 100 respondents was asked questions and results were analysed using statistical methods like Correlation, t test etc.

**Keywords:** Women Entrepreneurship, Loan, Microfinance Institutions,

## **INTRODUCTION**

More emphasis is placed on women's development and active involvement in the main stream of development activities by the developing nations (B V Chalapathi) (B.V. Chalapathi, B.V. Raghavulu and P. Hari Prasad). There are anecdotes from self-help organisations of women who are not just better off monetarily because of financial services, but who are also more empowered. Rural women are well-known for their ability to generate revenue outside of home responsibilities, whether it is via conventional farm labour, factory employment, or operating their own small companies.

Bank Linkage Program for Small and Micro Enterprises (SHGs) As much as they are used interchangeably, the phrases micro credit and micro finance imply a more expansive scope of activity. Currently, the focus is shifting away from microcredit (small loans) and toward microfinance, which includes a variety of services including credit plus (savings mobilisation, insurance, training, and other support services for clients' goods). In Asian, African, and South American nations, micro-finance is being used to relieve poverty. Poor individuals, particularly women, benefit from microlending because they see benefits very immediately. In order to escape the cycle of poverty, the poor need micro-finance to invest in income-generating businesses.

The SHG-Bank Linkage Model was pioneered by NABARD. On a selected basis, it gives revolving fund assistance to non-profits, SHG federations, credit unions, and other organisations that provide microfinance for on-lending as part of the cost of SHG promotion. Participating banks get 100 percent refinancing. NABARD also helps bank employees, NGO personnel, government officials, and members of SHGs enhance their skills.

## **Role Of Microfinance In Women Empowerment**

Microfinance is a banking service that offers low-income or jobless persons with access to financial and non-financial services. Self-empowerment for the poor and notably women in developing nations may be achieved via microfinance. They can get out of poverty via microfinance operations. In the 1970s, women's movements in a growing number of nations began to advocate for microfinance initiatives to relieve poverty. At the First International Women's Conference in Mexico in 1975, the issue of women's lack of access to finance was given significant attention. As a result of improving their household's decision-making capacity and their general socioeconomic standing, microfinance services empower women.

### **Objective of The Study**

1. To study expenditure behaviour of members of Micro finance schemes

### **Hypothesis :**

“Participation in microfinance programme leads to increase in contribution of consumption expenditure by the member beneficiary

H0 = There is no significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.

H1 = There is a significant association between number of loan cycles and Contribution to consumption expenditure of household by S HG/JLG member beneficiary”.

### **Scope of The Study**

More than one study demonstrates how self-help initiatives, frequently in the form of credit or microcredit schemes, and savings may improve the financial well-being of impoverished women. The proliferation of self-help organisations in the state is a clear indication of this. Self-help organisations in Madhya Pradesh's Satna District are the subject of this investigation. In this research, the primary goal is to evaluate women's spending habits, which include how they spend their wages or loans.

### **Limitations of Study**

There are sure constraints of studies which are as per the following:

- The study is limited to Satna district in MP, which can further be extended to more districts.

### **RESEARCH METHODOLOGY**

Research is a procedure of gathering and breaking down and at last to touch base at a specific

end. This examination is accomplished to touch base at a decision about the expenditure status of members of Micro Finucane Schemes. For this we have created an questionnaire and Quantative analysis is performed for getting the desired results. We have assembled essential information from 100 members

### **Area of Study**

SatnaDistrict of Madhya Pradesh is surveyed for the collecting the primary data. After the merger of states, the district was formed as a part of Vindhya Pradesh in 1948. “According to the 2011 census Satna District has a population of 2,228,935, of which 1,157,495 were males and 1,071,440 were females. This gives it a ranking of 203rd in India (out of a total of 640). The district has a population density of 297 inhabitants per square kilometre.”

### **Information gathering procedure:**

- Primary information:- Personal correspondence, Questionnaire strategy
- Secondary information: - Website, organization Data base and past investigations.

### **Data Collection**

Primary data is collected through a questionnaire from rural users from different villages of Rajasthan(India). The survey has initially been administered on 25 respondents each from both banks,

### **REVIEW OF LITERATURE**

(Islam et al. 2015) studied Microcredit Program Participation and Household Food Security found out about it We utilize a large panel dataset of rural Bangladeshi families to assess the impact of microcredit participation on food security. As part of our research, we evaluate how microcredit impacts many metrics of food security; for example, household calorie intake, food variety indicators, and the physical health of mothers and children under five. Involvement in microcredit programs increases caloric intake both at the intense and extensive margins, but does not promote dietary variety and mainly has mixed impacts on anthropometric measurements. We find that participation in microcredit programs. The impact of involvement on food security may also be non-linear, in which participation initially has little effect on food security or may even harm it, before eventually improving it. In light of our findings, it's possible that short-term microcredit evaluations don't demonstrate any benefits.

(Duvendack et al. 2011) studied What is the evidence of the impact of microfinance on the well-being of poor people found out about it Since its inception more than 30 years ago, Grameen Bank (GB) has been offering modest loans to the country's rural poor as a means of alleviating poverty. It's no longer just about providing loans to the poor; microfinance today encompasses a wide range of financial and non-financial services including savings and insurance, as well as money transfers and other forms of financial literacy training and development. Microfinance has a long history of focusing on women since, compared to males, they perform better as customers of microfinance organizations and have more desired development outcomes as a result of their involvement.

(Kundu 2011) studied Joint versus Individual Liability in Microfinance – A Comparative Impact Evaluation Through Natural Experiment found out about it This paper compares the impact on participants of two different microfinance systems: one that is operated through individual liability microcredit contracts represented by VSSU and another that is operated through joint liability microcredit contracts through the formation of Self-Help Groups among rural people, primarily married women, under the SGSY scheme of the Indian government. A natural experiment lasting two years is used to conduct this effect study. The members of VSSU were found to be in a better financial condition than the participants of SGSY and the control group in our experiment at the start of the study. It is well-established that the increase in monthly income among VSSU member families is greater than the increase in monthly per capita consumer spending among SGSY member households. Participant families of two microfinance systems do not vary much when it comes to the amount they spend on human development, and they still regard health and education to be a luxury at the conclusion of the time. When the Women's Empowerment Index is constructed as an outcome variable, the change is greatest among the female SHG members participating in the SGSY program. We've also calculated how much microcredit each rural participant needs to see rapid improvements in their financial circumstances”.

**DATA ANALYSIS**

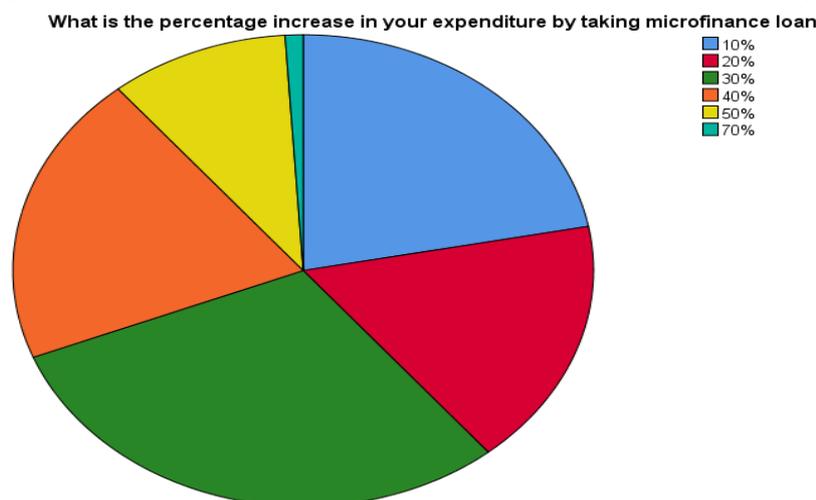
**Table 1. Reliability Analysis**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.898	.944	7

Reliability analysis was performed for the collected responses and the observed values comes to be 0.898 which is quite high than the critical value of 0.7, it signifies that that questionnaire is highly reliable.

**Table 2 : What is the percentage increase in your expenditure by taking microfinance loan**

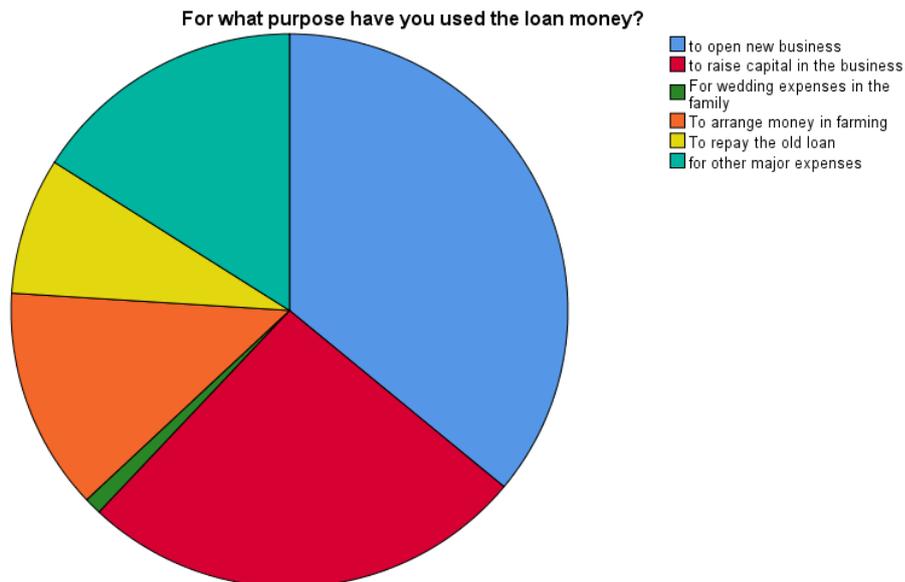
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10%	22	22.0	22.0	22.0
	20%	17	17.0	17.0	39.0
	30%	30	30.0	30.0	69.0
	40%	20	20.0	20.0	89.0
	50%	10	10.0	10.0	99.0
	70%	1	1.0	1.0	100.0
	Total	100	100.0	100.0	



When discussed regarding the percentage increase in the expenditure from the members of microfinance schemes 22% of the respondents at that get percentage increase was 10% 17% said that the percentage increase was 20% 30% said that the increase in the expenditure was observed as 30% where is 20% of respondents said that the increase in the expenditure was observed as 40% even 1% of the respondents said that there was an increase of 70% of the expenditure by taking the microfinance loans

**Table 3 : For what purpose have you used the loan money?**

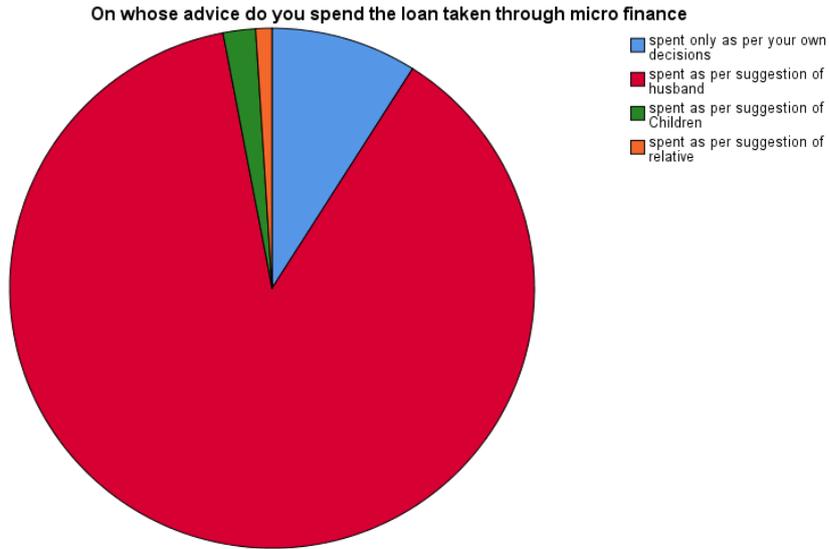
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	to open new business	36	36.0	36.0	36.0
	to raise capital in the business	26	26.0	26.0	62.0
	For wedding expenses in the family	1	1.0	1.0	63.0
	To arrange money in farming	13	13.0	13.0	76.0
	To repay the old loan	8	8.0	8.0	84.0
	for other major expenses	16	16.0	16.0	100.0
	Total	100	100.0	100.0	



When discussed regarding for which purpose you have used the loan money 36% of despondent said that they used this money for opening for starting a new business where is 26% people use this money to raise the capital in the existing business only one respondent said that he used this money for wedding purposes 13% used this money for farming even 8% of despondence used the loan amount 4 repaying the old loan amounts and 16% of the respondents used this loan money 4 other major expenses like making new houses for buying houses buying luxuries etc.

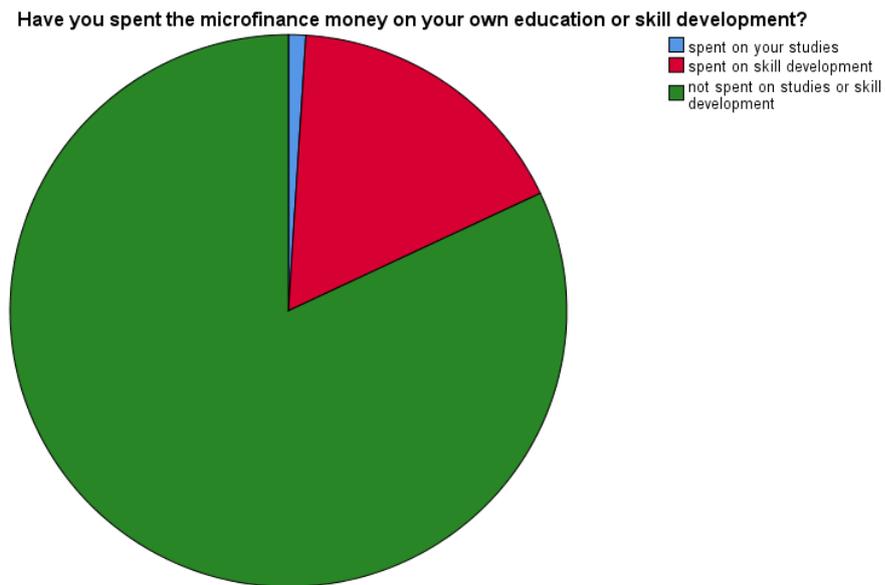
**Table 5 : On whose advice do you spend the loan taken through micro finance**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	spent only as per your own decisions	9	9.0	9.0	9.0
	spent as per suggestion of husband	88	88.0	88.0	97.0
	spent as per suggestion of Children	2	2.0	2.0	99.0
	spent as per suggestion of relative	1	1.0	1.0	100.0
	Total	100	100.0	100.0	



When asked about on whose advice did you spend the loan amount taken from micro finance schemes 9% of the respondents said that they spent the money by the own decisions whereas majority of the respondents said that they spent the loan amount as to the suggestion of their husbands and this number was 88% of the total respondents

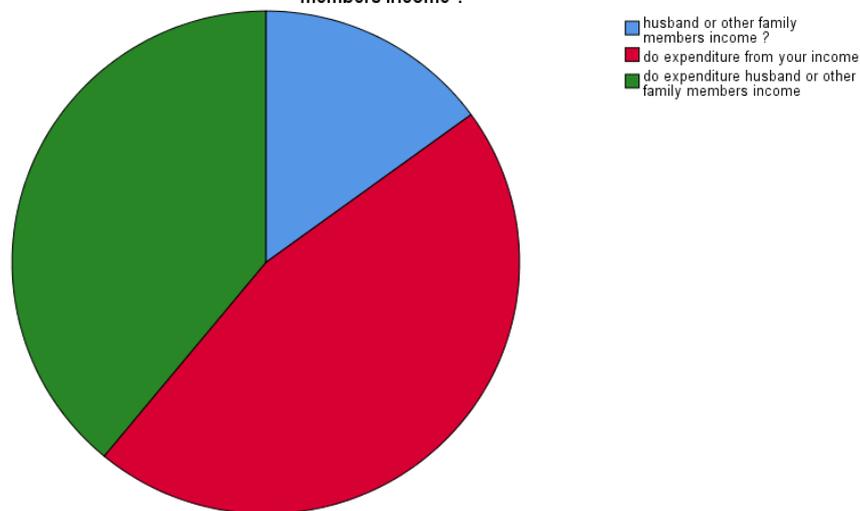
Have you spent the microfinance money on your own education or skill development?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	spent on your studies	1	1.0	1.0	1.0
	spent on skill development	17	17.0	17.0	18.0
	not spent on studies or skill development	82	82.0	82.0	100.0
	Total	100	100.0	100.0	



Also when asked whether they used this micro finance loan amount for their personal upliftment only 1% of despondent spend this money on their studies 17% of the respondents spent this money for the skill development and most of the respondents which is 82% did not spend this money for studies for skill development.

Do you spend your daily needs with your own earnings or are you dependent on your husband or other family members income?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	husband or other family members income?	15	15.0	15.0	15.0
	do expenditure from your income	46	46.0	46.0	61.0
	do expenditure husband or other family members income	39	39.0	39.0	100.0
	Total	100	100.0	100.0	

Do you spend your daily needs with your own earnings or are you dependent on your husband or other family members income ?



When asked the members whether who's spending the money or near daily needs they were dependent on their husbands for family members or they were spending the amount by their own 15% of the respondents said that they were dependent on the husband and the other family members 45% of the respondents said that they meet out the expenditure from their own income Paris 39% of the respondents said that they made the expenditure with the help of other family members.

**DISCUSSION**

**Correlation coefficient**

Correlation Coefficient Values	
What is the percentage increase in your expenditure by taking microfinance loan	-0.276**
For what purpose have you used the loan money?	-.608**
Have you spent the microfinance money on your own education or skill development	-0.091
Have You Purchased Insurance Policy After Taking Loan From MFI?	-0.071
Up to What Amount of Purchase Do You Do by Your Sole Decision	0.426
Do you spend your daily needs with your own earnings or are you dependent on your Husband Or Other Family Members Income?	0.2492

When discussed regarding expenditure among all the respondents, it was observed that the correlation among all the questions is not significant. The observed value for all the questions is less than the critical value which is 0.500.

**Hypothesis Testing**

Hypothesis: Participation in microfinance programme leads to increase in contribution of consumption expenditure by the member beneficiary

**H0** = There is no significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.

**H1** = There is a significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.

	t	df	Sig. (2-tailed)	Mean Difference
What was the first thing you bought with the money taken from micro finance loan?	33.552	99	.000	6.80
What is the percentage increase in your expenditure by taking microfinance loan	21.099	99	.000	2.83000
For what purpose have you used the loan money?	14.742	99	.000	2.79000
On whose advice do you spend the loan taken through micro finance	50.519	99	.000	1.95000
Have you spent the microfinance money on your own education or skill development	67.046	99	.000	2.81000
Have You Purchased Insurance Policy After Taking Loan From MFI?	114.905	99	.000	1.97000
Upto What Amount of Purchase Do You Do by Your Sole Decision	24.405	99	.000	1.53000
Do you spend your daily needs with your own earnings or are you dependent on your Husband or Other Family Members Income?	32.089	99	.000	2.24000

From the analysis the it is observed that the observed Sig. (2-tailed) values is 0.00 which is less than the critical value of 0.05, it signifies that the Null hypothesis stands true, it means that There is a no significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.528a	21	.999
Likelihood Ratio	9.937	21	.980
Linear-by-Linear Association	.053	1	.818
N of Valid Cases	100		

a. 27 cells (84.4%) have expected count less than 5. The minimum expected count is .01.

From the analysis this is clear that the Asymptotic Significance (2-sided) value is much greater than the 0.05 which is the critical value in that it signifies that Null hypothesis is accepted which states that “There is no significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.”

**CONCLUSION**

As shown in the findings of this research, rural women in Satna District, India, may dramatically improve their spending status by boosting their income-generating activities via various microfinance programmes. Women and poverty reduction are intimately linked with microfinance, making it an important part of gender development policies. Education, health care, clothes and financial resources empower women since they spend the majority of their money on their family and particularly their children's needs.

Women's involvement in the labour during the last three decades has resulted in major changes in the structure of families, society, the economy, and urban life throughout the globe. Women's economic activity has consistently increased from the late 1950s till now, although not at the appropriate rate.

Local economy has always been dominated by women. Women often not only produce food, but also trade it, allowing them to get a thorough understanding of local marketplaces and their target audiences. Also, the results have shown that There is no significant association between number of loan cycles and Contribution to consumption expenditure of household by SHG/JLG member beneficiary.

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