Summary and Conclusion
CHAPTER V
SUMMARY AND CONCLUSION

In the development paradigm, micro finance has evolved as a need policy and programme to cater to the needs of the poor sections especially the rural women. The process of women empowerment is conceptualised in terms of personal assertions, self-esteem and confidence, ability to protect themselves as women attaining socio-political status, economic independence and ownership of productive assets. For the empowerment of women, several programmes and schemes had been launched in the past few years by Government of India in order to fulfill its vision of expanding women's horizons of autonomous decision-making and control over resources, becoming equal partners to their men folk to achieve "the ultimate goal of complete development". Several programmes and schemes brought economic and social reforms, though not in a significant manner. This led to search for alternative ways to serve the rural poor in general and rural women in particular. In such a search, the concept of women self help group is praise worthy and it is a new window for the development of the rural masses.

The present study on the "IMPACT OF MICRO FINANCE THROUGH SHG - BANK LINKAGE PROGRAMME ON RURAL WOMEN IN COIMBATORE DISTRICT" is carried out with the following objectives:

1. To understand the organisation, management and financial performance of SHGs in the rural areas of selected blocks in Coimbatore District.

2. To analyse the socio-economic factors influencing the members in the choice of ownership of the micro enterprises.

3. To examine the extent of participation of SHG members in micro financing and

4. To study the impact of micro finance through SHG-Bank Linkage Programme on income, savings, employment generation, asset creation, decision-making skills and social empowerment of the members.
The following hypotheses were tested:

- There is no association between the choice of enterprises and socio-economic conditions of the members.
- There is no significant difference in the level of income, savings, personal assets, indebtedness and decision-making capacity of the members before and after SHG period.

Using multistage random sampling method 120 groups and 600 members consisting of 120 group leaders, 120 representatives and 360 members belonging to these groups had been selected covering ten blocks in Coimbatore District. Among them, 333 members were engaged in group business and 267 members were engaged in individual business. The analysis was carried out to study the performance of members engaged in group-owned micro enterprises and self-owned micro enterprises. The period of the study was five years from 2003-04 to 2007-08.

The study was mainly based on primary data. The collected data had been analysed with the help of suitable statistical tools namely, summary statistics, fixed index numbers, compound growth rate, ratio analysis, Garrett ranking technique, chi-square test, factor analysis, paired ‘t’ test, ‘z’ test for proportions and Likert scaling technique.

5.1 FINDINGS OF THE STUDY

The findings of the current study are given in the following headings:

- Organisation and Management of Self Help Groups
- Performance of Self Help Groups
- Entrepreneurial Activities of the Groups
- Socio Economic Profile of the Sample Members
- Participation in Micro Financing
- Capacity Building of Members
- Income-Generating Activities and Economic Returns
Impact of Micro Finance on income, savings, asset creation, employment generation and social empowerment of members

Problems faced by the Members

ORGANISATION AND MANAGEMENT OF SELF HELP GROUPS

Profile of the Groups

- It was reported that among the sample SHGs, about 82 percent of the groups had 12-13 members, 13 percent had 14-15 members and the rest five percent had 10-11 members. Majority of the members (75 percent) were in the age group of 26-45 years and were married (90 percent). About 46 percent represented backward communities and nearly 58 percent were having annual income of less than Rs. 18,000.

Governance of SHGs

- It was reported that in 90 percent of the groups, the leaders were nominated by the members and in ten percent of the groups, the leaders were elected. The leadership was changed once in a year in five percent of the groups, once in two years in 18.33 percent of the groups, once in three years in 9.17 percent of the groups and the remaining (67.50 percent of the groups) without any change.

General Management Practices

- It was noted that 63 percent of the groups conducted weekly meetings, 15 percent conducted fortnightly meetings and 22 percent conducted monthly meetings. It was further noted that only 73 percent of the groups conducted meetings regularly and the rest were not regular in organising the meetings.

- The members actively organised meetings in 53 percent of the groups, the animators in 35 percent and the representatives in 12 percent.

- Among the sample SHGs, 51.67 percent of the groups conducted emergency meetings to discuss the official proceedings, 65.83 percent urgent loan
requirements of the members, 15.83 percent operational problems of the groups and 62.40 percent of the groups to discuss the social and surrounding problems of the members of the groups.

- About 72 percent of the groups reported that their member’s attendance in group meetings was above 90 percent, 18 percent of the groups reported 81 percent to 90 percent attendance, 8 percent of the groups reported 71 percent to 80 percent attendance and only two percent reported below 70 percent of attendance.

- About 72 percent of the groups expressed that they had collected fine from the members who were not attending the meetings and the rest did not impose any fine on the members but strictly advised them to attend the meetings in future.

- Further 60 percent of the groups expressed that their members were highly interactive and participatory in group meetings, 27 percent reported that their members participation was medium and 13 percent expressed that their members participation was low in group meetings.

Financial Management Practices

- Regular records of the SHGs especially bank pass book of the groups and the members, group’s minutes books, ledgers, cash books etc., were maintained regularly by 63.33 percent of the groups and the rest of the groups were irregular in the maintenance of books of accounts and records due to pre-occupation with household and business activities of the group members, animators and representatives.

- It was found that the members of 70 percent of the groups were very particular in verifying the records but the members of 30 percent of the groups were occasional in verifying the records.

- It was expressed by 53 percent of the groups that their books of accounts, records and ledgers were audited monthly, 31 percent of the groups half yearly and 16 percent of the groups only annually.
PERFORMANCE OF SELF HELP GROUPS

Savings Activities of the Groups

- It was reported by 58 percent of the groups that the savings money was collected on a weekly basis, 27 percent of the groups on a monthly basis and 15 percent of the groups on a fortnightly basis.

- The members of 54 percent of the groups expressed that their group accounts were operated by leaders, representatives and group members in rotation and 46 percent of the SHGs stated that their accounts were operated by leaders and representatives only.

- The groups’ growth index for savings increased by 311.54 percent in 2007-08 compared to the base year 2003-04. The total savings of the sample groups during the study period was Rs.93.10 lakh and the average savings per group was Rs.77,580. The coefficient of variation of the groups savings was 52.03 percent showing moderate variance and the compound growth rate was 42.48 percent indicating the consistency in the increasing trend. The growth in savings led to credit facilities; which in turn reinforces the availability of money for investments in income generating activities as well as repayment of loans and availing more bank loans.

Lending Activities

- The average internal loan given by the groups to the members had increased from Rs.0.054 lakh in 2003-04 to 0.54 lakh in 2007-08 during the study period. The average loan given by the group was Rs.1.71 lakh during the study period and it reflects the several cycles of loan given to members to overcome poverty and to climb up the socio-economic ladder. Mostly, the funds were utilised for consumption purposes rather than for income-generating activities.

- On an average, SHGs are able to approve about 15 loans per year to their members. They offered loans for longer periods in comparison to the base
year (12 as against 10 months) and the interest rates per annum were reduced to 12 percent from 24 percent.

**Bank Loan**

- A majority of the SHGs (77 percent) were credit linked between sixth and seventh month from their formation and 23 percent of the SHGs were credit linked between eighth and ninth month. The bank loans to the tune of Rs.296.19 lakh was availed by the SHGs and the average bank loan per group was Rs.2.47 lakh during the study period indicating a sizeable amount borrowed to run the micro enterprises. About 97 percent of the groups were excellent in repayment of bank loans and agreed that the peer group pressure played an important role in the repayment of bank loans.

**Financial Viability of SHGs**

- It was interesting to note that the average loan saving ratio of the groups was 3.18 times, reflecting their ability to leverage substantially the institutional finance. The fund management practices of the groups were better since the average credit saving ratio of the groups was 2.20 times, internal loan repayment rate was 98.50 percent and the bank loan repayment rate was 96.67 percent.

**ENTREPRENEURIAL ACTIVITIES OF THE GROUPS**

- It was reported that in 82 percent of the groups, one (or) few members have initiated income-generating activities and in rest of the groups all the members joined together and started income-generating activities. Of the total number of members 75 percent of them initiated micro enterprises and 25 percent were not engaged in any business.

**SOCIO-ECONOMIC PROFILE OF THE SAMPLE BENEFICIARIES**

- The study revealed that the majority of the members were in the age group of 26-35 years and in this age group 47.74 percent of the members were in
Group-Owned Micro Enterprises (GOME) and 52.06 percent were in Self-Owned Micro Enterprises (SOME). In the age group of 36-45 years, 31.25 percent were in GOME and 22.48 percent in SOME.

- Regarding the educational status, 37.54 percent of GOME members and 16.48 percent of SOME members were illiterate.

- Hindus constituted the majority with 63.36 percent in GOME and 62.55 percent in SOME.

- Among the respondents majority of the SOME members (53.56 percent) were from the backward community and in GOME 50.75 percent were from scheduled castes and this indicates that the members of weaker sections of the society were interested in group ownership of business.

- Regarding the occupation of the members, agricultural labourers constituted the major share with 56.46 percent in GOME and 41.94 percent in SOME.

- Only 12.31 percent of GOME members and 5.62 percent of SOME members were widowed and divorced.

- The members were mainly from nuclear families in GOME (86.19 percent) and in SOME 53.18 percent were from joint families indicating that members from joint family system preferred single-owned micro enterprises.

- It was reported that the family size was below five in 67 percent of the GOME members and five and six members in 72.28 percent of SOME members indicating that respondents having family size between five and six preferred single-owned micro enterprises.

- The spouses of 20.72 percent of the GOME members and 14 percent of the SOME members were illiterate.

- The annual income of 24.02 percent of GOME members and 20.60 percent of SOME members were below Rs.12,000 and 75.98 percent of GOME members
and 70.41 percent of SOME members were in the range of Rs. 12,000 – Rs. 18,000. Only 8.99 percent of SOME member were in the range of Rs.18,001 – Rs.24,000.

- Regarding ownership of the house, 57.96 percent of the GOME members were living in rented houses and 67.42 percent of SOME members were living in own houses. Only 57.96 percent of the GOME members and 50.55 percent of the SOME members were living in tiled houses. Further 83.48 percent of GOME members and 90.64 percent of SOME members had electricity. Majority of the members were having common tap water, fire wood as medium for cooking, inadequate toilet facilities and were landless.

PARTICIPATION IN MICRO FINANCING ACTIVITIES

Motivating Factors for Joining SHGs

- The motivating factors for joining SHGs were analysed by using Garrett ranking technique and was found that for the GOME members, ‘mobilising savings’ was the most compelling factor followed by the desire to avail internal loan and bank loan, to initiate income-generating activities, to reduce unemployment, to develop socio-economic status, NGO’s encouragement and to set off old debts.

- For the SOME members’ availing ‘internal loan’ was the most compelling factor followed by mobilising savings. To avail bank loan, develop socio-economic status, initiate income-generating activities, reduce unemployment, NGO’s encouragement and to set off old debts were the main motivating factors to join SHGs.

Group Dynamics

- It was found that 23.42 percent of the GOME members and 60.67 percent of the SOME members were leaders or representatives. Regarding the attendance of the meetings 66.07 percent of GOME members and 75.66 percent of SOME members were regular. About 68 percent of GOME members and 61 percent
of SOME members expressed that the decisions in the meetings were taken by voting system.

- To analyse the extent of the influence of socio-economic factors in deciding the ownership of activity, either individually or in a group, a chi-square analysis was carried out. It was found that the age, education, community, annual income, occupation, type of family, family size, education of the husband, employment of the husband and the position of the member in the group strongly influenced in deciding the ownership of the business.

**Awareness about SHG's Activities**

- It could be observed that the majority of the members were aware of their group’s activities such as cash in hand, balance in bank, savings of the group, number of members taken loan, number of members repaid the loan, name of the bank and income of the group, meeting calendar, rules and regulations, total capital of the group, total loan of the group, achievements of the group, awareness regarding the information in group records and objectives.

**Savings of the Members**

- A significant increase in savings had been recorded among all members. The quantum of money saved by the members was increased from 100 (the base year index) to 196.28 percent for GOME members and 200.97 for SOME members during the study period.

- The GOME members’ annual growth rate of savings was 29.23 percent and that of SOME members was 28.78 percent and the overall growth rate was 29 percent. The coefficient of variation of GOME (38.98 percent) and SOME (37.19 percent) indicated the consistency in the growth rate of savings and it correlates to overall growth rate.

- It was seen that savings from their own income was the major source for the GOME members (67.90 percent) and SOME members (73.78 percent) towards thrift contributions to the groups. This increasing trend in savings
helped the SHGs members to overcome the financial dependence and vulnerability considerably.

**Internal Loan and Bank Loan**

- Internal loan to the tune of Rs.115.48 lakh was availed by the members during the study period. The average internal loan availed by the members of GOME was Rs.18,892 and the purpose of loan was reported to be consumption needs (81.61 percent) and business needs (18.39 percent). The average internal loan availed by SOME members was Rs.19,688 and the purpose of loan was reported to be consumption needs (76.30 percent) and business needs (23.70 percent). The consumption loans fairly outstripped the business loans. This is probably due to poverty and liquidity constraints faced by the households.

- Further it was reported that the members have availed bank loans to the tune of Rs.157.91 lakh during the study period. The members of GOME had availed the average bank loan to the extent of Rs.26,135 and the utilisation of the loan had been recorded as 88.59 percent towards business and 11.41 percent towards consumption. The members of SOME had availed the average bank loans to the tune of Rs.26,546 and utilised 95.50 percent towards business and the rest towards consumption during the study period. It is evident that the members used the bank credit mainly for investment in income-generating activities and to improve their income. Thus the SHG-Bank Linkage Programme has paved the way to participate in self-employment activities.

**CAPACITY BUILDING OF MEMBERS**

- It was observed that 77.18 percent of GOME members and 85.77 percent of SOME members participated in different types of training programmes and this had an impact on various skills, such as productivity, efficiency, income-generation and confidence building. The Factor Analysis was applied to analyse the impact of the training programmes on SHG members by taking the variables namely, $X_1$-confidence building, $X_2$- skill development, $X_3$-
marketing linkage, $X_4$- bank linkage, $X_5$-linkage with government officials, $X_6$- knowledge on rights, $X_7$- managerial efficiency, $X_8$-enhanced income and savings, $X_9$-active participation in decision-making in the family, $X_{10}$-active participation in developmental programmes and $X_{11}$-active participation in decision-making outside the family. The factor analysis condensed and simplified the 11 aspects on training and grouped into four factors on priority basis, explaining 71.48 percent of the variability of the 11 aspects of training.

- It was concluded that the members participation in training programmes had more impact on factor I namely knowledge on rights ($X_6$), managerial efficiency ($X_7$), enhanced income and savings ($X_8$), decision making in the family ($X_9$) and outside the family ($X_{11}$) accounting 28.11 percent of total variance. This was followed by factor II consisting of the variables namely skill development ($X_2$), bank linkage ($X_4$) and linkage with government officials linkage ($X_5$) accounting 16.56 percent of the total variance.

- The degree of impact was lower in factor – III with variables confidence building ($X_1$) and active participation in developmental programmes ($X_{10}$) accounting 16.43 percent followed by the factor – IV with a variable marketing linkage ($X_3$) being the lowest of all, accounting 10.38 percent.

**INCOME-GENERATING ACTIVITIES AND ECONOMIC RETURNS**

- The members started income-generating activities either as group activity or individually. It could be noted that a majority of the members (39 percent) were engaged in trading activities, 27.66 percent in agricultural and allied activities, 23.67 percent in manufacturing activities and 9.67 percent in service sector.

- The proportion of the members engaged in agriculture sector was higher (39.04 percent) in GOME compared to SOME (13.48 percent) indicating that the agricultural operations could be carried out successfully in groups than individually. Similarly the GOME members engaged in service sector (12.01 percent) was higher compared to SOME members (6.74 percent).
• The proportion of members engaged in trading sector (53.56 percent) was higher in SOME than in GOME (27.33 percent) indicating that the majority of members had preference to carry out trading activities individually than in groups.

• The proportion of members engaged in manufacturing sector (26.22 percent) was little higher in SOME than in GOME (21.62 percent).

• It was found that 44.50 percent of the women started business ventures individually than working as groups. The reasons might be to seek assistance from their spouse or family members or to provide job opportunities to their kith and kin.

• The average investment was Rs.34,144 for GOME members and Rs.39,150 for SOME members. The majority of the members (81 percent) borrowed from banks to start income-generating activities. It was found that the investment of GOME members registered a growth rate of 81.92 percent and SOME members 94.47 percent compared to the base year 2003-2004 which was assumed to be 100.

• Again the ROI was registered a growth rate of 217 percent for GOME members and 246 percent for SOME members compared to the base year 2003-2004 which was assumed to be 100. It was reported that the investment, net income and ROI showed an increasing trend for the members irrespective of their form of business.

• The GOME members reported that their average investment was high in agriculture and allied sector but the ROI was higher only in service sector. In comparison the SOME members reported that their average investment as well as ROI were higher in service sector.
IMPACT OF MICRO FINANCE ON INCOME, SAVINGS, ASSET CREATION, EMPLOYMENT GENERATION AND SOCIAL EMPOWERMENT OF THE MEMBERS

Economic Impact

The impact of SHG-Bank Linkage Programme on the economic status of the members was analysed and the findings are given under the following headings:

- Changes in the annual income of the members.
- Changes in the annual savings of the members
- Institution wise changes in the savings
- Changes in the business assets
- Employment generation
- Changes in the level of indebtedness
- Changes in the household asset creation
- Repayment behaviour

Changes in the Annual Income of the Members

- The frequency distribution of annual income of the members revealed that 22.50 percent of the members were having annual income below Rs.12,000 during the pre-SHG period, 73.50 percent in the annual income range of Rs.12,001 – Rs.18,000 and four percent in the annual income range of Rs.18,001 – Rs.24,000. This proportion had declined to 35 percent in the post-SHG period indicating the shift in the income distribution to higher slabs.

- It was remarkable to note that 33 percent of total members’ annual earnings increased above Rs. 30,000. The proportion of members whose annual earnings increased above Rs.30,000 was higher in SOME (38.58 percent) than in GOME (28.53 percent)

- Further it was inferred that the average annual income of GOME members before joining SHGs was Rs.15,679 (monthly average income Rs.1,307) and this increased to Rs.27,986 (monthly average income Rs.2,330) after their
joining SHGs. Similarly for the SOME members, it increased from Rs.16,030, (monthly average income Rs.1,336) to Rs.31,121 (monthly average income Rs.2,593).

- The paired 't' test also proved that there was a significant increase in the average annual income of the members between pre and post-SHG period. The percentage of increase in the average income of members was higher in SOME with 94.14 percent compared to GOME with 78.29 percent. The shifting of members in the income ladder from the lower to higher income groups was impressive and substantial.

**Changes in the Annual Savings of the Members**

- It was found that 5.33 percent of the members had no savings during pre-SHG period and after joining SHGs they have started savings.

- It was reported that 22.68 percent of the members whose annual savings before joining SHGs was below Rs.500 has been reduced to 6.17 percent and 45.50 percent who were saving between Rs.501 and Rs.1000 reduced to 17 percent.

- The percentage of members who were saving between Rs.1,001 and Rs.1,500 before SHG period had increased from 14.83 percent to 29.67 percent after joining SHGs.

- Further the percentage of the members who were saving between Rs.1,501 and Rs.2,000 before joining SHGs had increased from 7.83 percent to 25 percent and the percentage of members who were saving above Rs.2,000 before SHG had increased from 3.83 percent to 22.16 per cent.

- The average savings of GOME members was increased from Rs.775 to Rs.1,490 and for SOME members from Rs.674 to Rs.1,622 during the study period.
The paired ‘t’ test also proved that the incremental savings was found to be significant and the percentage of increment of savings was higher for SOME members with 140.65 percent compared to GOME members with 92.25 percent. Correspondingly the percentage of savings of members in different institutions had significantly increased.

**Institution Wise Changes in the Savings**

- It was found that during pre-SHG situation, 52 percent of the members were keeping their savings with themselves, 26.17 percent in insurance and other private savings, 13 percent in post offices, 9.67 percent in banks and 3.17 percent in co-operative societies.

- After joining SHGs there was a significant increase in the institution wise savings and all the members started pooling their savings through SHGs, 71.17 percent of the members in banks, 41 percent in insurance and other private savings, 36.50 percent in co-operatives and 23.50 percent in post offices.

- Similarly there was a marked improvement in the savings in different institutions both for the members of GOME and SOME. But the percentage of members having savings in different institutions was higher in SOME than GOME.

- The ‘z’ test also proved that there was a significant difference in the institution wise proportion of members’ savings in SHGs, banks and insurance companies between pre and post-SHG period. There was an increase in the number of members’ savings in post offices before and after joining SHGs, but the increase was statistically insignificant. Further the proportion of members’ savings in private saving schemes increased both in GOME and in SOME but it was statistically significant only for SOME members.
Thus the members’ awareness and preferences towards bank savings were higher indicating the positive impact and healthy attitude to avail bank credit for business ventures.

**Changes in the Business Assets**

- It was reported that during the post-SHG period, 18.62 percent of GOME members acquired buildings, 70.57 percent acquired machineries, 61.86 percent acquired furniture and 81.68 percent acquired other assets like tools and equipments. Similarly 11.99 percent of SOME members acquired buildings, 81.27 percent acquired machineries, as well as furniture and 86.89 percent acquired other assets. Hence it is implied that the programme has positive impact on creation of productive assets among the members.

**Employment Generation**

- It was surprising to find that 478 male members and 446 female members were provided employment by the SHG members. Among the male members 69.45 percent were the spouse of members, 16.75 percent were family members and 13.81 percent were hired labourers. Among the female members, 75.11 percent were family members and the rest were hired labourers.

- Further it was noted that in Group-Owned Micro Enterprises (GOME) 30.74 percent of the spouses of the members, 55.41 percent of family members and 13.85 percent of hired labourers were given employment for all the days.

- It was also reported that in Single-Owned Micro Enterprises (SOME) 47.85 percent of the spouses of the members, 38.23 percent of the family members and the rest of hired labourers were given employment for all days.

**Changes in the Level of Indebtedness**

- The members who had old debts from the informal sources were categorised into loans availed from moneylenders in cash, mortgaging their material assets
to the pawnbrokers and relatives and friends. After joining SHGs, the dependence on outside sources for credit declined sharply from 81.17 percent to 9.83 percent for money lenders, repaid the old debts to pawn brokers and in the case of friends and relatives it declined from 28.67 percent to five percent. The proportion of decline on outside loans among GOME and SOME members was the same except in the case of money lenders, in which case the percentage of decrease was 80 percent for SOME members and 65 percent for GOME members.

- The ‘z’ test for proportions also proved that there was a significant decrease in the indebtedness of members. Hence it is evident that the micro finance programme has resulted in reduction of past loans among the SHG members.

Changes in the Household Assets Creation

- The percentage of members who acquired household assets and housing facilities had significantly increased after joining SHGs. The majority of the members improved their economic status by acquiring the material assets for utility purposes, followed by gold and silver, vehicles and farm animals.

- It was found that a majority, 61.33 percent of the members acquired assets such as television sets, mixie, grinder and steel items, 58.83 percent water tap connections and 53.60 percent got gas connections after joining SHGs.

- Similarly 30.29 percent members had toilet facilities, 26.66 percent acquired vehicles, 17.83 percent possessed farm animals and 12 percent had electricity connections.

- It is remarkable to note that 53.83 percent acquired gold and silver ornaments after joining SHGs.

- It is noteworthy to find that a marginal number of members had renovated their houses from thatched to tiled (9 percent) and tiled to concrete (1.17 percent).
The proportion of members who acquired material assets by 80.18 percent and farm animals by 20.14 percent was higher in GOME than in SOME (56.54 percent and 14.94 percent respectively).

As against this, the proportion of members who added to the assets like renovation of houses (16.85 percent) and toilet facilities (35.95 percent) had been higher in SOME than in GOME (2.10 percent and 25.79 percent respectively).

Similarly, the proportion of members who facilitated their house by getting water tap connections (67.42 percent), gas connections (62.54 percent) and vehicles (34.48 percent) were higher in SOME than in GOME (51.96 percent, 46.86 percent and 20.60 percent respectively).

It was further noted that the proportion of members who had acquired gold and silver (62.55 percent) was also higher in SOME than in GOME (46.85 percent).

The 'z' test for proportions also proved that there was a significant increase in the possession of personal assets namely material assets, gold and silver, toilet facilities, water tap connections, gas connections and vehicles. Overall it shows that SHGs attempted to improve the quality of life of rural poor through micro finance programme.

Repayment Behaviour

It is pleasing to note that, 97 percent of the members were able to repay the internal loan and bank loan without any default. Group solidarity, peer pressure and sequential lending ensures timely repayments. This repayment behaviour of the members had gained credibility among the banks which in turn helped them to avail more bank loans. Thus the concept of SHG-Bank Linkage Programme had proved that the conventional banks are not only for the rich, but also for the absolutely poor.
Social Empowerment

The impact of the SHG-Bank Linkage Programme on the social empowerment of the members was analysed and the findings are given under the following headings:

- Increase in decision-making capacity
- Impact on literacy and health
- Impact on community and village
- Impact on personality development of women

Increase in Decision-Making Capacity

The changes in the decision-making capacity of women after joining SHGs were analysed by assigning scores. The various decision-making areas were given and the members were asked to opine the alternatives given for before SHG and after SHG period. The alternatives given and the scores allotted are as follows:

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the decisions are taken by male members</td>
<td>1</td>
</tr>
<tr>
<td>If the decisions are taken by both</td>
<td>2</td>
</tr>
<tr>
<td>If the decisions are taken by female members</td>
<td>3</td>
</tr>
</tbody>
</table>

The decision-making capacity of the women on various aspects had improved by more than 60 percent in all aspects namely education of children, marriage of children, loan arrangement, purchasing, savings, expenditure, interaction with outsiders, asset building, income-generating activities and income from SHG initiated income-generating activities in both the categories of enterprises. The increase in decision-making capacity of GOME members ranged from 59.31 percent to 86.29 percent and for SOME members it ranged from 68 percent to 91.94 percent.

The paired ‘t’ test also proved that there was a significant improvement in the decision-making capacity of the members after joining SHGs. The percentage of increase in decision-making capacity was higher among SOME women (99.48) than GOME women (92.86).
Impact on Literacy and Health

- There was a significant positive impact on literacy, health and participation of members in community affairs. Members' ability to sign, read and write, maintenance of documents, discussions in the groups, awareness on quality and quantity of diet, cleanliness and hygiene, health care and usage of primary health centres had significantly improved.

- It was reported that about 77 percent of the GOME and SOME members had improved their ability to read and write, to do simple arithmetic problems and to participate in group discussions.

- It was found that more than 83 percent of GOME and SOME members were aware of the importance of health care and were making use of primary health centres.

Impact on Community and Village

- Members' involvement in community issues namely getting ration cards, village roads, transport facilities, schools and balwadies for children, water supply, sanitation within the village and other community issues had significantly improved and the involvement of GOME and SOME members were ranged from 54.17 percent to 82.83 percent. It was quite interesting to find out that about 16 percent of the members were elected to the local body in their respective villages.

Impact on Personality Development of Women

- The impact of SHG-Bank Linkage Programme on total personality development of women was analysed by following five point scaling technique and the scoring approach revealed that the mean score for the ability of the members to mix with others was the highest (4.94), followed by reduction in domestic violence (4.88), improvement in self-confidence (4.86), commanding respect in the family (4.82), acquiring management skills (4.74), marketing skills (4.62) and leadership quality (4.61), awareness of bank
transactions, self-identity and self-respect (4.54), acquiring new skills (4.51) and participation in official discussions (4.33). SHGs have not only acquired tangible assets and improved the living conditions of the members but also helped in changing much of their social outlook and attitude.

**PROBLEMS OF SHG MEMBERS**

The problems of members were classified into six categories namely manufacturing, marketing, financial, lack of support from Government, NGOs and others, inner conflicts and non co-operation of members and personal and social problems. It was found that 54.33 percent were having marketing problems, 48.67 percent were facing manufacturing problems, 34 percent were having inner conflicts and non co-operation among members and 26.17 percent were facing personal and social problems. About 23 percent were facing financial problems and lack of support from Government, NGOs and others. The percentage of members having these problems were more in SOME indicating the drawback of doing individual business.

**5.2 SUGGESTIONS**

On the basis of the findings of the study, the following suggestions have been made to improve the SHG – Bank Linkage Programme.

1. The SHG members are running their micro enterprises with low level of technology and capital. So, steps should be taken to enable the SHG members to expand their business by giving them proper technology oriented training and financial support.

2. The main focus of SHGs is to promote group activities but 45 percent of the sample respondents are doing individual business. Hence the micro finance institutions should be very lenient in advancing loans. Priority should be given for group-oriented activities to promote cent percent group business among rural women.
3. Periodic training programmes should be conducted not only for group leaders but also for the group members. To enhance the participation of all the members, exclusive education programmes need to be conducted.

4. In many cases, co-ordination is missing between the banks and the NGOs. It will affect the sustainable development of the SHGs. It is suggested that the bank managers should periodically review the functioning of the concerned NGOs, to sort out the routine problems and to create good rapport among the banks, NGOs and SHGs.

5. Bank officials should help the SHG members in the identification of suitable micro enterprises.

6. Banks may sanction additional loans to SHGs if needed, even when the previous loans were not repaid, provided they are satisfied with the SHGs performance and potential to repay.

7. It was found that 36.67 percent of the SHGs do not maintain their accounts properly and get them audited. Books of accounts and records maintained by the SHGs should be audited periodically and the periodical auditing of records should be made mandatory.

8. Every block should concentrate on specialised key activities based on the local resources, occupational skill of the people and the supporting market conditions in order to draw suitable livelihood from the investments for the micro entrepreneurs.

9. It was found that in 28.33 percent of the groups, the members were not regular in attending the meetings of the groups. Members should be motivated by giving rewards like interest free loan, reduction in interest rate, additional loan, compliments and gifts.

10. The leadership position had not changed in 67.50 percent of the groups. This might result in domination by the leaders in their group activities (or) they might lose their interest gradually. It is suggested that all the members should
be trained to assume the leadership role in rotation for better functioning of SHGs. It is also suggested that some incentives and awards should be given for those who have been selected as leaders.

11. The NGOs are more interested in the newer groups only. The old groups get disintegrated if they do not get the guidance continuously. So it is suggested that the NGOs should guide the federations more effectively and in turn the federations should work as SHG guiding institutions independently.

12. The Government should popularise the products of SHGs by fixing standards and should develop a brand image of the SHG products in the minds of the people.

13. The Government should also take steps to sell the products of the SHGs through regulated markets and co-operative societies.

14. More emphasis should be given in networking and federation of SHGs, continuous monitoring of group activities and capacity building programmes especially in the preparation of business plans, marketing skills and latest development programmes for the long stability and sustainability of SHGs.

5.3 POLICY RECOMMENDATIONS

The following are the recommendations which may be considered in future policy making.

To the Government

1. Women’s empowerment should be reflected through a direct budgetary commitment rather than a core component of all developmental agenda. The micro credit as a component should reflect in the policies and plans oriented towards women’s empowerment to enhance women’s agency on social, political and economic activities. Women’s agency must be given priority. Women’s rights over property rights need to be enhanced and women’s
access, control and decision-making need to be ensured in all programme components.

2. All programmes need to evolve common set of indicators for measuring progress on women's empowerment in order to assess the contribution of distinct strategies towards women's empowerment.

3. There is a need to streamline government programmes and to ensure convergence of schemes, so that officials' support for skill training, extension support, credit and other enterprises related services may be accessed easily.

4. Government should promote micro credit systems only when they are linked to social mobilisation and community empowerment. The government agencies should not be involved in mobilising communities themselves. This task should be left to NGOs and CBOs. Financial institutions should concentrate on training and capacity building only on financial matters.

5. Micro credit should be made available not only for income-generation but also for consumption needs arising out of emergencies, crisis, as also for housing, sanitation and provision of basic amenities. Micro credit should be provided in the form of revolving funds so that local communities can identify priorities and not be restricted by any predetermined activities.

6. Government support is required to start income-generating activities. More training in income-generating activities is required. Training programmes should be organised according to market demand and the feasibility studies should be undertaken. Marketing facilities need to be provided to the SHGs.

7. Manpower is a prerequisite to implement social programmes at the grass root level. There is a need for providing project-implementing agencies with specifically designated separate staff, who are supposed to be an umbrella programme of women's empowerment.

8. The agencies of State and Central government should ensure proper monitoring of SHGs, SHG promoters and other development functionaries.
The ad-hoc arrangement of supervision, monitoring and regulation of projects should be discouraged.

9. There should be creation of permanent cell at the state level to oversee the functioning, monitoring and evaluation of the projects frequently with fully equipped infrastructure like computers, internet, mobility facility and minimum experienced and qualified staff.

10. Marketing centers may be provided within the village to ensure better selling of products. Quality control of products is needed. There should be more budgetary allocation on market development in order to provide an effective platform for marketing of SHG products.

11. A proper mechanism should be evolved to prepare data-base on SHGs, SHPIs, MFIs, etc. A census of SHGs may also be undertaken for ensuring effective regulation of micro financing activities and examining their problems. MIS with good management backing needs to be developed to achieve sustainability of micro financing institutions.

12. There is considerable scope for development of micro finance in India since there is enormous unmet demand for financial services in this sector. Therefore, enacting fresh legislation or appropriate amendments in the existing legislation related to micro financial institutions is needed.

**To the Banks / Micro Finance Institutions**

1. Designing wide range of financial products and services is the need of the hour. SHGs have different kinds of credit needs and thus, the credit needs should be classified into different categories such as livelihood, income-generating activities, investment in education, health, consumption, household needs, marriages, death ceremonies and products for social security.

2. There is an urgent need to streamline the procedure for applying, seeking and releasing of credit from the banks. The procedural difficulties are one of the major impediments which have denied women, the financial benefits of the
banks. Therefore, the procedure for credit access to women should be made easy and simple.

3. Micro financing institutions need proper regulation and operation of business transactions. Thus RBI, SIDBI, NABARD and other organisations should evolve proper mechanism for monitoring, supervising, directing, appraising and evaluating the micro financial institutions as well as self help promoting institutions.

4. Transformation in the repayment culture is required. Any expansion of micro financing services will need not only appropriate and efficient micro products on a very large scale, but also customers, who care willingly to pay the full cost of those services. Bankers must change their attitude towards small loans to poor people, including women, as a social obligation of treating them as potential business entrepreneurs.

5. Branch managers of financial institutions should in any case be close to the communities they serve and should be aware of distribution channel through which they can profitably reach new customers. They should be ensured of the existing level and types of group activities and informal intermediation and be ready to offer savings and lending products, appropriate for local communities.

6. There should be timely release of funds and its channelisation to the concerned departments and agencies. The delays in allotment of funds and their release should be discouraged and taken seriously by the high level authorities when it happens in any state. There is also a need for timely and quick approval of activities proposed.

7. The banks should open their exclusive branches / counters in rural areas to promote micro finance among the SHGs.
8. Rigorous and more transparent exercise should be undertaken to select only competent NGOs to lend their supporting hands to SHGs, to avoid loopholes in their selection.

To the NGOs

1. Monitoring of SHGs should be made more rigorous to ensure regular and timely savings and contributions. Holding SHG meetings and members’ attendance in it should be indispensable. The NGOs should provide necessary guidance to the groups to make every meeting meaningful and to take objective decisions regarding internal loan, interest rate and loan recovery with bank linkage.

2. The NGOs should actively help the SHGs in both backward and forward linkages and provide them market support in particular. The officials of SHG promoting organisations should also be exposed to SHGs sensitisation programmes to avoid being skeptical towards SHGs and to have faith in the SHGs’ ability to alleviate rural poverty.

3. The factors responsible for poor performance and functioning of SHGs should be investigated, examined and analysed scientifically and systematically to resolve the emerging problems, difficulties and challenges being faced.

4. Resources should be allocated and spent on creating market support to the SHG’s products and also providing some sort of reward to successful SHGs as an incentive for good work.

To the SHGs

1. It is desirable to have a system of office-bearers’ rotation of SHGs at regular intervals. If possible, it may be made mandatory.

2. All record keeping has to be done manually and that is very time consuming. So a computer and necessary training to operate the system should be made
available to maintain records, accounts, correspondence and to update the same periodically.

3. The key elements in the survival and sustainability of the SHGs should naturally be built on those elements that have brought the groups together. SHGs have to evolve as sustainable village level institutions for taking active role in development and governance.

4. A fully matured group is the one that achieves competence to independently handle issues of its internal practices both financial and non-financial. The group should be able to manage its leadership, to handle problems and conflicts successfully with minimal help. It should also be in a position to maintain its records and other books of accounts independently.

5. In addition to the institutional sustainability, the group should also become financially viable. Financial sustainability of the group is achieved when the group is able to cover its operational costs from its income.

6. The SHG members should be inculcated with a feeling of collective development, social harmony, mutual trust and active role in development process and governance. The members should be mentally prepared for starting income-generating activities and their sustainability.

7. The SHGs should concentrate in building up Memorandum of Understanding (MOU) with different institutions to enhance the value addition and for continued business activities.

**To the Educational Institutions**

1. Short term and diploma courses on micro finance should be introduced to create a cadre of professionals in micro finance; to provide a thorough knowledge of the concept of micro finance and insight into the working of micro finance institutions and to build capacity of those who are working in the micro finance sector on the perspectives on micro finance and its operational aspects.
2. A topic on micro finance should be compulsorily introduced in all courses to create awareness among the students.

3. Persons who have completed a course in micro finance should be given preference in bank jobs, who in turn manage the SHG-banking programme.

The suggestions and recommendations will definitely ensure desirable improvement and will make the performance of SHGs better and practically more viable.

5.4 SCOPE FOR FURTHER RESEARCH

The following areas are suggested for further research in micro finance.

- A study may be conducted on the Impact of Micro Finance Schemes on Priority Communities (SCs / STs / Minorities).
- A study on Financial Performance of micro finance institutions may be carried out.
- A study on financial inclusion through SHG – Bank Linkage Programme can be undertaken and
- A study on Health Micro Insurance among SHG women may be conducted.

5.5 CONCLUSION

The study results proved that the intervention of micro finance through SHG-Bank Linkage Programme, has positive impact on the economic and social status of the members, in terms of increase in income, savings, employment generation, asset creation, decrease in the dependency on money lenders, improvement in decision-making skills, participation in community affairs and the empowerment of women. The SHGs had contributed in developing the personalities of women, in moulding the community in the right perspective and in exploring the initiatives of women in taking up entrepreneurial ventures. SHGs had emerged as the providers of social capital for transforming today’s rural India into a powerful society through micro finance.