CHAPTER – 8
SUMMARY AND CONCLUSIONS

The present study has analyzed various aspects of microfinance including the theoretical framework and evolution of microfinance. This chapter presents a synoptic view of all related aspects and a synthesis of key findings and the conclusions.

8.1 INTRODUCTION AND APPROACH OF THE STUDY

Chapter one presents the general introduction and approach of the study. The chapter starts by the focusing on poverty and related alleviation programmes, in development and role of credit in this context. Studies have found large scale elimination of poor persons especially women from the proper monetarist sector as well as from administrationfacility of credit for poverty reduction. Microfinance appeared in answer to the letdown of the authorizedmonetaryscheme to scope the pitiable. However, the results of the role of microfinance have mixed with both positive and negative impressions. (There has also been less widely acclaimed study that robustly shows strong impacts though many studies suggest the possibility of good welfare impact, Puhazhendhi and Satyasai, 2000; EDA, 2006; NCAER, 2009, 2013), While the broad components of microfinance programmersare similar (more/less) across nations and areas, the efficacy of outcomedifferssignificantly, even inside a specifiednation. In this framework, it is convenient to absorb from dissimilarworking practices and tactics and the part of the administration, NGOs and the private segment in spreading these types of economic facilities to deprived persons. Auxiliary, to defend the importantexpansion and investment in the name of paucitylessening and liberation as associated to other substitute reserves for the similar reason in other programmes, it is vital to test the claims of M.F. (microfinance).

The precisepurposes of the study are to analyze the trends and patterns of microfinance in Haryana. It also examines the configuration and roles of Self-help Groups (SHGs). Furthermore the study analyzes mainly the role of microfinance in improving household welfare, reducing vulnerability and increasing empowerment. The study is experiential (empirical) in nature grounded on chiefly primary statisticscomposed through interview schedules. Considering all these parameters, three districts, namely Mahendragrah, Hisarankaithal, were selected for the study.
The selected schemes were the Swaranjayanti Gram Swarojgar Yojana (SGSY), Swayamsiddha and one community-based association in southern part of Haryana known as Social Centre for Rural Initiatives and Advancement (SCRIA). Two blocks from each district (one for SGSY and one for Swayam Siddha) were selected, at random and in the case of SCRIA, three bocks viz. Ateli, Kanina and Khol, were selected. Villages were selected after screening the lists provided by different officials. After screening, geographical clustering of villages was done based on two criteria viz. numbers of SHGs and age maturity of the groups, then the villages were selected randomly. Followers were randomly selected from each of the selected SHGs. invalid groups under program were not considered for the study, besides, primary and secondary data. The compiled data were categorized and tabulated and their percentages were worked out and presented in the appropriate tables with suitable interpretations, generalizations and implications.

8.2 THE EFFECTIVENESS OF MICROFINANCE: AN IDEALISTIC AND THEORIZED FRAMEWORK

Chapter two presents the theoretical framework and evolution of microfinance. It is usually recognized that the microfinance segment appeared as a response to monetary bazaar letdowns. One of the chief features of microfinance is group lending where the idea of combined responsibility which helps alleviated difficulties initiated by adverse selection and moral threat.

Above the earlier 5 decades, several growth and credit methods have been contrived by officials, international development interventions, NGO’s and others, aimed at poverty reduction in developing countries. There were two mainsprays in the portion of providing economic amenities to the poor. In the 1950s, 1960s and 1970s, contributors and government attentive on providing deprived agrarians, primarily men, through deeply funded credit in the agrarian division. Preliminary since 1980s, the emphasis has moved to providing microcredit amenities, typically to females and occasionally through an urban emphasis.

In order to grow on agrarian micro initiatives, the definitive impartial in together circumstances was paucity mitigation and financial progress. Different credit-lending methodologies were adopted in this period. Primer implementation agencies included Garmin Bank in Bangladesh, FINCA in Argentina, and Bank Rakyat in Indonesia and NABARD in India.
The global micro-credit program that has appeared in the previous period differences with former credit agendas in being more call determined, accusing higher interest rates, directing charges, and stressing savings mobilization as a requirement for supportable credit providing. The fruitful proficiencies of dissimilar reserved organizations in providing minor economic amenities to the deprived have also concerned the consideration of accumulative series of troupes. Givers, societal investors and corporate investors, have shown an ever-growing interest in the microfinance. The recent period also witnessed the commercialization of microfinance to large extent.

8.3 REVIEW OF LITERATURE

Chapter three presents the basic methodological issues in microfinance and a conceptual framework of poverty, vulnerability and women empowerment and review of impact studies. The first section of the chapter critically analyzes the methodological issues in the impact assessment of microfinance program. In the impact analysis of microfinance, problems such as attribution and selection biases and fungibility arise. Impact studies generally follow three approaches. The first approach studies the borrower’s condition with and without microfinance. It selects and compares a “control group” of non-participants with participants of programme. However, there are some limitations to this method. Microfinance clients may have initial advantages over non-borrowers in terms of wealth, health, educational status, and entrepreneurial capabilities. Households which are comparatively well off might self-select themselves for participation in microfinance programme. Due to these self-selection biases, comparing borrowers and non-borrowers could lead to an over-estimation or under-estimation in the impact of microfinance on borrower’s well-being. The second approach compares “old borrowers” with “new borrowers.” This approach assumes that all borrowers are at the same socio-economic level while joining the MFP (microfinance program) and share similar characteristics. This approach again faces problems of selection and not observable attributes alike capability, inspiration and entrepreneurship and dropouts. The third approach is the randomize experiment approach, which requires that the impact study be started at the time of initiating microfinance operation in a new area. Randomize experiment claim to solve the selection problems.
In the second section, the chapter discusses the conceptual framework of three important and relevant concept viz. household welfare and poverty, vulnerability and women empowerment. Generally, poverty is defined as the deprivation of basic human needs. However, there are different point of view on the concept emphasizing on poverty with the tangible dimensions of deprivation, dispossession in relations of imagination, liberty, self-respect, and the regard of other, intangible dimensions of deprivation: vulnerability, powerlessness and isolation and absence of basic capabilities. Vulnerability is well-defined as a possibility, the hazard that a domestic willpower drop into paucity. Family unit are helpless when they are incapable to even intake, in spite of numerous official & casual surviving contrivances, besides, vulnerability and paucity support both. Definitely, paucity itself is a basis of weakness and repeated exposure to downturns reinforces poverty. A number of frameworks of indicators have been developed explicitly by different scholars, particularly Schuler and Hashemi, Osmani, Goetz and Sen Gupta and Chen.

The last section of the chapter is comprises a review of related literature in microfinance. Over the year, studies have compiled evidence regarding the effects of microfinance scheme on a variation of factor, containing domestic earnings, expenditure, household assets and health and education. This progressive influence of microfinance on income, expenditure and domestic possessions and thus on improved economic and social welfare, was confirmed in various studies. The literature also advises that small credit programs have an optimistic influence on participants with respect to diversify income-earning sources, assets base, expenditure, health, education, dependence on moneylenders, women empowerment (Hulme & Mosley, 1996; Mustafa et.al., 1996; Morduch, 1998; Pitt and Khandker, 1998; Mosley, 2001; Coleman, 2002, Puhazhendhi and Satyasai, 2000; Puhazhendi and Badatya, 2002; Khandher, 2003; EDA, 2006; SHARE, 2008; Panda, 2009 and NCAER, 2009). The prevision of microfinance has been originated to build up calamity surviving contrivance through differentiate earning / savings sources; build assets and social network, Hashemiet al. (1996); Hulme and Mosley, (1996); Murdoch (1998); Husain et.al. (1998); Navajaset al.

Not all the studies reflect only positive impact, however the counter argument presents the challenge that credit programmes inflict extreme compression on females by persistent them to meet problematic credit payment programs, forcing an
collective capability of internal positive initiatives and perpetuating definite well-established societies of gender relations etc. all of which together devalue the position of females and increase their vulnerability. Montogomery, (1996); Goetz et al. (1996); Rahman, (1999) “Putting this evidence together, it is evident that there is no clear-cut or definite answer regarding the impact of microfinance schemes. Conclusions might differ because of different methodological used, because of diverse subjective interpretations given to the same research findings or because of the particular features of the program one is studying”.

8.4 SURFACING OF MICROFINANCE IN HARYANA

Chapter four presents the trends and patterns of microfinance in Haryana. The first section of the chapter discusses the socio-economic characteristics of the state through focusing on sectorial growth, poverty, sex ratio, infrastructure and human development. The state economy showed a robust growth during last two decades; however, on the social development fronts the state is lagging behind. The second section presents the growth of microfinance in Haryana. In Haryana, both the government and NGOs in the state have been promoting SHGs under different programmes and projects by various departments and agencies. Women and Child Development Department has promoted, SHGs under the Programme for Advancement of Gender Equity and Swayamsidha. Women’s Awareness & Management Academy has promoted Swa-shakti project. Forest Department has been promoting SHGs under Haryana Community Forest Project and Integrated Natural Resource Management and Poverty Reduction. Banks are promoting SHGs under the SHGs-Bank linkage Programme of NABARD; DRDA is promoting SHGs under Swarnjayati under IFAD programme.

In the state, SGSY and NABARD are leading the microfinance movement in terms of groups formed and loan disbursement. The financial performance of SGSY shows that the performance of utilization of funds is also very good. In 2000-01 it was 118.72 percent and in the subsequent years the percentage of utilization was almost 100. During the period 1998-99 to 2008-09, the amount of credit disbursed to SHGs increased from Rs. 121.38 lakh in 1999-00 to Rs. 7075.40 lakh in 2012-13. The amount of subsidy increased from Rs. 93.59 lakh in 1999-00 to Rs. 1056.35 lakh in 2004-05 and Rs. 1932.89 lakh in 2012-13. The trends of credit subsidy ratio are more or less similar – 2.61 in 1999-2000 to 2.24 in 2002-03 and 2.19 in 2004-05 and 2.95 in...
2012-13 Under SGSY, 712 SHGs formed in the year 1999-00, 1530 in 2002-03, 985 in 2004-05, 2303 in 2005-06 and 5408 in 2012-13. This indicates the uneven progress in the growth of SHGs in Haryana. The number of women’s SHGs is also increasing. As regards the grading of the SHGs, in 2012-13, the total number of SHGs that acquired Grade-I was 3656 and in Grade-II, the number was 2410. As regards the income generation activities, in 1999-2000 a total number if 260 SHGs had taken up economic activities. This number increased to 776 in 2003-04, 1018 in 2004-05 and 3140 in 2012-13. Within these SHGs, the greatest numbers were involved in the primary sector, mainly in milk cattle. The less attention was paid on the other areas of economic activity like handicraft, handloom, irrigation and the tertiary sector. This reflects that there is a lack of diversification in the SGSY SHGs’ activities in Haryana.

Loans provided under NABARD/SHG-Bank Linkage programme was approximately as equaled Rs. 6,892.30 lakh. Commercial banks and RRBs are the major players in the SBL programme in the state. Under the Swa-shakti project, a total of 1,550 SHGs were formed in three districts covering 23 development blocks and 643 villages. Under Swayamsiddha, 1,300 SHGs have been formed in the 648 villages covering 17,833 members. For giving the women a right platform, recently the State government converted the Mahila Mandals into SHGs. Under the Haryana Community Forest Department, 180 SHGs were formed in 101 villages. Groups were also formed under the Integrated Natural Resource Management and poverty Reduction project.

8.5 SOCIO ECONOMIC PROFILE OF RESPONDENTS AND WORKING OF SHGS

Chapter Five examines the functioning and management of the groups. The first section explains about the formation and working mechanism of the group. The research covers 120 SHGs from three sample Districts. The average number of members per SHG in the sample was 11.7 (10.4 in SGSY, 12.3 in Swayamsiddha and 12.4 in SCRIA). Majority of the groups have been linked for more than five years. It has also been seen that self-help group leaders were nominated than elected in all cases. Regularly average of 1 meeting in a month is being held in all SHGs. So far as the physical presence of the sample SHG respondents in the meetings is concerned, the average percentage in SGSY was 75.4%, and 63.3% in Swayamsiddha and 84% in
SCRIA. In all groups, in 90 per cent of cases, the minutes of the meetings and accounts were managed by the literate respondents of group. The average amount of savings is Rs.68.96/person. There was, however, some variation among the three programmes, ranging from about Rs.72.04 for SGSY to Rs. 71.34 for Swayamsiddha and Rs. 63.50 for SCRIA self-help groups. So far as the frequency of group loans is concerned, the highest frequency (3.9) was reported in SCRIA, followed by SGSY (2.8) and Swayamsiddha (2.6). The average rate of interest taken as a charge by SHGs was around 12.7% yearly, and in SGSY, 13.9 per cent in Swayamsiddha and 14.4 per cent in SCRIA.

In the second section, the chapter explains the socio-economic details of respondents including non-members. The profile shows that the total average age of all groups was 41.28 where average age of SGSY was 41.28, average age of Swayam Siddha was 43.40. And SCRIA average age was 39.16.

Caste wise distribution of SHGs members by indicates that the S.C. (Scheduled Caste) members were (54.7%), then comes after B.C. (Backward Caste) 33.4%, then comes the caste related with general quota were 9.1% and then comes OBC (other Backward Castes) 2.1%. Highest numbers of BPL households were covered under SGSY programme followed by SCRIA and Swayam Siddha.

The third section outlines the individual behavior in the group. The frequency of loan was highest in SCRIA group SCRIA groups followed by SGSY and Swayam Siddha the mean amount of bank loan in all groups found to be Rs. 14385. Highest loan amount was in SCRIA (Rs27515) then comes afterwards SGSY (Rs.25831) and then comes Swayam Siddha (Rs.12227). In same way, the average group loan was calculated for all programme and highest amount was found in SCRIA (Rs.7783) followed by SGSY (6105) and Swayam Siddha (4655). The results show the important change between the values. In case of income generation activity, members are doing at individual/family level and the study has not even found a single group working collectively. Major part of the loan amount was spent on consumption, health and social events which shows the distortion in the loan use. On the issue of timely repayment of the loans, 41.4 per cent of members claimed that they could not manage to repay on time.
8.6 IMPACT ASSESSMENT OF MICROFINANCE

Chapter six produces results and discussions through assessing the impact of group based microfinance programme on the household welfare (in terms of income, assets accumulation, food expenditure and health and education), vulnerability and liberation of people in Haryana.

The research analyzes the impact of microfinance on household welfare through focusing on different dimensions like earning, asset-accumulation, or expenditure on health/food items/education or dependence on moneylender. More than 60 per cent of members had stated IGAs. The group Swayam Siddha comes on first position with highest no of members engaged in income generation activities were 90.8%, (likely only because of the policy change in the ICDS department to prepare cooked food through SHG members) and thus comes SGSY 55.5% and then comes SCRIA with 47.8% respondents. There is a limited on net household incomes of the respondents.

On the issues of microfinance and vulnerability, the study found that a large number of respondents have benefited but limitedly from the microfinance through reducing their vulnerability and comparatively in a better position than non-members to deal with risky situations. Out all those respondents who reported facing a risky situation, 72.2 per cent claimed that microfinance helped them to reduce their vulnerability, while the remaining 27.8 per cent claimed no role, The highest result for microfinance playing a role in reducing household vulnerability was found in SGSY 83.9% and were followed by SCRIA 76.3% and then comes Swayam siddha 36.9%. On the issue of the role of microfinance, 94.3 per cent respondents further claimed that microfinance helped to provide cash in tough situations. This was followed by 51.8 per cent of respondents claiming that microfinance helped to smooth the consumption, increasing household income (50.2 percent), and money management (45.7 per cent) and increasing the asset base (25.5 percent).

To conclude the microfinance impact on empowerment, the study found that the microfinance has affected their position but to a limited extent. On the issues of use of loan and household decision making, women had experience improvement but issues like control over assets, the results are not encouraging. These women also
improved in the areas such as confidence, skill building again very limitedly. On the issues of public participation, there is negligible participation except some cases in SCRIA. There are also wide variations within the programmes.

The analysis shows that in all cases of welfare, risks and empowerment, loan amount emerged as very important variables to affect the household and the income effect was positive but limited. Variables such as education of the members, their occupational status, position in the group, frequency of loans, and longevity of their membership also have significant importance. Results based on principal component analysis shows that peoples are more empowered in SCRIA than that of other groups.

### 8.7 PROBLEMS AND RECOMMENDATIONS

Chapter seven discusses problems encountered in the microfinance programmes and recommendations based on the results. The study identified various problems, such as irregularity in meetings, low level of skills and knowledge, absence of larger goals, attractions for subsidy, desire for waiving off loans, for nonproductive purpose, lack diversification in income generation activities, marketing of products and lack of training. The solutions lie in taking this group approach in wider perspective with a focus on livelihood promotion. Emphasis should be on quality rather than on quantity of groups. In order to enhance welfare of women, it is important to help women to increase their role in decision-making and their control over income and investment.

### 8.8 SUMMARY AND CONCLUSION

Microfinance has emerged as an alternative development policy over the past three decades. In regard to microfinance methodologies, two approaches minimalist and integrated have emerged with financial inclusion and poverty alleviation objective respectively. There are a number of distinctive models of microfinance evolving differently and in different environments. In the last ten years, the microfinance sector has experienced a rapid growth in the financial services in terms of outreach. However, micro financial impact on empowerment and poverty is still contestable.

Exiting literature on microfinance claims that microfinance enables women to acquire skills and increase income, household welfare and empowerment in the social and political areas of society. In our study, the impact on household welfare is limited
while the vulnerability effect is positive. However, in a patriarchal society such as Haryana’s, it seems that access to microfinance alone may not necessarily help and empower women in social and economic areas; thus, the empowerment impact is insignificant.

Merely extending the financial services, one cannot ensure the women’s empowerment. In order to empower, it is important to help women to increase their role in decision-making and control over income and investment. Further, strategies should be adopted within the larger social frameworks which involve sensitization and shifts in the approaches towards poor’s and their roles and responsibilities. So as a result it is concluded that MFIs are not magic bullets which eradicates the poverty from society in Haryana.