CHAPTER V

SUMMARY, FINDINGS, SUGGESTIONS AND CONCLUSION
The policy environment in India has been extremely supportive of the growth of the microfinance sector in the country. Significant policy announcements from the Government of India and the Reserve Bank of India particularly during 2005 the International Year of Microcredit, have served as a shot in the arm for rapid growth. Concept and practice of SHG-based microfinance have deep roots in many parts of the country. In recent years, significant advances were made in the growth and spread of SHGs in India. The general reports on SHGs show statistics of growth and development in our state also. Impact assessment being rather limited, it is hard to measure and quantify the effect of the Indian microcredit experience on the socio-economic background of the rural poor in our state.

SHG-Bank Linkage programme has provided the opportunity for SHGs to increase their capital base to fund more members and bigger projects. Many NGOs acting as mediators between SHGs and banks are also promoting microenterprises among SHG members. The improved access to financial services had benefited the members and
their households in maintaining, intensifying, expanding and diversifying their horizon of activity.

**Summary**

The present study focused at quantifying the impact of SHGs on the socio-economic conditions of its members. The reference period was 2001-06. Primary data was collected through field surveys based on a structured interview schedule which could provide qualitative and quantitative information regarding SHG members in the state. The data was collected by personally interviewing the members and bank managers. The total sample size comprised 3200 SHG members; 50 bank managers were also interviewed on the basis of the objectives of the study. The data collected were statistically analyzed.

In Kerala, women participation in SHGs is manifold greater than that of men and there has definitely been an appreciable change in the standard of living in the respondents after their becoming the members of SHGs. SHGs formed an effective tool in empowering the poor women in the state. There is significant increase in income, savings and asset acquisition among the poor after
becoming members of the SHGs. It was also observed that members progressively started utilizing loan for productive purposes, generating more income. The SHGs of Kerala uphold the secular nature of the state with representation from all communities. Majority of the respondents are educated. It is noteworthy that educational status is significantly related to the thrift habit of the members. Signs of improvement are stronger not only in the economic aspects of the members but also in their social as well as cultural aspects.

Findings

Based on the analysis of empirical data and personal observations, the following findings were obtained.

1. Great majority of the Self-Help Groups in Kerala are women groups. In some areas men groups and mixed groups also exist.

2. Most of the members are literate and reasonably educated and are capable to lead the group efficiently.

3. The illiterate and poorest of the poor are not sufficiently represented in SHGs.
4. Most of the female members are unemployed, but engaged in some sort of income generating activities such as casual work, agriculture, petty shop, animal husbandry etc.

5. In the families of most of the members there are one to three earning members, many of them earning income on daily basis.

6. There is significant increase in the income of the respondents after they have become members of the SHG. The role of SHGs in enhancing the income generating habits of its members is glaring in the present study.

7. The savings of individuals increased after their becoming members of the SHG. This indicates the role of SHGs in improving the thrift habits of its members.

8. There is variation in the accretion of assets of the SHG members of the nine districts studied.

9. There is no relation between income and educational qualification of the SHG members in the state. The
income and educational status are found to be independent of each other.

10. Savings and educational status are related. It may be assumed that educated members are more aware of the need for saving.

11. Social aspects like communicative skill, decision making ability, self confidence and recognition in the family and community of the members have increased after becoming members of the SHG.

12. Majority of the SHGs are repaying their loan to the bank promptly, transaction costs of the banks are very low and lending to the rural poor through SHGs is profitable to banks.

To put it in a nut shell, after becoming members of SHG the socio-economic conditions and standard of living of the members and their families greatly improved.

**Problems**

The apparent and affirmative change in the socio-economic conditions of the respondents could be indicative of the general status of performance of SHGs in the state.
But the system has its own problems and shortcomings. The present study unraveled many of them which are listed below.

1. **Utilization of loans for non productive purposes.**
   Many of the members spend on non remunerative purposes such as repayment of earlier loans, education of children, maintenance and repair of existing houses, construction of new ones, treatment, marriage etc. They are not utilizing their loan for income generating activities. This causes repayment difficult for many of the borrowers. Some of the members are lazy also; their mind set should be changed to do some income generating activities.

2. **Multiple memberships.** Many of the respondents have memberships in more than one group. By availing loan from all these groups such members are increasing their debts.

3. **Abandoning SHGs.** With the emergence of Kudumbashree programme many of the members leave SHGs because they get subsidies from there. Hence, it is important to provide similar schemes to
SHG members also to attract and retain them. Entrance of new NGOs with attractive offers resulted in the drop-out of the members from the existing groups.

4. **Membership to the undeserved.** At least in few groups there are members who are well off and above poverty line (APL). They are not interested in doing any income generating activities and are against SHGs availing bank loan. Their involvement creates confusion and reduces self confidence in the needy below poverty line (BPL) members.

6. **SHGs behaving just as money lenders.** Certain SHGs limit their programme to collecting deposits and giving loans. Such SHGs have to be motivated to involve in group activities.

7. **Non- homogeneity of the members.** In some groups heterogeneity creates problems. APL-BPL members, members coming under different age groups, members with different tastes and attitudes towards income generating activities have different views and opinions.
8. **Inadequacy of efficient and skilled co-ordinators.**
This is another problem with the proper functioning and sustainable growth of the SHGs. The NGOs usually withdraw the co-ordinators after the groups have attained some maturity. This affects the further development of the group. Researcher strongly recommends deliberate external intervention by committed and sincere co-ordinators or staff which is highly essential to nurture, and empower the groups. This is also inevitable for the sustainable existence of SHGs in the state. It should be remembered that the success of CDS movement in Malappuram has been mainly due to the sincere services of the co-ordinators and community organizers there.

9. **Stagnation in performance.** Even efficiently performing SHGs gradually lose their enthusiasm. Honouring and providing incentives to the best performing SHGs as well as individual members will definitely help to overcome this situation.

10. **Irregular income.** The income of members who are engaged in agriculture is irregular and seasonal. They
fail to remit their deposits and repay loan during off seasons and find it difficult to attend the group meetings during agricultural seasons.

12. **Competition.** Competition among NGOs or other promoting bodies creates many problems. The co-ordinators and leaders consider other NGOs as their rivals. A co-ordinated effort of all voluntary agencies is highly recommended for overall development.

13. **Lack of transparency in financial management.** Negligence in the maintenance of registers and account books, absence of periodic auditing of the accounts etc. reduce the reliability of the groups among the members themselves.

14. **Influence of caste or community.** Formation of new NGOs on the basis of caste or community and the influence of their leaders cause dropping out of the members from the existing SHGs or lead to multiple membership.
Suggestions

On the basis of the above findings and observations, the following suggestions have emanated, which may be helpful in strengthening SHGs and taking strategic decisions on Poverty Alleviation Programmes in the State.

1. More supportive and patronizing attitude on the part of the Government, NABARD, NGOs and Banks are highly essential for the members to develop their entrepreneurial abilities and skills. Separate departments have to be formed in these institutions for the development of microfinance and Microenterprises in the state.

2. Measures to attract the illiterate and the poorest section of the rural people to SHG have to be taken.

3. Group concept can change the lives of the tribal folk also. Voluntary agencies should be able to play a significant role in improving and developing the living conditions of the tribal folk. Help of animators of Integrated Tribal Development Project (ITDP) and the services and resources of Scheduled Tribes Department and various other government departments can be availed for this purpose.
4. Belts of lower income people have to be identified in their meagerly represented areas and brought within the span of SHGs.

5. Small responsible jobs requiring collective effort may be entrusted to SHGs thus helping the members to earn additional income.

6. Attractive saving schemes and insurance schemes, if introduced for SHG members, will enhance their thrift habit.

7. It is good to formulate a common policy for the formation of SHGs and frame directives related to membership, meetings, registers, accounts, audit etc. of the SHGs.

8. The members can be made socially committed by making sure their involvement in government schemes like poverty eradication programmes.

9. Recent technological know-how has to be provided to SHGs to increase the quantity and quality of their products. More active involvement of private sector enterprises is needed.
10. Adequate training must be provided to the members. Moreover, income generating activities at the individual and group level has to be promoted.

11. Adequate marketing facilities have to be made available. The Government or NGOs shall take the initiative at the Panchayath level so that the members can sell their products at a reasonable price.

12. A team of experts may be set, for giving necessary counseling for the members.

13. Formation of federations, regional level committees etc. are very important for monitoring, training and evaluating the groups.

14. The groups are to be directed to maintain the registers, conduct meetings, audit the accounts and submit monthly, half yearly and annual statements of accounts to the NGOs and banks.

15. A system for monitoring the functioning of the groups, checking the registers and accounts and auditing the accounts periodically has to be introduced.
16. Majority of women are ignorant of their legal rights; programmes are to be organized to enhance their awareness.

17. Good quality household appliances and other items needed for the members can be purchased in bulk and distributed among them by the SHGs or NGOs to avoid cheating and exploitation by intermediaries.

18. Successful women entrepreneurs have to be given common platform to share their experience with other members. Such interactions would instill confidence in the members and encourage them to improve their entrepreneurial abilities and help them to update the manufacturing methods and marketing strategies.

19. A system for quality control and standards will help to maintain the production of good quality products by the SHGs which in turn will raise the market value of the commodities.

**Challenges**

Based on personal observations and group discussions made during the study, the researcher could
identify certain challenging problems in the functioning of SHGs which cannot be easily corrected or solved. Conscious and careful interference on the part of NGOs and coordinators is greatly advocated.

1. **Marketing.** Finding market for the products of SHGs is a major challenge. Products, produced by the groups suffer greatly in the influx of multinational companies and their marketing systems.

2. **Upgradation of skills.** Petty trade and cattle rearing are the most preferred non-farm activities among a large number of women as they are unskilled to venture into new business or productive economic activity. Since these activities are less profitable, they should be directed to enter into nontraditional and profitable activities. Their technical skill shall be enhanced and for that, skill upgradation classes should be conducted regularly.

3. **External interference.** Political interference, influence of spouse etc. adversely affect the functioning and decision making processes in some groups.
4. **Lack of second level leaders.** In many groups, office bearers are permanent and a few women dominate the show from year to year. If they leave the group, the group itself will come to an end. Office bearers have to be elected on a rotational basis and overdependence of the members on their leaders has to be avoided.

**Conclusion**

SHGs can play an effective role in achieving the long cherished objectives of poverty alleviation and rural development through their diversified programmes. The formation of common interest groups has had a substantial impact on the lives of its members. Empowerment of women and the inculcation of financial training and discipline amongst the poor will undoubtedly have long term socio-economic benefits.

Still, there are key areas of SHG management that need to be improved. SHGs must be self managed units, independent of promoting institutions, with proper accounts, audit and credit management ability. Over dependence on leaders is a major problem faced by the SHGs in Kerala. The leader also becomes autocratic,
interfering with each and every decision of the members. This system of spoon feeding cannot be considered as a positive sign. Strategy of democratic style of leadership with co-operation, unity, and mutual understanding from the part of each and every member in group activities, seems to be the ideal mechanism for making the groups self reliant.

Identification of the deserving one is very important in the case of monetary aspects. Loans and other benefits of SHGs sometimes flow away bypassing the poorest to the powerful and least needy of the members. This process of marginalization may lead to the destruction of the whole process. There is a need to pay considerable attention to this aspect, for achieving the real goal of overall development of the weak and poor section of the society.

Whatever be the short comings, the impact of SHG programme on socio-economic conditions of the members have been invariably an improvement from the pre-existed status of the rural poor in Kerala. The programme has created a new system that value women, putting the needs and issues of women at the top of the agenda. It is a unique system for poverty eradication involving poor women who
work together in order to bring a positive shift in their socio-economic status. It can be hoped that the SHG programme could bring about radical changes in the lives of the poor sections of the society in the years to come.