CHAPTER VI
SUMMARY OF FINDINGS AND CONCLUSIONS

6.1 SUMMARY

The first chapter begins with the definition to the poverty and its various dimensions. The need of the innovative financial system to alleviate poverty and origin and historical perspective of Microfinance are discussed. National Bank for Agricultural and Rural Development (NABARD) initiative to microfinance and Grameen Bank functions are highlighted in the text. Self Help Groups and their working patterns get focused. The Planning Commission of India, United Nations Development Programme, The Census of India, Micro Credit Summit Campaign Report and Reserve Bank of India reports are utilised in the chapter. The research questions raised, the objectives of the study are laid down in clear terms and the hypotheses of the study are stated. Research methodology gives an overall view about how the study is undertaken.

The review of literature contained in the second chapter deals with Microfinance, Micro Credit, Self Help Groups and Women Empowerment. The various viewpoints of the National and International works, Journals, theses, reports are added to improve the thesis. A major strength of the thesis is that it has derived ideas and inspirations from the outcomes of the International and Indian studies and a systematic attempt was made in applying statistical methodologies for improving the quality of empirical analysis.

The theoretical perspectives of Microfinance are described in the third chapter. The world widely used Grammen Model and its role in improving the status of the rural poor is added in this chapter. Concept of the Self Help Groups, characteristics, functions, the formations of Self Help Groups, international aspects of Self Help Groups and Non Governmental Organisations role are also discussed in this chapter. Theories on poverty, planning commission report on poverty line get highlighted in this chapter.
The role of Microfinance in Tamil Nadu is delineated in the fourth chapter. The activities of Tamil Nadu Corporation for Development of Women and its schemes such as “Mahalir Thittam”, a scheme for empowerment of women fully funded by the State Government in partnership with Non Governmental Organisations (NGOs) and Banks are discussed. The formation, functioning of Self Help Groups in Tamil Nadu, Training and other related fields are analysed. The background of the study area Kanchipuram District, strength of the Self Help Groups, functions, Non Governmental Organisations’ performance, Distribution of revolving fund and training are included to strengthen the thesis.

The fifth chapter deals with data analysis and interpretation. The statistical tools were used to analyse the data for assessing the impact of microfinance on poverty through Self Help Groups includes Percentage Analysis, ANOVA, Chi-square test, t-test, Paired t-test, Factor Analysis, Correlation and Regression. The following findings are extracted from analysis of the present study.

In the alleviation of rural poverty, the role of Microfinance has got great importance. The mean response given by the selected respondents for Microfinance developed them to economically sound. It mean value is 4.25, which is above the average level. It shows that sample respondents agreed that Microfinance developed them economically good.

The mean response given by the sample respondents regarding satisfaction with the performance of Self Help Groups is 3.88, which is above average level. It shows that selected respondents were satisfied with the performance of Self Help Groups.

The obtained ‘t’ value is 13.47, which is significant at 1 percentage level. It indicated that there is a significant improvement in household savings after joining Self Help Groups. The mean savings of selected respondents before joining Self Help Groups is Rs. 653.86/- and the mean savings of selected respondents after joining Self Help Groups is Rs. 910.52/-.

In case of age factor and training, the calculated value of Chi-square is 18.61, greater than the table value 11.34. Therefore there is a significant association between age factor and training. It is also shows that the 41-50 age group is influenced greater than the rest of the groups.
The t-test is applied to find the significance among types of families with respect to the reasons and changes after joining Self Help Groups. The obtained ‘t’ value is 7.86, which is significant at 1 percentage level. It indicated that there is significant mean difference between the types of families with reference to the reasons for joining the Self Help Groups.

The obtained ‘t’ value is 6.00, which is significant at 1 percentage level. It indicated that there is significant mean difference between the types of families with reference to the changes after joining the Self Help Groups. It shows that types of families also one of the factors to joining the Self Help Groups.

Paired samples t-test was applied to ascertain if there was any significant change in household income, household assets, household indebtedness and household investments after joining Self Help Groups. The obtained ‘t’-value is 38.12, which is significant at 1 percentage level. It indicates that there is a significant improvement in household income after joining Self Help Groups. The mean income of selected respondents before joining Self Help Groups is Rs. 6456.25/- and the mean income of selected respondents after joining Self Help Groups is Rs. 8711.54/-. 

The obtained ‘t’ value is 21.18, which is significant at 1 percentage level. It indicated that there is a significant improvement in household assets after joining Self Help Groups. The mean assets of selected respondents before joining Self Help Groups is Rs. 1,30,253.23/- and the mean assets of selected respondents after joining Self Help Groups is Rs. 1,60,215.52/-. 

The obtained ‘t’ value is 9.96, which is significant at 1 percentage level. It indicated that there is significant decrease in household indebtedness after joining Self Help Groups. The mean indebtedness of selected respondents before joining Self Help Groups is Rs. 32,939.02/- and the mean indebtedness of selected respondents after joining Self Help Groups is Rs. 26,004.44/-.

The obtained ‘t’ value is 17.26 which is significant at 1 percentage level. It indicated that there is a significant improvement in household investment after joining Self Help Groups. The mean investment of selected respondents before joining Self Help Group is Rs. 9778.81/- and the mean investment of selected respondents after joining Self Help Groups is Rs. 16297.45/-.
For measuring the changes after joining the Self Help Groups, twenty six variables were measured in the factor analysis. Based on the responses given by the selected Self Help Groups members factor analysis was done to group the variables into factors. All the twenty six variables have been reduced into fewer factors by analyzing correlation between variables (opinions regarding changes after joining Self Help Group). In this case twenty six variables are reduced into four factors which explain the much of the original data. From the cumulative percentage column, the four factors extracted together accounts for 67.58 percentage of the total variance (information contained in twenty six variables).

There is significant positive correlation observed between economic factor with other factors such as self confidence, life style and social respect. This shows that economic factor is the prime and important factor for creating changes after joining Self Help Groups and economic factor will lead a way for other factors.

The independent variables such as increase in income, increase in savings, economic independence, growth in business, increase in assets, circulation of money and increase in employment serves as predictor variables and explains the variability of eradication of poverty.

One way ANOVA was applied to ascertain if there were any significant differences existing between respondents’ literacy levels with respect to variables namely reasons for joining the Self Help Groups, changes after joining the Self Help Groups and appraisal of Microfinance/Self Help Groups. The obtained ‘F’ value is 25.77 which is significant at 1 percentage level. It indicates that there is a significant mean difference among the respondents’ literacy level and reasons for joining the Self Help Groups. Further, the mean indicated that the respondents of ESLC have scored higher mean response of 4.34 and the lowest mean response is obtained by the respondents from other educational qualification with the mean of value 3.81 towards reasons for joining the Self Help Groups.

The obtained ‘F’ value is 29.47 which is significant at 1 percentage level. It indicates that there is a significant mean difference among the respondents literacy level and changes after joining the Self Help Groups. The obtained ‘F’ value is 24.97, which
is significant at 1 percentage level. It indicated that there is a significant mean difference among the respondents’ literacy level and appraisal of Microfinance/Self Help Groups.

To assess the relationship between alleviation of poverty and functioning of Self Help Groups. Chi-square test was performed to identify the relationship between alleviation of poverty and functioning of Self Help Groups. The calculated value of chi-square (83.99) > table value of chi-square (6.635), with a degrees of freedom (1). It shows that there is a significant association between alleviation of poverty and functioning of Self Help Groups.

The problems ascertain by the Self Help Group members of Kanchipuram District are such as, lack of education and awareness, lack of mobilizing of savings, timely need of banking assistance, lack of active participation among members, lack of co-ordination and lack of marketing facilities. Based on the above analysis the following suggestions are recommended.

**6.2 SUGGESTIONS**

Considering the findings of the study, the following suggestions are prescribed. Literacy and trainings are needed for the poor women to benefit from the micro-credit schemes. The rights and awareness are important complements to micro-credit for the empowerment of women and alleviation of poverty.

The members of the Self Help Groups should be more active, enthusiastic and dynamic to mobilise their savings by group actions. In this process Non Governmental Organisations (NGOs) should act as a facilitator and motivator.

The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the group.

The bank should give adequate credit to the Self Help Groups according to their needs.

Uniformity should be maintained in the formation and extension of financial assistance to them by banks in all blocks.

The procedure of the banks in sanctioning credit to Self Help Groups should be simple and quick.
Marketing facilities for the sale of products of Self Help Groups may be created. Periodical exhibitions at block-level may be organised where the products of Self Help Groups can be displayed. Meetings and Seminars may be organised where the members will get a chance to exchange their views and be able to develop their group strength of interactions. Active involvement with district administration, professional bodies, non-governmental organisations and voluntary organisations is precondition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to markets.

6.3 POLICY IMPLICATIONS

In this twenty-first century, one must take along an active people-centred and growth-oriented poverty alleviation strategy, a strategy, which seems to incorporate women’s aspirations, dynamism and involvement. It is envisaged that self-help groups would play a vital role in poverty alleviation. But there is a need for structural orientation of the groups to suit the requirements of new business.

Micro credit has to be viewed from a long-term perspective under Self Help Groups framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified Microfinance sector, which will make a real contribution to the alleviation of rural poverty.

6.4 SCOPE FOR FURTHER RESEARCH

The current study was based on small sample size taken from Kanchipuram District of Tamil Nadu. Therefore, the results cannot be generalized to other districts of Tamil Nadu especially in the analytical terms. Further research done on a bigger scale with large sample size could shed light on how Microfinance/ Self Help Groups activities alleviate poverty and improve the living standard of poor people of Tamil Nadu and as well as India analytically. The current study did not consider the reasons of motivation to join the microfinance program. Another area that has not been investigated is the
difficulties that the borrowers face to repay the loan. These areas deserve to be studied by future researchers in the field.

There is also another field, which is neglected in the study that the supply gap of Micro Finance Institutions. Actually, to what extent the Micro Finance Institutions are capable to deliver their service to the poor people. Further research could be conducted in this area and for finding the reasons for the gap between demand and supply in terms of Microfinance services.

6.5 CONCLUSION

Like most other schemes of assistance provided by various State governments and Union government the implementation of Self Help Groups has not been free from problem and hurdles. In spite of numerous problems pertaining to identification, training and financing of beneficiaries, the scheme has made much headway. Most of the beneficiaries, who availed of financial assistance under the Self Help Groups have succeeded in employing themselves and generating reasonable adequate returns out of their activities. It is an undisputed fact that a little money, guidance, support and practical knowledge would embolden women, financially and mentally. It would lead to the opening of new avenue and improve the quality of their life.

Self Help Groups are about people coming together with others who are affected by a particular issue to support each other and to work together to change the disadvantage affecting them. Self Help Groups are self governed, peer-controlled small and informal association of the poor, usually from socially and economically homogeneous families, who are organised for savings and credit activities.

In the meetings they discuss general issues and plan solutions, share information, make efforts to improve their health and literacy skills. Self Help Groups are not charity groups they are simply society based groups. They are controlled by the people who are leading the groups. Group members are not volunteers. Although the work is usually unpaid, members work to change their own situation and support is mutual. Self Help Groups build on the strength of their members.
Self Help Groups are playing an important role in the transfer of technology to user group population. It has been found by the members of Self Help Groups that they offer them organisational base, large resources and access to modern technology leading to employment and income generation.

Self Help Groups are playing a crucial role in harmonising the society and strengthening rural economy, hence they must avail themselves of training programmes and should manufacture diversified quality products that are of high quality. Self Help Groups are expected to be one of the major programmes of poverty alleviation in India with full participation from the formal banking system and without any interference from the government. However, considering the magnitude of poverty, the outreach of the programme needs to be strengthened and enhanced.

The present study revealed that the socio-economic conditions derived from the members on the activities of Self Help Groups are at a satisfactory level.

Further, the Social Welfare Department and Rural Development and Panchayat Raj Department of Government of Tamil Nadu, Non Governmental Organizations, Banks, Financial Institutions, Entrepreneurial Training Centres and Social Workers might help the members of Self Help Groups by educating them in all ways and providing more opportunities by relaxing the rigid rules.

Finally there is a need for high level review committee on Self Help Groups and its functions. Such an independent committee must be set up to study Self Help Groups based programmes, in order to assess the extent to which these programmes address the women empowerment. It must recommend changes related to the framework, approach and design of Self Help Groups programmes, as well as changes that might be required in the major policy and changes to have an impact in the alleviation of poverty.