CHAPTER – VII

SUMMARY AND CONCLUSIONS
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7.1 Summary and Concluding Remarks:

In this section an attempt has been made to focus upon the primary and major features of the two surveys, one on the Sreema Mahila Samity and the other on the Agradut Pally Unnayan Samity. The study revealed that the SHG members of the Sreema Mahila Samity failed to achieve the objective of women’s emancipation through involvement in productive economic activity, although they became fully aware of this kind of a social necessity through collective participation in SHGs.

During the course of primary survey conducted, the following features have been observed:

i) SHG are small informal groups who organise together to pool up a capital fund through everyday’s savings. This fund becomes a working capital for starting a business or money required during emergencies or other activities.

ii) The microfinance programme revolves round the formation of SHGs by the poor women. Generally the microcredit is linked with developing the practice of savings of poor households.

iii) The NABARD model is now acceptable to the poor women and the membership is open to the poor irrespective of caste, religion, age or social class.

iv) MFIs generally extend microcredit facilities to the SHG members who are involved in the traditional microenterprises like animal husbandry, agriculture, fishery, household industry and petty trading.

v) The motivating factors of the SHG members joining SHG are thrift, credit and income generation.

vi) The SHG members are highly dependent on the promotional institutions.

In the findings of the primary survey conducted in the districts of Nadia, North 24 Parganas and Howrah, it was revealed that the microfinance linkage has significant achievement in increasing the awareness level among the SHG members and promoting their livelihood related activities. It was also implied that the MFIs act as social inter-
mediators for the SHG members, which means entrepreneurial development, management development and financial training. These services enable the SHG members to overcome poverty. Women empowerment can be done through income generating activities. In the study it has been understood that women play dual roles in the family: the productive role adopted in helping their husbands by taking in to paid work or other livelihood related or income generating activities. The other role that women play is reproductive. While playing such crucial roles for the family these women face problems like low level of asset ownership, illiteracy, restricted livelihood activities, lack of market access, participation in low return activities, etc.

It has been learnt that the participation in SHG and the access obtained to savings and credit can play a transformational role for women, socially and economically. The access to savings and credit helps a women member to take care of her family’s financial need for consumption and production purposes. The ability to meet such needs helped them to enhance their knowledge base which leads to better gender relations.

7.2 Sreema Mahila Samity:

In this section the researcher found that the SHG under the SMS conducts meetings at a regular interval, which shows good cooperative behaviour and good flow of information amongst the members. Through active participation in these meetings, the members seem to have developed a sense of confidence and self esteem. This also improves their decision making power. They become the major decision making agents in matters of household related activities.

It has been investigated that the impact of microfinance on women empowerment is considerably strong; the MF programs enable these women to increase their negotiating / bargaining capacities in household activities. On the basis of further analysis it may also be said that there is an increase in the sense of awareness, self confidence and knowledge. However the degree of empowerment is not same for all women participants in the SHGs. About 56.3% SHG members seem to have felt they became more self confident after joining the SHGs. Almost 34.1% SHG members in the age group 1-3 years were observed to be self confident. We might infer that the self confidence level increased with the age of SHGs.
Self-help groups intermediated by linkage of microcredit have shown to have positive effects on women. Easy access to credit is the main objective of microfinance and SHG linkage programmes. It helped in improving the family’s economic condition and also reduced their indebtedness to money lenders. Group members are now taking loans for various purposes like business, agricultural activities, consumption etc. The loan amount varies from meager Rs. 900 to as high as Rs 1,05,000.

Most of the SHG members are now aware of the money lenders and they keep their money in banks or Sreema Mahila Samity. The SHG members consider Sreema Mahila Samity to be a much safer place for their savings rather than other financial institutions. The members deposit their money in high proportion at Sreema Mahila Samity as compared to other financial institutions. There is an increasing trend of savings over the years and about 85.71% SHG members in the SHGs age bracket of 7 years and above, while it is only 60.87% in the SHGs of age bracket 1-3 years old.

It has been observed that most of the SHG members are agricultural laborers and they are engaged in their traditional occupations like bidi making, leaf-plate making etc. Majority of the members earn their income from wage employment and they lack the required knowledge or expertise in venturing into business.

It has been observed that Sreema Mahila Samity initiated a good practice for the SHG members by introducing group activities and teamwork amongst them. About 91.69% of the members responded that they attended the meetings twice a month. That was as per the set rules and regulations of the organization. They could share their problems with other group members. They also discussed the possible solutions to those problems or crises. That ensured a sense of sisterhood amongst the members. It was only after the microfinance linkage that the confidence level of the SHG members increased over the years. Self- confidence means ability to express their views and decision.

The participation of SHG members formed a good habit of savings and it was found that there was a rise in the percentage of SHG members. Microfinance linkage with the SHG members contributed in increasing the personal income of the SHG members. In other words, we may say that microfinance linkage helped in increasing the skills and capacity of the SHG members. They were also found to have become financially independent when compared to other non-group members. The SHG members belonging to the age group of 7
years and above earned higher income than the other group members of SHGs age below 7 years. The income of SHG members after microfinance linkage was better for the members of SHGs in the age group of 7 years and above than that with the group members of shorter attachment. About 63.45% of the members had been able to increase their income in the SHGs of 7 years and above.

7.3 Agradut Pally Unnayan Samity:

In another study conducted at the district of Howrah, it has been observed that microfinance played an important role in entrepreneurship development. The availability of microfinance among rural entrepreneurs helped in improving their livelihood at least at a moderate level. It was also observed that rural entrepreneurs were basically interested in conducting petty trading rather than involving in the production process. As much as they were experienced with the technicalities of microfinance, they were adept in taking the benefits of loan and advance from MFIs for expanding their businesses. The income generating activities were conducive to women empowerment and it could be possible only when women collectively came together to overcome the gender related issues.

The studies depicted that informal sectors are better equipped to deal with credit assessment of the poor. The informal sector with broader resource base can be strengthened by linking it with the formal sector. This will facilitate the borrowers both in formal and informal sectors. Microfinance thus reduces the vulnerability of the poor by socio-economic empowerment. It has been learnt that poor are bankable and SHGs are considered as safe in delivering credit.

The study revealed that the transformation of women’s lives through access to credit depend on various factors like (1) capabilities, (2) environment, (3) status in a group, (4) social network and (5) availability of resources.

The microfinance programme should comprise various factors of skill oriented programs to enhance development of the SHG members. In this regard, the NGO sector has largely contributed to the microfinance area in a more meaningful way by conducting skilled development programmes for the SHG members. With the active participation of the SHG members, it is possible to change the status of the rural women socially, economically and politically. A person having a set of particular skills / talents and ideas can not start
business due to lack of capital, for; she ought to have enough money to buy the inputs as well as services for production and marketing the products. In this place the credit market comes in to fill up the gap.

This research study basically explored the effectiveness of the microfinance programme as a tool for women empowerment. The findings from the primary survey revealed that the microfinance linkage with SHG had significant achievements in increasing the income, awareness level and livelihood related activities of the SHG members. The informal sectors were better equipped to deal with credit assessment of the poor and the transaction costs associated with loan processing was much lower than in the formal sector. A joint venture would facilitate the borrowers, both in formal and informal sectors. Apart from the role of financial intermediator the MFIs also acted as social intermediators to the SHG members. Social intermediation incorporated training, particularly in financial literacy and management skill.

Micro-finance Institutions (MFIs) are those, which provide thrift, credit and other financial services and products of very small amounts mainly to the poor in rural, semi-urban or urban areas for enabling them to raise their income level and improve living standards. The microfinance aims at reducing the vulnerability of the poor and increasing their income and overall livelihood condition.

From the findings, some basic ideas about the purpose and need of the SHGs in rural areas may be drawn. The main purpose of taking loans is to run a small business. The reason may be that the need of loans is much higher in agriculture compared to petty business. There is a definite indication of benefit of belonging in SHG groups in terms of income and profit. In accordance with the purpose of SHG, small savings occupy a major portion of the saving structure of the group members. Very naturally, experience plays a positive role in generating higher income of the members.

The outcomes from the research study on Agradut in Howrah district reflected that those who were engaged in the trades like animal husbandry, household industry and petty trade were making good profits. It may be said that the microfinance programme is impressively achieving its goal of helping the rural poor people.

The results from the findings indicated that the purpose of taking loans is basically for petty trading. Out of 200 respondents, 71% had taken loan for petty trading.
industry came as next activity for which the respondents were interested in taking loans. Agriculture and other activities had very low priority in respect of purpose of taking loans.

The income effect after joining groups for various categories had seen a significant upward movement. From this we could infer that a positive relationship existed between income and microfinance linkage. It had been observed that highest appreciation was seen in animal husbandry and household industry.

If we look into the business constraints of micro entrepreneurs, about 44.5% of the members expressed their problems such as those of shortage of fund, non availability of raw materials, lower market demand and lack of mobility to distant markets with better sale prospects.

Entrepreneurs can make more productive investments if MFIs meet their demand for loan by allowing more flexibility in loan disbursement and repayment schedule. From the findings of Howrah district it has been found that the rural entrepreneurs faced different kinds of constraints such as several competitors, non-availability of raw materials, shortage of funds, low market demand etc. The major problems seemed to be the shortage of funds, due to which the entrepreneurs were found to have been unable to expand their business.

A rural woman may be a successful entrepreneur provided that she has the capital, has the required technical resources and the managerial know how and market experience. Success of several enterprises is found to have been based on the locally available resources and indigenous knowledge.

The people from income group have ideas for running their business, but only thing they lack is the financial resources. Here the MFIs not only act as financial intermediates but also as social intermediates to the SHG members. Social intermediation means training, management development and financial training. These kinds of services are absent in general banking system.

The availability of microfinance amongst rural entrepreneurs helps in improving their livelihood at least in a moderate level. It is also observed that these rural entrepreneurs are basically interested in conducting petty trading rather than to get involved in any production process. As they have the experience with the technicalities of microfinance they take the benefit of loans and advance from MFIs for expanding their business and earn more profits from their business.
There is a need to invest in skill development, technology and market promotions to assure that self-employment in rural non-farm activities remains viable for the rural poor.

From the findings of the report it has become evident that income of the members increase significantly during the period of their engagement with the microfinance organization.

We can conclude that the sustainability of the rural microenterprises depends on the availability of forward and backward linkages and a supporting infrastructure. It also depends on the role played by the different stakeholders, like the banks, the NGOs, SHPIs, Government agencies etc.

**7.4 The SHG-Bank Linkage-Learning :**

NABARD is the pioneer in implementing the group based approach initiated since 1992. The SHG-Bank linkage programme launched by NABARD as a predominant microfinance model in the country. The main aim of the programme was to improve rural poor’s access to formal credit system in a cost effective and sustainable manner by making use of the SHGs. It is considered as a proven method of financial inclusion, providing unbanked rural clientele with access to formal financial services from the existing bank infrastructure. It is observed that there is a massive mobilisation of women taking place as a result of the SHG movement.

There are many interesting and positive outcomes on the impact of SHGs’ participation. The SHG’s concentration is high in the southern states of India and more than 60% of the total SHG credit linkages in the country are from southern states.

It has been learnt that poor are bankable and when organized into SHGs, they are ready and willing to participate in the mainstream financial institutions. SHGs are considered to be safer in delivering credit. The success of SHG-Bank linkage programme is due to the good linkage between the informal sector comprising the poor and their SHGs, the semiformal sector comprising NGOs and the formal sector comprising banks, government and the development agencies.

It is also necessary to set up a separate legal and regulatory framework since the SHG-Bank linkage programme depends upon the existing infrastructure. Government should adopt important role in creating an enabling environment and by drawing and
implementing appropriate policies.

7.5 Women Empowerment and Gender Issues:

By understanding women empowerment, we mean expansion of freedom of choice. It is a multidimensional approach which requires a set of capabilities and assets at the individual level. Women used to play dual roles – one is the productive and the other is reproductive. Therefore their role in family is unique. Apart from it they are also involved in helping husband’s work or other livelihood related activities. It is therefore necessary to create a secured environment for them. These women face numerous problems like low level of assets ownership, illiteracy, inability to participate in low return sectors, restricted business avenues, limited access to technology, lack of access to market, poor access to formal sector, poor capacity building etc.

Empowerment, is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. Microfinance gives the unemployed and the poor some opportunities, hope and self-esteem.

When a woman needs to be empowered she needs resources – material, human and social. Access to capital as financial resource is one of the dimensions of the complex and ever changing process. Also, control over capital is another important factor.

It has been learned that poor women need access to variety of small savings products other than just credit that will help them to accumulate funds in difficult situations. In order to meet various needs of poor women in rural areas, it is essential to design microfinance in such a way that rural women can face the challenges.

In order to target the poorest of the poor, it is indeed essential to provide the non-financial services to precede and / or to supplement the financial services. According to Bhatt and Tang (2001), the poorest of the poor are more risk prone and socially isolated and have very few economic opportunities. So MFIs should be more oriented with the livelihoods related activities which involve production. The money should be used for productive purpose and it must strengthen to support the clients on marketing of goods produced by them. Also the goods which will be produced must be marketable. MFIs should not be functioning with the loan but it should emphasise on both equity and capacity building funding.
When MFI s are looking into the sustainability factors, then it should look into the interest charged to clients to cover the costs and risks. Microfinance should cover the entire range of financial services and should be properly rendered to the poorer section of the society. Also, it comprises the skill upgradation and entrepreneurial development. It is considered as potent development paradigm all over the world for alleviating poverty and SHGs become vehicles for the success in providing credit to the rural poor.

It is also understood that SHG is a viable, organized set up to disburse microcredit to rural women for the purpose of making them enterprising and encouraging them to enter into entrepreneurial activities. It is not just a microcredit programme but is an empowerment process. By empowerment, here it is meant a holistic social development along with meeting the rural women’s economic needs.

7.6 Concluding Remarks:

1. From the analysis of primary data it was apparent that microfinance might be considered as a tool for the overall development of the poor. However, it does not necessarily promote entrepreneurship. SHG members need to be facilitated in accessing market links, information and availability of upcoming technologies. It is also necessary to provide forward and backward linkages apart from developing business related skills.

2. In order to strengthen the microfinance programme it is necessary to include a large number of the poor, if possible, all of them. Loans should be given to people who can utilize them for productive purpose.

3. For the sustainability of the SHG members more emphasis should be provided on their capacity building.

4. It is essential to look beyond the delivery of financial services to the offering of services for livelihood security, promotion of rural entrepreneurship, technology infusion and market linkage. There is a need to work towards a holistic approach to strengthen the relationship between microfinance and livelihood.
5. The government should take necessary action-oriented programme to equip women with necessary skills in the upcoming trade which will keep them gainfully engaged.

6. Due attention should be given to education of women which will help them in their emancipation from the social, political, cultural and economic bondages.

7. It is apparent from the studies that microfinance is an effective tool for developing entrepreneurship but not the sufficient condition for promotion of microenterprise. Training related to business, production, marketing must be provided to SHG members.

8. The schemes like rural haat, REDP, MAHIMA etc provided by NABARD, to strengthen the microenterprise among SHG members are to be widely and intensively adopted and implemented.

9. To encourage and develop more and more microenterprise and to attract borrowers by offering greater amount of loans at lower rates. Also it should charge reasonable rate of interest to their clients to cover the costs and risks associated.

10. Microfinance programme should be tuned with livelihoods in production, manufacturing and service sectors. It should be used to produce some goods or services that can be marketed.

11. The main barriers to socio-economic development in rural women are due to lack of infrastructural facilities, illiteracy, lack of employment opportunities etc. and to overcome these problems, an integrated and balanced development oriented policies must be chalked out by utilizing the available resources in that region.

12. Empowerment of women is only possible if the women collectively come together in order to address the gender issues which stands in the way of their advancement.

13. The participants in microcredit programs must become more efficient and they must diversify their activities as the economy expands. Investment in skills development, technology and market promotion will be necessary to ensure that self employment in rural non-farm activities remains viable for the rural poor.
Micro-entrepreneurs face various difficulties in raising initial capital and also the skills to control the financial part of their business. In most cases they lack the ability to select the right business and do a business as suggested by others. Hence most of the micro-entrepreneurs can not expand beyond a limit and the rest fail to survive in the competitive environment. The entrepreneurs do have very few or practically no knowledge of modern accounting system and can not also pay any accountant for it. Lack of extensive marketing also debar them to exist in the market. A big chunk of the entrepreneurs have no expertise, idea, imagination, and diligence to become real entrepreneurs.

So micro-entrepreneurs usually lack fund and competence. A business flourishes when any entrepreneur exhibits his or her aptitude in various directions depending on the business, the location, the market and the degree of competitive environment. The shortcomings, if any, of any entrepreneur can be narrowed by receiving training and consultancy to run his business smoothly. Micro-entrepreneurs must be able to tackle the various elements of running a business like leadership, human resource management, attracting and retaining customers, risk bearing apart from basic skills.

An entrepreneur should be familiar with the day to day functioning of business ranging from purchase of goods, accounts & finance, markets, prices, taxes, legal formalities, future growth prospects. Capacity building like leadership, management and technology is inherent skill of a successful entrepreneur which lead to Micro Finance Institute to reap business and facilitate in recovering loan.