CHAPTER – I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

In India micro credit groups are being recognized by the Government as effective tools for achieving the distributional objectives of monetary policy. In the recent period, considerable emphasis has been placed on promotion of micro credit enterprises in view of perceived inadequacies of existing agencies in providing productive credit to those with little or no previous access to formal credit facilities. The Self-Help Group (SHG) – Bank linkage model has emerged as the most dominant model of micro finance delivery in India.

Micro Credit emerges as a powerful instrument for poverty alleviation in developing economy. Micro Credit refers to a collection of banking practices built around providing small loans (typically without collateral) by accepting tiny deposits.

Micro Credit vision is dominated by Self Help Groups (SHGs) – Bank Linkage program, aimed at providing a cost-effective mechanism for doing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful not only in meeting the peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment.

India’s poor performance on women’s empowerment and gender equality is reflected in many indicators. In many parts of the country, sex ratio has dropped to fewer than 850 females per 1000 males. India is ranked 129 in the Gender Inequality Index as per the Global Human Development Report 2011. Women from disadvantaged groups such as
Scheduled Castes, Scheduled Tribes and minorities in particular face discrimination, exploitation and limited employment opportunities. UNDP argues that where development is not ‘engendered’ it is ‘en-dangered’. As a result it is ensured that vulnerable women benefit from all initiatives. The UNDP IKEA Foundation has committed €30 million (approximately US$40 million) for a program to empower 2.2 million poor rural women in India. This will allow the United Nations Development Program (UNDP) to reach these millions of women and their families in approximately 20,000 villages in some of India’s poorest districts.

1.2 SELF-HELP GROUP

A SHG is a registered or unregistered group of micro entrepreneurs with a homogenous social and economic background, voluntarily coming together to save small amount regularly and mutually agreeing to contribute to a common fund to meet their needs on mutual help basis.

The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment thereof. In fact, peer pressure has been recognized as an effective substitute for collaterals. Besides, financing through SHGs reduces transaction costs for both lenders and borrowers.

“Self help group is a homogeneous group consisting of 10 to 20 women. These women may select their own leader and also fix the tenure for such leadership”.

The self help group (SHG) generally has members not exceeding 20 and each group selects among its members a leader called animator. The animator conducts two to three meetings every month in the evening hours. The group members save a regular amount of Rs. 20 to 100 every month. The group rotates the money to the needy members
for various purposes at a specified interest rate. As the repayment is cent percent and the recycling is very fast, the savings amount increases faster owing to the accumulation of income from interest. Saving habit helps the members to escape from the clutches of money lenders and paves the way for the empowerment of women and builds confidence in them that they could stand on their own feet. After the group stabilizes over a period of six months or more in the management of its own funds, it conducts regular meetings, maintains saving and provides loan to members on interest. The SHGs are being linked with the banks for the external credit under the projects of rural development. The joint appraisal teams consisting of bank managers, rural development officers, and NGOs, visit the groups and select the beneficiaries proposed by the women groups for providing financial assistance to the respective entrepreneurial activities. Banks provide financial assistance for various entrepreneurial activities such as setting up of petty shops, vegetable shops, tailoring units, charcoal – making units, dairy units etc.

The borrowers repay the bank loans properly. They remit the loan dues to the animators at group meetings and the animators repay the same to the bank. Besides focusing on entrepreneurial development and empowering women, SHGs concentrate on development of the beneficiaries and their village as a whole. The group undertakes the responsibility of delivering noncredit services such as literacy, health and environmental issues. The concept of SHG moulds women as responsible citizens of the country achieving social and economic status.

Before providing micro credit to the SHGs, their viability is tested by analyzing their collective and group spirit in organizing meetings, mobility of savings for their mutual benefit and the functioning of the SHGs reviewed before funding.
Dr. C. Rangarajan, the former Governor of the Reserve Bank of India has rightly pointed out that initiating and monitoring the credit programs for the poor can be made more effective and less costly if banks make attempts to organize the poor in self help groups to ensure proper utilization of the credit and prompt repayment of loans. The self help groups can also contribute towards improving the quality of lending by offering loans in a prompt and simple manner, ensuring need-based loans and keeping the loan size within the repaying capacity of the borrowers. Undoubtedly, self help groups have the advantage of better knowledge about their members as compared to the bank staff.

Diversification of income to other channels, no botheration about legal action and fear of not getting fresh loans after repayment of overdue are the principal reasons for wilful default in repaying of loans to the financial institutions. Wilful default has no place in SHGs. Diversion of income to other channels cannot be done easily in SHGs. The SHG movement relies on development through empowerment and not on subsidies. SHG preaches “self help through mutual help for common good”. It is an ideal combination of one’s rights and responsibilities.

Self-Help Groups are important vehicles for credit delivery to women in rural and semi-urban areas. Issues relating to structure and sustainability, fundings, regulations and capacity building for SHGs engage the attention of Reserve Bank of India. The objective is to accelerate the flow of bank credit to micro-finance institutions while maintaining their decentralized, voluntary and non-bureaucratic character, particularly in rural and semi-urban areas.

The number of SHGs linked to banks aggregated 79.60 lakh as on March 31, 2012 with almost 40 per cent concentrated in Andhra Pradesh. More than 90% of the groups
linked with banks are exclusive women groups and the scheme has more than 95% on-time repayment record. Cumulative disbursement of bank loans to women SHGs stood at Rs.14132.02 crore as on March 31, 2012, with an average loan of Rs.57795 per SHG and Rs.4128 per family. There are at present, 58 percentage of commercial banks, 27 percentage of RRBs and 15 percentage of Co-operative Banks associated with the SHG-bank linkage program.³

1.3 Micro Credit Financial Services in India

The concept of micro credit has been existing in the country since the early nineties. Now the scheme gets tremendous achievement with the help of co-operatives. Micro credit is mainly concerned with women vendors. India is becoming one of the largest micro finance markets in the world, especially with the growth of women’s saving credit groups (self help group- SHG) now stands at 7.96 million with a membership of over 103 million poor households in 2012. Micro credit scheme has great potential in creating employment opportunity on day to day life, promoting saving habit, developing personal assets, increasing income level, improving socio-economic empowerment. Micro credit continues to target the rural and urban households, with emphasis on women borrowers, provision of finance for creation of assets and their maintenance and bringing in greater quality of services. Some of the unique characteristics of micro-credit scheme are as follows:

1.3.1 Characteristics of Micro-Credit

1. Focusing and targeting the women vendors

2. No need of financial and non-financial securities for borrowing credit

3. Simple procedures
4. Loans are mostly short-term in nature
5. Easy repayment procedures
6. Quick disbursement of loans
7. Encouraging and accepting savings of women
8. Low transaction cost
9. Immediate actions to further loans to those who have paid promptly
10. Credit follows thrift.

Micro credit has been able to overcome the constraints faced by formal lending agencies to a considerable extent and achieves better in targeting the poor, screening the credit-worthy from the not-so-credit worthy borrowers, creation of productive assets and monitoring utilization in a cost effective manner.

1.4 Strengthening of SHG Movement in India

The Government promoted SHGs through the following programs in various parts of India to strengthen SHG movement.

1.4.1 DWCRA Groups

Groups with maximum membership of 15 women are formed by the Department of Rural Development under the Development of Women and Children in Rural Areas (DWCRA) scheme. Thrift is used as an important point for entry and micro financing among members. The scheme focuses on organization of women into groups to foster a collective approach to their problems and to enhance their bargaining power. These organized women bring in many of the Government programs into their respective villages for their benefit.
1.4.2 SGSY Scheme

Swarnajayanthi Gram Swarozgar Yojana (SGSY) is a modified version of IRDP with a focus on group approach. Cost of group formation and development is met from SGSY funds amounting to Rs.10,000 per group over a period of 3 – 4 years. Grading of groups is done once in six months to ascertain their status of performance and corrective capacity building is undertaken. Assistance for economic activities is given through bank loan-cum scheme subsidy to individuals in groups as well as to groups.

1.4.3 Anganwadi Groups

These groups are formed by the Department of Women and Welfare at the habitation level for implementing health, nutrition, and literacy programs for women. Micro credit is extended to the members for taking up income generating activities as individuals or as group enterprises.

1.4.4 Rashtriya Mahila Kosh Groups (RMK Groups)

These groups are formed by NGOs and funded by RMK, a fund set up by the Government of India for associating women to undertake income generating activities. Credit is extended to individual woman in the group mode.

1.5 SWA – Shakti Project

This is rural women’s development and empowerment project encompassing six important support units in the Department of Women & Child Development of the Government of India to facilitate the implementation.

1.5.1 Kudumbashree Project

The project is launched by the Government of Kerala with the active support of the Government of India and NABARD for wiping out absolute poverty from the state within
a period of 10 years. This project aims at combining the self help group approach with demand led convergence of available services and resources to tackle the multiple dimension and manifestation of poverty holistically. The project is implemented through community based organizations. Kudumbashree aims at Empowerment of women through community based organizations, formation of informal banks for the poor, promotion of micro enterprises and establishment of rural marketing networks.

### 1.5.2 District Poverty Initiatives Project: (VELUGU)

This project is being implemented in Andhra Pradesh with the aid of World Bank. The project aims at organizing the poorest of the poor in selected districts through convergence of resources. The project has components of organization capacity building, linkages, and capital support. The project envisages “Common Interest Groups” to focus on accelerated progress in poverty alleviation. Common Interest Group members, mostly drawn from existing groups, are motivated to take up economic activities and community welfare programs through the provision of revolving fund (Rs.20,000/-) called common investment fund.

### 1.5.3 Swarna Jayanthi Sahari Rozgar Yojana (SJSRY)

SJSRY is an anti-poverty program launched by the Government of India for eradicating absolute poverty from urban areas. The community development structure provides the channel for the delivery system of the scheme. The scheme has two sub components – Urban Self Employment Program (USEP) and Development of Women and Children in Urban Area (DWCUA). DWCUA helps urban poor women in setting up gainful employment through group activity.
1.5.4 Banks as SHPI

Among the formal institutions, next to government, banks play a major role as Self-Help Promotion Institutions in India (SHPI). For several years, since the nationalization of the commercial banks, there has been a commitment at the highest policy levels, towards improving access to financial services for the poor. Several policy measures have also been in force to ensure this, such as the allocation of committed bank funds to small loans (priority sector banking), subsidized interest rates (ranging from 4% to 10%) for micro loans, and the opening of small rural bank branches. Hence, the mainstream banking system in India has always been involved in microfinance as a special area of their operation.

At the operational level, this policy commitment has been implemented usually linking bank credit to a targeted program of the government of India. The Integrated Rural Development Program (IRDP) was a typical example. Based on this program, several projects of the government of India have had a strong microfinance component either through the banks or through government established financial institutions. A further institutional focus was given to rural people lending through small loans by establishing the regional rural banks in 1975. The SHG linkage program is located in this national policy and institutional context, where there is a vast network of primary lending institutions to deliver microfinance on the one hand, and an apex national level institution, namely NABARD, to provide policy support and refinance on the other.

Banks have been slow in entering the field of microfinance from the angle of both promoter as well as lender. In general, banking institutions have treated the formation and promotion of SHGs as an activity which is strictly for voluntary agencies or
nongovernmental organizations and not for mainstream commercial bankers. But the problem in India is that well-intentioned NGOs, which can take up these activities, are confined to relatively smaller pockets of the country. If banks see a new opportunity and a new market in microfinance they cannot always expect a ready-made institution to absorb their lending portfolio. It may be necessary for some banks to take up the work of forming and promoting SHGs on their own if they view it as a profitable market and a profitable business opportunity. Several banks, especially regional rural banks (RRBs), have done pioneering work in forming, promoting and later financing SHGs.

In this method, the role of mobilizing and forming the SHG is taken up by the bank branch itself. There is no NGO facility. Although this model is not common, many banks have shown interest in forming SHGs themselves. However, this alternative is fairly unique, as banks do not usually go into social mobilization roles. Irrespective of the quality of the SHGs formed, the weaknesses of this alternative are obvious. The core competency of a banker is finance and not SHG formation. Even if the SHG formed is for the limited purpose of fund rotation, substantial effort has to be made to form SHGs.

1.5.5 NGOs as SHPI

Though government and banks have been playing positive roles in the promotion of SHGs, in terms of numbers, the non-governmental organizations (NGOs) rank as the premier SHPIs. NGOs have so far been the main innovators in micro-finance. They have many advantages. Their very name, non-governmental, indicates that they are outside the framework of government. In India, where governmental systems are fairly rigid and bureaucratic, NGOs are characterized by their flexibility and ability to evolve simplified work systems.\textsuperscript{5}
1.6 Growth and Development of SHGs

The development and empowerment of rural poor women was put in place in May 1989 with assistance from the International Fund for Agricultural Development (IFAD). This is a unique partnership among the Government, Non Government Organizations (NGOs) and Commercial banks with overall co-ordination and responsibility with the Tamilnadu Corporation for Development of Women on behalf of the Government. The project is implemented through a network of women’s Self Help Groups (SHGs), which have been established and nurtured with NGO support at the village level. Initially 75 selected blocks of 8 districts in Tamilnadu were taken up for coverage in phased manner.

This scheme is intended to promote economic development and social empowerment of the poorest women through a network of SHGs formed with active support and guidance of NGOs who are working for common development.

The formation of SHGs in the rural areas has created enough awareness among women about social issues and emboldened them to take up their cause with the authorities. The SHGs also have instilled confidence among women to work in unity for their economic emancipation. Therefore it could be said that the concept of SHG has sown the seeds for a silent revolution at the village level. The scheme inspires women to shed their weakness and to join the mainstream on an equal footing of liberating the villagers from the clutches of the avaricious moneylenders.

The SHGs have not only improved the economic status of their members but also changed their entire outlook towards the society, education, women’s rights and so on. The SHGs comprising mainly of illiterate and semi-literate women had exhibited their versatility and sensitiveness to the issues daunting them.
The total number of SHGs in Sivagangai District is 13037 as on 31\textsuperscript{st} March, 2012.

The number of SHGs formed in Sivagangai District during the period of Six years from 2006 to 2012 is collected and presented in the Table – 1.1.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of SHGs (Y)</th>
<th>(X)</th>
<th>(xy)</th>
<th>(x2)</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>8124</td>
<td>-3</td>
<td>-24372</td>
<td>9</td>
<td>7995</td>
</tr>
<tr>
<td>2007</td>
<td>8874</td>
<td>-2</td>
<td>-17748</td>
<td>4</td>
<td>8783</td>
</tr>
<tr>
<td>2008</td>
<td>9607</td>
<td>-1</td>
<td>-9607</td>
<td>1</td>
<td>9571</td>
</tr>
<tr>
<td>2009</td>
<td>10057</td>
<td>0</td>
<td>0000</td>
<td>0</td>
<td>10359</td>
</tr>
<tr>
<td>2010</td>
<td>10957</td>
<td>1</td>
<td>10957</td>
<td>1</td>
<td>11147</td>
</tr>
<tr>
<td>2011</td>
<td>11857</td>
<td>2</td>
<td>23714</td>
<td>4</td>
<td>11935</td>
</tr>
<tr>
<td>2012</td>
<td>13037</td>
<td>3</td>
<td>39111</td>
<td>9</td>
<td>12723</td>
</tr>
<tr>
<td>Total</td>
<td>72513</td>
<td></td>
<td>22055</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

Source: Report of Mahalir Thittam, Sivagangai.

Trend = \( a + bx \) where \( a = \frac{\sum y}{N} \), and \( b = \frac{\sum xy}{\sum x^2} \)

\[ A = \frac{72513}{7} = 10359 \text{ and } B = \frac{22055}{28} = 788 \]

\[ \text{Trend} = 10359 + 788 \times -3 = 7995 \]

It is observed that the growth rate of SHGs in Sivagangai District has a positive trend of 788. It is also observed the important reasons contributed towards this tremendous increasing trend are that the government departments and NGOs have created awareness in the minds of poor rural women and provided necessary supports for forming such groups.

The performance of SHGs in Sivagangai District is given in Table – 1.2.
Table – 1.2
Performance of SHGs in Sivagangai District as on 31st March 2012

<table>
<thead>
<tr>
<th>Taluk</th>
<th>Groups</th>
<th>Members</th>
<th>Savings (In Lakhs)</th>
<th>Loan (In Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numb</td>
<td>%</td>
<td>Number</td>
<td>Amount</td>
</tr>
<tr>
<td>Taluk- I Tirupathur</td>
<td>2402</td>
<td>18</td>
<td>35782</td>
<td>1105.0</td>
</tr>
<tr>
<td>Taluk- II Karaikudi</td>
<td>2347</td>
<td>18</td>
<td>35376</td>
<td>1297.0</td>
</tr>
<tr>
<td>Taluk – III Devakottai</td>
<td>2292</td>
<td>18</td>
<td>32758</td>
<td>1073.0</td>
</tr>
<tr>
<td>Taluk- VI Sivagangai</td>
<td>2324</td>
<td>18</td>
<td>34547</td>
<td>1179.0</td>
</tr>
<tr>
<td>Taluk- V Manamadurai</td>
<td>2308</td>
<td>18</td>
<td>32485</td>
<td>1034.5</td>
</tr>
<tr>
<td>Taluk – VI Ilayangudi</td>
<td>1364</td>
<td>10</td>
<td>21460</td>
<td>782.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1303</td>
<td>100</td>
<td>192408</td>
<td>6470.6</td>
</tr>
</tbody>
</table>

Source: Report of Mahalir Thittam, Sivagangai.

It could be stated that 19 % of SHGs in Sivagangai district are established in Karaikudi Taluk and 13% of SHGs in Ilayangudi Taluk. The total savings of SHG members in Sivagangai District amounts to Rs.6470.63 lakhs. The total loan disbursement to SHG members in Sivagangai District amounts to Rs.32176 crores. Thus the SHG concept was serving the twin purpose of inculcating saving habits and also paving the way for taking up self-help ventures for sustained livelihood.

1.7 Statement of the Problem

The Self Help Group (SHG) is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programs. SHG
is a viable organized set up to disburse micro credit to the rural women for the purpose of changing them into enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural women can be fulfilled totally through the SHG. The women led SHGs have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkages with the banks and enforce financial self-discipline.

Self Help Groups enhance the equality and status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. In all stages of economic and social activities, involvement of women becomes essential. They take active part in the socio economic progress of our nation. The process of economic development would be incomplete and lopsided unless women are fully involved in it. Emancipation of women is an essential prerequisite for economic development and social progress of the nation. The SHGs empower women and train them to take active part in socio economic progress of the nation and make them sensitized, self-made and self-disciplined. They remove social limitations of women such as superstition, and dormant role in decision making. The SHGs have inculcated a great confidence in the minds of rural women to succeed in their day to day life. SHG paves the way for availing themselves of credit from the financial institutions and creating entrepreneurial culture in rural area. To studying the functioning of SHGs in selected villages and the contribution of SHGs towards socio economic development of the rural women become essential to the planners and financial institutions for further creation and sponsoring SHGs in rural areas.
1.8 Objectives of the Study

i) To study the role of micro credit institutions for the formation and development of Self-Help Groups

ii) To study the financial assistance provided by micro credit institutions to the members of SHGs

iii) To evaluate the social development of rural women through Self Help Groups in Sivagangai District

iv) To analyze the economic development of rural women through Self Help Groups in Sivagangai District

v) To summarize findings of the study and provide suggestions for improving socio-economic development of rural women through SHGs

1.9 Role micro credit institutions for the Development of rural women SHGs

The following variables are identified to study the role of micro credit institutions

1) Providing financial services to empower women in rural areas

2) Linking of rural women Self Help Groups with banks

3) Upliftment of rural women entrepreneurs to self-sustained path of growth

4) Improving financial positions of rural women entrepreneurs.

1.10 Social Development of Rural Women SHGs

The following variables are identified to study social impact

1) Education level of children,

2) Awareness of banking activities in women especially lending schemes

3) Awareness in women about health, nutrition, and sanitation

4) Women participation in Panchayats
5) Awareness in women about government departments and programs related to women and children welfare, before and after formation of SHGs.

1.11 Economic Development of Rural Women SHGs

The following variables are identified to study economic development

1) Income earned by women before and after formation of SHGs,

2) Income generating activities of women and types of activities before and after formation of SHG,

3) Savings before and after formation of SHGs,

4) Loan received and repaid by members of SHGs.

1.12 Relevance of the Study

This study is felt as need of the hour to review the progress of SHGs. This study will help to observe the extent of achievement of objectives of SHGs. This study analyses the social and economic impact of formation of SHGs. The findings of the study will help self-help group promotion institutions to design suitable policy measures to improve economic and social performance of women in villages through SHGs.

Both the Centre and State Governments, NABARD and Commercial Banks are very much interested to create more and more SHGs for the benefit of women living in villages and rural areas. This study will help them to identify the areas of strengths and weaknesses in implementing and monitoring social and women welfare programs through SHGs.

It is planned to undertake this study in the Sivagangai District, TamilNadu State. It is a backward district. One of the objectives of SHGs is to improve economic
independence of women. This study will help to measure economic independence of women in a backward district and suggest measures for improving economic independence that will make this district a developed and self-reliant one.

1.13 Hypotheses of the Study

a) There is no significant relationship between demographic factors of SHG members and their monthly income
b) There is no significant relationship between demographic factors of SHG members and their monthly savings
c) There is no significant relationship between demographic factors of SHG members and their monthly subscription
d) There is no significant difference between average monthly income of members before joining self help groups and after joining self help groups,
e) There is no significant difference between average monthly savings of members before joining self help groups and after joining self help groups,
f) There is no significant difference between average monthly income of SHG members and their monthly savings,
g) There no significant difference between income after joining self help group members with regard to loan repaying in time,
h) There is no significant difference between economic development activities of members with regard to age group of the respondents,
i) There is no significance difference between social development activities of members with regard to occupation of the respondents,
j) There is no significance difference between social development activities of members with regard to educational background of the respondents.

1.14 Research Methodology

The present study is an empirical research based on survey method. This study is based on both primary and secondary data. The primary data are collected from the members of the SHGs through questionnaire. Secondary data are collected from the published sources i.e., books, journals, websites, and other reports of Government agencies, NABARD and banks.

1.14.1 Sampling Design

This study is based on survey method. The total number of self-help groups in Sivagangai District was 13037 as on 31st March 2012. Out of which, 100 women self help groups were selected talukwise, Sivagangai District by using stratified random sampling method. The following method is used to identify the number of self-help groups from each taluk.

Pi represents the proportion of population included in stratum i, n represents the total sample size, the number of elements selected from stratum i is n.pi (ni = n.pi).

Sample size n = 100 to be drawn from a population of size N= 13037 which is divided into six strata.

N1 = 2402,  N2 = 2347,  N3 = 2292,  N4 = 2324,  N5 = 2308,  N6 = 1364
The researcher has identified 100 SHGs and each group consists of ten (10) members (100 x 10 = 1000). 18 groups were identified in each taluk except in Ilayangudi taluk, (because of lesser number of groups available in this taluk compared to other taluks) by using stratified random sampling method. The researcher has identified 10 groups in Ilayangudi taluk.

The sample size is distributed to six taluks as given in Table 1.3.

**Table – 1.3**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the Taluk</th>
<th>No. of SHGs from each Taluk</th>
<th>No. of respondents from selected SHGs</th>
<th>Total no. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tirupathur</td>
<td>18</td>
<td>10</td>
<td>180</td>
</tr>
<tr>
<td>2</td>
<td>Karaikudi</td>
<td>18</td>
<td>10</td>
<td>180</td>
</tr>
<tr>
<td>3</td>
<td>Devakottai</td>
<td>18</td>
<td>10</td>
<td>180</td>
</tr>
<tr>
<td>4</td>
<td>Sivagangai</td>
<td>18</td>
<td>10</td>
<td>180</td>
</tr>
<tr>
<td>5</td>
<td>Manamadurai</td>
<td>18</td>
<td>10</td>
<td>180</td>
</tr>
<tr>
<td>6</td>
<td>Ilayangudi</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
<td></td>
<td><strong>1000</strong></td>
</tr>
</tbody>
</table>
1.14.2 Statistical Tools used in the Study

The data were analyzed by using statistical tools such as, Chi-Square, ANOVA, Paired ‘t’ test, Factor Analysis, Multiple Regression Analysis, Structural Equation Model.

Chi-Square Test

The chi-square test is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. As a non-parametric test, it can be used to determine if categorical data shows dependency or the two classifications are independent. It can also be used to make comparisons between theoretical populations and actual data when categories are used. Thus the chi-square test is applicable in large number of problems. In this study the researcher has been used find any significant relationship between income, savings and subscription with the demographic factors of self help group members.

ANOVA

It is a statistical technique used to compare means of two or more samples (using the F distribution). This technique can be used only for numerical data. ANOVA tests the null hypothesis that samples in two or more groups drawn from populations with the same mean values. To do this, two estimates are made of the population variance. These estimates rely on various assumptions. It has been used to find whether there is any significant difference between age and education of SHG members with regard to social and economic development activities of self-help groups.

Paired Samples ‘t’ Test:

The paired samples t test procedure compares the means of two variables for a single group. The procedure computes the differences between values of the two variables
for each case and tests whether the average differs from 0. It has been used to find whether there is any significant difference between average Monthly Income and Savings of SHG members before and after joining SHGs.

**Factor Analysis**

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modelled as linear combinations of the potential factors, plus ‘error’ terms. The information gained about the interdependencies between observed variables can be used to later to reduce the set of variables in a data set. In this study it is used to identify the dominant variables influenced social and economic development activities of self help groups.

**Multiple Regression Analysis**

This technique is appropriate when the researcher has a single, metric criterion variable. This is supposed to be a function of other explanatory variables. The main objective in using this technique is to predict the variability of the dependent variable based on its covariance with all the independent variables. One can predict the level of the dependent phenomenon through multiple regression analysis model, given the levels of independent variables. In the present study, the multiple regression analysis has been used to find out the relationship between one dependent variable and more than two independent variables such as social development variables, economic development variables, use of SHG meetings and repayment of loan in time.
**Structural Equation Model**

Structural Equation Model (SEM) is a statistical model technique used to establish causal relationship among the variables. A key feature of SEM is that observed variables are understood to represent a small number of ‘latent constructs’ that cannot be directly measured but only inferred from the observed measured variables. From this model, social development activities, economic development activities and effect of loan are constructed as variables. It is used to test whether the Social Development variables and Economic Development variables have significant influence on Effect of Loan.

**1.14.3 Field Work and Data Collection**

The Sivagangai District consists of six (6) Taluks, under which 13037 SHGs were registered as on 31st March 2012. 100 SHGs were selected based on proportionate stratified random sampling technique. The researcher has interviewed 1000 members belonging to 100 SHGs, each group consists 10 members (100 x 10 = 1000) and collected the information supplied by respondents with respect to every item in the questionnaire. The questions were translated into the local language (Tamil) and the researcher made the respondents more comfortable to give valid and truthful reply.

Secondary data were collected from Government organizations such as District Industries Centre (DIC), District Rural Development Agency (DRDA), Mahalir Thittam (MATHI) Non- Governmental Organizations (NGOs), National Bank for Agriculture and Rural Development (NABARD) and Lead Banks. Government and private websites, books and journals were also used to collect the related data.
1.14.4 Data Processing

The primary data collected from the respondents were classified and tabulated for the purpose of analysis and inferences were obtained. The Statistical Package for Social Sciences (SPSS) and Analysis of Moment Structure (AMOS) were used to analyze the data.

1.15 Limitations of the Study

1. This study is confined to rural areas in Sivagangai District. Hence the results may not be applicable to urban areas.

2. The study confined only to women SHGs in Sivagangai District. This study mainly focuses on social-economic development aspects of rural women self help groups and not any other aspect.

3. Due to time constraints the socio-economic development aspects are only studied.

1.16 Chapter Scheme

This study contains seven chapters

The first chapter deals with introduction and design of the study.

The second chapter presents the review of literature relating to the research problem.

The third chapter discusses the role of micro credit institutions for the formation and development self help groups.

The fourth chapter presents financial assistance provided to self help groups under micro credit institutions.

The fifth chapter discusses the social development of rural women in Sivagangai District.
The sixth chapter analyses the economic development of rural women in Sivagangai District.

The final chapter summarizes the findings of the study and provides suggestions for the improvement of socio economic status of rural women through SHGs.

1.17 REFERENCES:


2. UNDP IKEA Foundation Report April, 2012


5. Impact of Microfinance on Women Empowerment Self Help Groups In Dindigul District, (Ph.D thesis-April -2011)