CHAPTER - VI
CHAPTER-VI
SUMMARY AND SUGGESTIONS

6.1 Introduction:

There is a need for substantial scaling up of microfinance which includes credit, saving and insurance. As the banking sector is not able to meet the entire credit requirement of the poor, it is necessary to encourage the growth of Microfinance Institutions (MFIs). The microfinance sector also requires proper legal and regulatory framework for its effective functioning and development. Towards this objective, the Central Government has prepared a “Micro Financial Sector (Development and Regulation) Bill” which is presently under consideration by the Parliament. It is equally important to bring in adequate regulation and safeguards to prevent exploitation of the poor by the money lenders. Therefore, it is necessary to encourage SHG based group lending as against individual lending as it empowers the borrowers.

Under the above circumstance, this chapter is divided into two sections. Section I deals with summary of the study and some observation of the field survey. Section-II deals with the major problem of the SHGs, suggestion and conclusion.

SECTION-I

6.2 Summary of the study:

Despite the existence of a vast banking network, a large majority of the rural poor in the country do not have access to formal banking system. In conventional banking system, the rural
poor are not regarded as credit worthy, as they cannot provide any physical collateral. The poor need small but regular and urgent loans for consumption besides their credit for small investment. The conventional banking system does not cater to these needs of the poor. The banks neither lend small amount nor entertain loans for consumption purposes. Further they cannot provide quick loan when needed.

An effort has been made to solve the problem by providing an alternative system of banking for the poor. Against the above mentioned background, micro-finance through Self-Help Groups (SHGs) has been recognized as one of the most promising and effective tools of poverty alleviation in most of the developing countries of the world. The basic motto of organizing such SHGs is to make micro credit accessibility to the needy people (majority women) to enable them to generate self employment and a sustainable income, as most of the SHGs are credit worthy with a loan recovery rate of 95 per cent. Micro finance programmes are important institutional devices for providing small credit to the rural poor in order to alleviate poverty. It encourages savings and promotes income generating activities. The present study is an attempt in this direction.

The basic objectives of the study are: (a) to study the growth and development of micro finance in Assam with special reference to Hajo Development Block, Kamrup district, Assam (b) to examine the impact of micro finance on economic empowerment of the weaker sections especially SC, ST and OBC groups (c) to compare the working and performance of the Government
sponsored SHGs and the NGO sponsored SHGs (d) to highlight the role of NABARD and NGOs in the development of micro-finance with special reference to Assam and (e) to identify the problem associated with micro finance through SHGs and to put forward few suggestion for the solution of the problems.

The study is based on data collected from the sample SHG members. Purposive and multistage stratified random sampling techniques have been followed in framing the research design. Out of 1012 SHGs of 12 gaon panchayat, a total of 120 SHGs have been selected for our study. After collection of the Primary data with the help of Schedule/Questionnaire, these are analysed using various parameters like income, saving, employment and asset creation by the sample SHG members. These are thoroughly examined to know the impact of micro finance on economic empowerment of weaker sections, especially SC/ST and OBC groups of Hajo Development Block of Kamrup district, Assam.

The entire study has been completed in six chapters. CHAPTER ONE includes background of micro finance, objectives, research questions, methodology, sources and analysis of data, justification of the present study and description of the study area. The limitation of the study and layout of the thesis are included in the last part of chapter one.

CHAPTER TWO gives a brief review of the existing literature and the studies directly or indirectly related to micro finance and also points out the contribution of the study. From the discussion on existing literature in the field of micro finance, it is observed that most of the studies have a predominant bias of
being macro level. Such studies by their nature do not touch the core reality of the problem. Therefore in our study an intensive effort is made to discover the reality. It is expected that such type of studies based on field level data will facilitate the policy makers and planners to adopt suitable policies for alleviating poverty from the state.

In CHAPTER THREE an attempt has been made to discuss about the theoretical background of micro finance and its importance in the economy of Assam. NABARD made an attempt to search for alternative mechanism to improve the access of the poor for financial services in a cost effective and sustainable manner. This search led to the development of a delivery mechanism which encompasses financial relationship between informal organization of the poor like the SHGs and formal organization like Banks. Later on with the needed backup policy support from the Reserve Bank and the Central Government, the SHG-Bank Linkage Programme was launched by NABARD as a Pilot Project in February, 1992. Encouraged by the success of the Pilot Project, the Government of India has also accorded importance to the Programme of SHGs as a tool for empowerment of rural people, increasing outreach of the banking system and alleviating poverty. In case of Assam, it is only in 1997-98 that the SHG movement began and has been rapidly picking up since then. If steps are taken earnestly, the SHG movement can generate more employment opportunities, increasing income and saving of the rural masses and it would also provide the scope for building 'people's institutions'.
CHAPTER FOUR is divided into two sections. Section-I deals with the Profile of the Government and NGO sponsored SHGs, Swarnajayanti Gram Swarogjar Jojana (SGSY) scheme and Rastriya Gramin Vikash Nidhi’s credit and saving Programme. In this study the Government sponsored SHGs are sponsored, nurtured and guided by the Block Development office of Hajo Block and financed by the respective banks of that locality. These SHGs are under the Central Government’s SGSY Programme and implemented through the State Government of Assam.

The SGSY is a holistic scheme covering all aspects of Self-employment such as organization of the poor into SHGs, training, credit, technology, infrastructure and marketing. The scheme is funded by the Central and the State Government in the ratio of 75:25 through Commercial Banks, Regional Rural Banks and Co-operative Banks. District Rural Development Agencies (DRDAs) and NGOs are involved in the process of planning, formation, implementation and monitoring of the scheme.

The NGO sponsored SHGs are sponsored, nurtured and guided by the Rashtriya Gramin Vikash Nidhi (RGVN) and financed by the NABARD. The RGVN, a national NGO support agency was established in April 1990 with an aim to improve the quality of life of the poor and underprivileged people. It’s services are presently rendered in the eight states of North-east region, Bihar, Jharkhand, Orissa, Andhra Pradesh, Chhattisgarh and Uttar Pradesh. RGVN’s credit and Saving Programme is basically a micro-credit programme to foster viable credit delivery mechanisms for those lacking access to the formal banking system.
In the second part of CHAPTER FOUR SHG-Bank Linkage Programme, role of NGOs and NABARD in the development of micro finance have been discussed. The micro-finance initiative of NABARD, which started with a modest target of formation of 500 SHGs in 1992, has emerged as the largest micro-finance programme in the world. Besides taking banking services to the unreached rural poor through the medium of SHGs, it has also proved to be a cost effective credit delivery mechanism for Banks. On the other hand, in the area of micro finance, NGOs are playing an important role in bridging the credit gap of the unreached rural poor who are unable to access to the formal banking system. Many of them have found to do commendable work in rural areas in mobilizing savings and in disbursing credit to the rural poor.

The first part of CHAPTER FIVE deals with the socio-economic profile of the sample SHG members and second part deals with the impact analysis of the selected individual SHG members drawn from sample SHG. In the first part we compare age structure, Sex ratio, marital status, educational attainment, land ownership pattern, repayment of loan of sample SHG member under Government and NGO sponsored SHGs. In the second part we have selected five members from each SHGs and required information are collected from them through personal interviews using structured schedules and questionnaire. Therefore the total sample in the study consists of 600 SHG members (300 from Government sponsored and 300 from NGO sponsored SHGs). The impact of the study is assessed by using parameters like income, saving, employment and asset creation of the sample SHG member.
in pre and post SHG period. In the first part we have seen that the condition with regard to educational attainment, land ownership pattern, repayment structure of the Government sponsored SHG member are better than the NGO sponsored SHGs. Similarly in the second part also it is proved that under Government sponsored SHGs, average annual income of Rs. 1500-5000 increased by 11 per cent after joining the SHGs. But under NGO sponsored SHGs, it increased only 6 per cent after joining the SHGs. Therefore the finding is that after joining the SHGs the Government sponsored SHGs income increased by income 4 per cent more than the NGO sponsored SHGs.

Besides, while with the help of field survey data we analyse the impact of saving mobilization on sample SHG members it is found that under Government sponsored SHGs, the members can save 6 per cent more from their income after joining SHGs at the saving level of Rs. 1000-4000 than the NGO sponsored SHGs. Therefore in the case of savings also it is proved that the performance of Government sponsored SHGs, are better than the NGO sponsored SHGs.

Further from the data analysis of employment generation of the sample SHG member it is also found that after joining SHGs the Government sponsored SHGs can generate 10 per cent more employment opportunities to the SHG members than NGO sponsored SHGs. Again it has been established that the performance of Government sponsored SHGs is better than the NGO sponsored SHGs. Furthermore, from the impact analysis of asset creation of the SHG member, it is found that after joining
the SHGs, under Government sponsored SHGs, the value of asset increases is more than the NGO sponsored SHGs.

CHAPTER SIX is divided into two sections. Section I deals with the summary of the study and some observations from the field survey. Section-II deals with major problem of SHGs, solution of the problems and conclusion. In this chapter, we discuss about the summary of the study, characteristics of the SHG members, loan of the SHGs, group meetings, benefits perceived from SHGs, Problem of the SHG members, entrepreneurial possibility, monitoring of the SHGs, nature of training which we observed in the field survey.

On the basis of the primary survey of Government and NGO sponsored SHGs, it is found that SHGs face some problems in different areas. As many SHG members are illiterate and ignorant, often they are not fully aware of the various schemes and programmes and donot even have a clear understanding of the terms and conditions of the loan. Due to lack of infrastructure, especially transport and communication, the sample SHG members face different problems in marketing their products. Besides in some cases the Bank staff and Block officials cannot inspect and monitor the SHGs in the far interior places. Therefore, sometimes they give up their field work and rely on paper works after interviewing them. In some cases, Banks donot have adequate manpower and Banks branches cannot lend beyond the target as fixed by the annual credit plan and even the branch manager feels that a new loan to SHGs, may create additional non-performing asset (NPA), which will adversely affect their career...
progress. Slow growth of Banking sector in the interior villages badly affect the growth of the SHG movement. Sometimes women SHG members in particular have to depend mostly on the male members for depositing their monthly group saving in Banks. Timely release of loans also get delayed where Banks are located 10-20 k.m. away and road linkages are very poor throughout the year.

Therefore, some suggestions are put forward for the solution of the problems. The active intervention by district administration, professional bodies and voluntary organization is pre requisite for the successful conception of SHG programme in terms of skill training, designing products, providing new technology and assess to market. Government should provide free compulsory education to the SHG member so that they can understand the meaning of the programmes and should also encourage periodical research and assessment of the programme preferably by persons professionally competent and independent of the Government.

For the proper utilization of loan and also to improve the recovery position of the bank, proper supervision and monitoring of the scheme/project should be provided to the staff of the sponsoring authority of SHGs. Further, Bank may consider lending to SHGs as part of their mainstream credit operation both at policy and implementation levels and incorporate micro finance programme in their service Area Plan.
6.3 Some Observations of the Field Survey:

Several self employment programmes are sponsored by the Government to mitigate the hardships of the poor through a process using project mode and by devising an appropriate delivery mechanism for the poor. Swarnajayanti Gram Swaroagar Yojana (SGSY) and RGVNs CSP are anti poverty programmes for the rural poor. But the formation of SHGs under SGSY and RGVN is still in a state of confusion. There is a problem of isolating below poverty line (BPL) households from average poverty line (APL) households under these programmes. The present study is on micro credit through self-help Groups (SHGs), which are promoted and nurtured by DRDA and RGVN to serve the micro credit needs of the poor in their pursuit to enhance micro enterprise for a sustainable development.

The credit pattern indicated that production credit has moved up in the priority list of SHG members. The trend of credit demanded by the SHG members moved from consumption to production purposes only after joining the SHGs. Certain broad trends indicate that there is no definite co-relation between credit demanded and actual utilization of credit. These functional gaps explain the reasons for the slow pace of progress achieved in the SHG-Bank linkage programme. Some observation of the field survey are discussed under the following headings:

6.3 (a) Characteristics of the SHG members:

The average age of SHG members is 25 years. Majority of the members were unemployed before joining the SHGs. It is
also interesting to note that most of the Government and NGO sponsored SHG members are engaged in an occupation/business like weaving. From the field survey data it is found that most of the literate female members of SHG are below 25 years. Between the age group of 45-55 and above, most of the members are illiterate or literate through non-formal education. Besides almost all the members (except a few) are married and are in the age group of 25-35 years. But under both the programmes, the SHG members are able to do their business of their own choice and accordingly loans are sanctioned under different schemes. At the time of interview, many SHG members could not remember the exact amount of their savings, rate of interest and even exact number of members in their group. This implies that all the members are not equally active like their secretary/president. This may be due to the fact that some members are uneducated, ignorant and are not interested in the development of their group.

6.3 (b) Loans of the SHGs:

Internal loans taken by the members from the SHGs indicated that a high proportion of SHG members borrowed amounts below rupees 5000/-. This indicated the minute nature of the micro enterprise projects undertaken by the SHG members. On the whole it is evident that the amount of credit needed by SHG members remained small and the quantum of credit flow is linked to Bank-SHG linkage programme. The study proved that the flow of micro credit is an important factor for the promotion of
micro enterprises. This is evidenced by the fact that the SHGs are the purveyors of major credit requirement of new SHG members.

During loaning, members discussed elaborately regarding the purpose of the loan, the time of repayment of loan and other relevant matters. Consent of every member is taken before sanction of a loan to any member of SHG. The women members usually take loans for investing in small business and buying of livestock.

Before joining SHGs, the members could not take loan from the formal financial institution due to lack of physical collateral. They were exploited by the money lenders/traders and other sources of non-formal institutions with high rate of interest. But after joining SHGs, they received loans from SHGs from Rs. 1000 to a maximum of Rs. 10,000 with minimum 2-3 per cent rate of interest.

The study also proved that SHGs promoting institutions like DRDA are better equipped for capacity building of SHGs and micro enterprise promotion. However, one factor of concern is that the micro enterprise development depended on the success of the activity, role of Banks and other financial institutions or NGOs in providing finance support to the group members and their capacity of seek business opportunity. However, the fact is that the role of other SHPIs could not be ignored in the capacity building among members of SHG groups.
6.3 (c) Group Meetings:

Under Government supported SHGs 80 per cent of the group meetings are held once a month and 20 per cent group meetings are held once a week and the timings of the meetings depending upon the convenience of SHG members in the group. But under NGO supported SHGs, it is compulsory to hold group meetings once a week. In most of the groups the attendance is 80-90 per cent and the group meetings are held regularly without any assistance from others. Some groups have a rule of collecting a fine from its members for not attending the group meeting although this seemed to have no effect.

Generally groups maintained a cashbook, passbook and an attendance register. The in-charge of accounts is being given training in book-keeping. The members are aware of the group's cash balance and the loan amount which is in circulation. The in-charge updated savings at every group meetings.

6.3 (d) Benefits Perceived from SHGs:

The self employment programme like micro finance change the social attitude of the rural poor which help them to lead a dignified life and empowered the weaker section, especially women, for uplifting their socio-economic conditions in the society. Credit can help them to take up farm allied activities such as keeping pitch cattle, poultry or independent small enterprises, enabling them to respond to opportunities created by the process of economic development. Of course the SHG movement gave highest employment opportunities to the weaker sections of the
society especially women, because development of micro enterprises helped to create immediate employment opportunities involving a number of rural poor at low investment level. Besides, it provided full utilization of capital and also reduced the wastage of human resources. Moreover, thrift and credit operation under micro finance and micro enterprise enhanced the economic status of the poor in the family and the society which helped eradicate poverty at the root itself.

6.3 (e) **Entrepreneurial possibility:**

The small entrepreneurs are given a new opportunity of re-organizing their talent under a systematic guiding framework and subsequently for themselves to grow to be bigger entrepreneurs. As such, the emergence of SHGs in Hajo Development Block of Kamrup district, Assam may now be seen as an instrument for forging ahead the rising momentum of larger entrepreneurial activities, particularly of women in the sample block. A new picture of professionalism is perhaps a welcome sign. What is possibly required at the moment is a dynamic policy support and sound public intervention for macro economic strength and stability.

6.3 (f) **Monitoring of the SHGs:**

The progress of the SHGs, are monitored by the Bank official, block official and RGVN's office staff. They monitored the various documents like attendance register, savings register, loan register, individual register, minute book and group expenditure
book. Some groups imposed fines, penalties to defaulters and offer incentives to active members. Under both the programmes, the tools for monthly, quarterly and annual monitoring are developed to evaluate the functioning of these SHGs. Under these tools, the implementing agency of SHGs monitored the a) number of beneficiaries who defaulted b) repayment overdue c) loan outstanding of the SHG members d) detailed financial statement e) performance indicators f) narrative report on achievement of goals and g) narrative focusing on outcome of the programmes.

6.3 (g) Nature of Training and Banking Staff:

Training plays an important role in the progress of the SHG movement. Therefore, an important step in the linkage programme is the training of the field level officials and sensitization of the controlling and other senior officials of the Bank.

Before giving a loan to RGVN, the NABARD conducted a one-week training programme for the field level officials of RGVN and for the members of SHGs as well on different schemes. On the other hand, under SGSY scheme, 15 days training is provided by the Block office of the study area for the sample SHG members on different schemes.

In the study area it is observed that some Bank officials are not co-operating with the members of the SHGs or reluctant to give loans to the SHGs. Of course, problems arise due to shortage of their staff members. Restructuring of the banking staff (between urban and rural branches) might be the short-term solution to
the problem. But among the different branches of the sample area, Allahabad Bank of Hajo Branch is exceptional. The present Manager of the Branch is very active and co-operates fully with members of the SHGs. It is also observed that the Bank Managers are transferred frequently, particularly in rural branches. In fact, in the study area no Manager seemed to be mentally prepared to work in rural branches. They often try to somehow manage a short stay in rural branches. One Bank Manager sanctions a loan and then after sometime, gets transferred to another place. It becomes very difficult for the new Manager to establish individual contact with all loanees in a short time, being pre-occupied with lots of work and crippled by shortage of staff and procedural ineffectiveness. Shortage of staff, non-co-operation from the local administration in any recovery drives and exaggerated stories of arms threat from a section of loanees are the main excuses for many Manager who perform badly in the sphere of debt recovery.

But the fact cannot be denied that under privileged people working in a group are now gradually gaining confidence that they can save some amount even from their own income and that they can also procure a loan if their group savings fall short of the requirement to launch any productive ventures. Moreover, seeing the high success rate in repayment against micro credit, a few Banks are now developing interest in lending to SHGs even if these are formed by the downtrodden.
SECTION-II

6.4 Current major problems:

On the basis of the primary survey of Government and NGO sponsored SHGs in the Hajo Development Block of Kamrup district, Assam, it is found that SHGs face some problems in different areas. The major common problems under both SHGs are stated below:

6.4 (a) Ignorance of Sample SHG members:

Even though the authorities take measures for creating awareness among the group members of SHGs about different schemes beneficial to them, still they are ignorant about different schemes of assistance offered to them, as many of them are illiterate. Even the subsidies and other schemes of assistance offered by the Government, ranging up to a maximum of Rs. 1,25,000 could not be utilized properly by most of the SHGs members because of their ignorance. Besides, it is also found that in many cases sample SHG members donot have a clear idea of the terms and condition of the loan.

6.4(b) Problems related with raw materials:

In the study area it has been observed that each SHG procures raw materials individually from the suppliers. They purchase raw materials in small quantities and hence they may not be able to enjoy the benefits of large-scale purchases like discount, arrangement to collect raw materials in bulk quantities and preserve them properly. There is no linkage with major
suppliers of raw materials. Most of the SHGs are ignorant about the major raw material suppliers and their terms and conditions. All these cause high cost of raw materials.

6.4 (c) Problems of marketing:

Marketing is an important area of functioning of the SHGs. However, the sample SHG member face different problems in the marketing of products produced by them. The major problems reported by the SHG members are i) lack of sufficient orders, (ii) lack of linkage with the marketing agencies, (iii) lack of adequate sale promotion measures, (iv) lack of permanent market for the products of SHGs, v) absence of proper brand name, vi) poor/unattractive packing system, vii) poor quality of products due to the application of traditional technology and stiff competition from other major suppliers.

6.4 (d) Infrastructure problem:

In the study area it has been seen that due to lack of infrastructure especially the transport facility to the far interior places, where most of the poorer people belong, Bank staff and Block officials and RGVN staff cannot go to there for inspection and monitoring. Therefore, they have to give up their field work and rely on paper work after interviewing them. Though Block officials and RGVN staff organize various training programmes for the SHG members, these training programmes are not sufficient for running their enterprises.
6.4 (e) Lack of adequate educational quality:

Though the literacy rate of the sample SHG members are much higher than the illiteracy rate, the educational level and technical skill of the majority of the beneficiaries of SHGs are not enough to properly maintain the complicated accounts/system envisaged in the programme and communication with the Bank officials. Even though Bank staff, Block officials and RGVN staff take part in training and helping them in communicating with the Bank, efficient persons are also needed as members of SHGs for this purpose. Further it has also been seen that in rural far inferior areas of Hajo Development Block, especially from those vulnerable sections such efficient persons are scarce who can take initiative and form the SHGs and persist in maintaining the same for at least six months until they receive the finance from the bank.

6.4 (f) Problems as perceived by Banks:

No doubt, micro credit linkages of the Banks with SHGs have much scope for improvement with regard to the flow of credit or to reduce the transaction cost both for the borrowers and the Banks. Sometimes when implementing the Government schemes, the Banks have to face many problems. It has been seen in the study area that except Allahabad Bank, other four Assam Gramin Vikash Bank do not have adequate manpower. The Bank branches cannot lend beyond the target as fixed by the annual credit plan, they have to refer the cases of loan to the regional, zonal or local head office for decision, many Bank debts are accumulated over a period leading to increase in NPA (Non-performing Assets). The
Branch Managers feel that a new loan may create additional NPA, which will adversely affect their career progression. Banks have found a sound business proposition in SHG financing and tend to look for SHGs. Yet the Bank with inadequate staffing hinders the Bank to reach out to members of SHGs, and Banker's feeling that SHG linkages are an additional burden and therefore remaining unenthusiastic.

Slow growth of banking sector in the interior villages badly affect the growth of the SHG movement. Sometimes women SHG members in particular have to depend mostly on the male members for depositing their monthly group savings in banks. Timely release of loans also get delayed where Banks are located 10–20 km away and road linkages are very poor throughout the year. Of course, in many cases Banks are not co-operative in providing credit/subsidy to the rural poor for fear of non-recovery caused by large scale defaulters.

6.5 Suggestions:

The following suggestions are given so that the impact of the programme can be strengthened further for the development of micro finance in the state.

6.5 (a) To the Government:

The following are the suggestions to the Government for the improvement of the micro finance programme:
i) The Government's poverty alleviation programmes targeting the most vulnerable section should continue for the benefit of the poorest of the poor. Besides, the Central and State Government should enact special Acts regulating micro credit.

ii) The Government should encourage periodical research and assessment of the programme preferably by persons professionally competent and independent of the Government.

iii) Government should monitor properly and regularly the activities of the SHG members by appointing a monitoring authority who will visit the SHGs, guide them, advise them and give mental support to the poor rural people living below the poverty line.

iv) Training period for the members should be enhanced. Government should give at least three months training to the members of SHG before providing the loan to them.

v) Government's aim is to eradicate poverty by forming SHGs globally. As such, in one family, one member should be involved in the group, and proper monitoring is necessary.

vi) Amount of loan should be increased in different schemes financed by the Banks and sponsored by the Government, so that the members can generate more income and savings within a short period.

vii) Government should provide free compulsory education to the illiterate members of the groups so that they can understand the meaning of the programmes.
6.5 (b) To the Non-Government funding agency:

The following suggestions are for the Non-Government funding agencies:

i) Withdrawal of savings by the members should be facilitated even while they are members, subject to conditions laid down for the purpose and particularly when there is no loan due against the member.

ii) The interest rate charged on the loans to members should be reduced on account of the general interest rate reduction in the Banks.

iii) The funding agencies should give subsidies to the poor SHG members. If not, the poor members are not able to refund the whole amount of loan within a stipulated period.

iv) One important area where funding agencies should concentrate is the promotion of micro-enterprises by women in the non-farming sector.

v) For the participants of micro credit programme, the funding agencies must play a vital role in bringing Government benefits to their doorstep. The Institutions concerned, after suitably modifying them to the field level realities, should take these suggestions.

6.5 (c) The other general suggestions are:

The following are some general suggestions for Government, NGOs or any other funding agencies which provide micro finance to the poor.
i) For the successful implementation of finance programmes there should be a proper co-operation among the Banks, Block officials, NGOs or other financial institutions. At the same time, the borrowers/beneficiaries of the various schemes should be provided compulsory technical training facilities like pre-sanction and post-sanction training for execution of the scheme. Technical cells in the Bank should be set up to ensure the viability and feasibility of the schemes sanctioned.

ii) With regard to the emerging potential of the SHGs and the related non-familiarity of the Bank branches/funding or sponsoring agency about lending to SHGs, there should be a monitoring agency who will monitor the progress regularly at various levels. Further, the progress of the programmes should be reviewed by the Governments/Banks at regular intervals.

iii) A considerable proportion of the respondents felt insufficiency of loan amount for income generation. The loan amounts need to be fixed according to the requirements of the projects undertaken and received periodically.

iv) The problem of marketing of the products is also emerging as critical among the SHGs. Efforts should be made to provide fair prices to the products of SHGs.

v) The leaders of the SHGs need to be provided training in group dynamics and leadership so that they can run their groups more democratically and effectively. Banks/NGOs need to undertake such training programmes periodically in collaboration with DRDA. Field visits to successful SHGs who perform better in running micro enterprises may be undertaken.
vi) A further problem identified in the course of the present study is the presence of non-poor in the SHGs which actually isolate the real poor. Therefore, efforts should be made at block level officials to check this and maximize the inclusion of poor households.

vii) For the proper utilization of loan and also to improve the recovery position of the Bank, proper supervision and monitoring of the scheme/project should be provided to the staff. Public awareness camps should be organized from time to time to make the rural people aware of its different schemes. Besides the procedure of the Bank loan should be made simple and transparent. The various loan proposals should be examined on time. In addition, the power of the Branch Manager in loan sanctioning should be enhanced. The Government should speed up the process of sanctioning of the loan amount especially under the Government-sponsored scheme.

viii) The recovery efforts of the funding agency/Banks should be supported by revenue machinery of the State Government. The Banks/funding agency should identify willful defaulters and take all necessary steps to recover Bank dues with the help of State Government machinery. Joint recovery camps should be arranged on a regular basis by the Bank in association with revenue official.

ix) Banks may consider lending to SHGs as part of their mainstream credit operation both at policy and implementation levels and incorporate micro finance Programmes in their Service Area Plans. Specific branch-wise goals under the SHG Bank Linkage Programmes should be set up by Banks.
According to NABARD's projection, 1/3 of the rural poor in the State should be covered under the SHG-Bank Linkage Programme by 2009. This will be possible only with the increased support from State Government in promoting, guiding and nurturing SHGs of the rural poor. Therefore the Government may adopt SHG Bank Linkage Programme as a State Policy as was done in some other States like Uttar Pradesh and Orissa.

Since group approach (SHG) is given importance under SGSY, there is a need to sensitize officials of DRDAs/Block level functionaries to have in-depth knowledge of the concept and to ensure the required co-ordination among Government-functionaries, Banks and NGOs.

Proper maintenance of data base is required at all levels, viz., Banks, DRDA and NGOs. This will facilitate taking appropriate decisions on increasing the quality and number of SHGs functioning.

Meetings and exchange of information on problems and prospects relating to SHG movement should take place at regular intervals between DRDA, NGOs and sponsoring authority in a structured manner. DRDA should take the initiative in this regard.

Self Help Promoting Institutions (SHPIs) may design innovative and fully participatory modules of Rural Entrepreneurship and skill upgradation programmes for inculcating confidence in rural folk for setting up of micro enterprises coupled with effective project opportunity and guidance.
(xv) Efforts should be made to form more SHGs for developing farm and non-farm projects and to gear up self-employment drives effectively. NABARD’s efforts at improving access of rural poor to formal banking services through SHGs is based on experience that the poor as a group are quite creditworthy.

(xvi) The Government should help to speed up the process of recovery of SHGs loan, especially under the Government sponsored scheme by ensuring prompt action against willful defaulters. Block officials should be entrusted with the responsibility of ensuring recovery of loan under their jurisdiction with the help of Bank officials. On the other hand the bank should open a separate “Cell of recovery” and arrange proper training in recovery management for the staff attached to it. Recovery linked promotion schemes should also be adopted to tone up the recovery function.

(xvii) Change of leadership is a must for sharing the responsibilities by all members to generate leadership qualities in each member. Besides dedicated efforts of the Banks and NABARD towards the case of rural credit proves to be a silver lining. The activities of the SHGs are also promising. Thus, it might be hoped that all these concerted efforts will succeed in making the State a developed one.

6.6 Conclusion:

The successful working of Government and NGO sponsored SHGs has given sustainable benefits. Organizing of the weaker sections (SC, ST, and OBC) through these SHGs has increased the income of the families involved. Most of them are now able to repay their old debts and started asset building. The existing enterprises of beneficiaries are better managed now.
Success of these SHGs not only improved the economic status of the weaker sections concerned but there is also a drastic change in their social status. The women of these SHGs have a better say in their family matters. Success of these SHGs has given an amazing confidence to the women concerned. Many of them are now coming forward to help other women of that area. After a few years, these SHGs will have generated sufficient money and developed required expertise that they will be working independently. From the field survey, it is found that SHGs with landed households have greater access to institutional sources, whereas the landless SHGs are more exposed to double exploitation as they take loans even from traders and other informal sources. However, the gap between landless and landed households in the spheres of access to institutional sources has narrowed down with the fast growth of the non-farm sector and the formation of the SHGs in recent times. Very interestingly, moneylenders and Banks contributed moderate to high amount of loans to all income groups. This reflects the fact that institutional agencies are successful in reaching more or less all the economic classes, although they are yet to make credit evenly and frequently available, in time and in adequate amount.

The traditional village institutions which have supported the weaker sections of the society in distress have been disappointing. Here lie the new strategies and institutions like SHGs ensuring harassment free, timely institutional credit to the unreached poor through microfinance programmes. One very interesting observation is that SHGs used to extend small loans to the members at 2-3 per cent monthly rate of interest for contingent
needs and also to assist household industries among the group members. Quite a few SHGs extended loans to non-members but at higher rate of interest, i.e. 5-10 per cent per month. The increasing tendency of some of the SHGs to provide high interest loans to outsiders has been instrumental in promoting a section of the SHGs to the club of money lenders. It is significant to note that during the past 5 years, 20 households (5 households in the current year) had borrowed money from money lenders against mortgage of land. As reported by the households, the incidence of loan against mortgage of properties was much higher in the years prior to their membership with SHGs.

Many SHGs denied membership to defaulter persons thinking that it will reduce their chances of getting loans from Banks. Similarly, quite a few households borrowed from the money lenders against mortgage of land and failed to redeem their land for quite sometime. It seems that both productive as well as unproductive loans are restricting the economic operation of a section of the weaker communities alike. Proper utilization of loan and timely repayment is very important which at times need counseling. On one hand, loans given against SHGs have generated sufficient enthusiasm and entrepreneurial ventures in some parts, while on the other hand wrong application of the SGSY scheme put some loanees at a disadvantage. It seems that the volume of debt, the share of productive debt in total debt, are important issues, but equally important issues are also the presence of other vital infrastructure linkages.
The prospects for the poor to obtain a due share in the formal finance appear relatively better in the Bank Linkage Programme. Not only is the targeting of the poor much better but the programme also seems to have enabled the poor to have sustained access to formal finance. Besides, the inherent strengths of SHGs for financial institutions especially in ensuring higher loans are the major contributing factor in the positive results being seen under the programme. But the programme still has a very long way to go if it is to become the core strategy of the banking sector.

From the discussion, it is obvious that the SHGs have spread their outreach by serving a large clientele with small amount of credit, but financial deepening of credit system through SHG movement still remains a far cry. Further, there seems to be a tendency among SHG members to borrow from various agencies. In this connection, the policy to integrate SHGs within mainstream banking should receive greater attention. This alone can strengthen the process of integrated credit flow for production-cum-investment purposes on a suitable basis.

The study has mainly dealt with economic empowerment of weaker section i.e. SC, ST and OBC population in Hajo Block of Kamrup district, Assam who have formed SHGs recently and many of them have also come under the Swarna Jayanti Gram Swarozgar Yojana (SGSY). The study has pointed out that Allahabad Bank, Hajo branch is playing a major role in micro financing together with the four Assam Gramin Vikash Banks and have been found to lend higher amounts to village artisans.
and micro-industries over the years. One Commercial Bank and four rural Banks cater to the 12 Gaon Panchayats of the study area and has been increasingly spreading its activities and playing a major role in spreading the delivery of finance to weaker sections, especially women through SHGs. Incidentally, the study has dealt briefly with the concept of SHGs and the system of Bank savings and credit linkage. Aspects of the SGSY scheme have also been briefly dealt with the NGO sponsored SHGs through micro finance programme. Discussions have been made on how Banks have linked the SHGs by opening savings account and giving revolving fund on one hand and how linkage is made by RGVN and Block Official with the SHGs on the other.

It is proved that micro finance has certainly ensured better access to credit, which the members of SHGs might not have had earlier. Access to credit has brought in its wake economic benefits in terms of increased income, higher employment, better living condition, and better asset holding including enhanced consumption level. As micro finance with group lending approach has imported a sense of belonging among individual members, it will naturally bring about social benefits in terms of increased self worth and confidence, increased level of assertiveness within and outside family circles and other positive behavioural changes. However, there is still vast scope for upscaling the micro finance programme in Assam. Some of the issues and constraints in this regard are lack of adequate awareness at various levels in the Banks, State Government and among the public at large, the communication gap between the rural Bank branches and the
controlling offices, apprehension of Banks regarding recovery, NPAs security, legal status of the SHGs, lack of experienced NGOs involved in the promotion and nurturing of SHGs and lack of guidance in this regard and, lack of spontaneous involvement of people. It is an urgent need to look into the possibility of offering a legal status to SHGs and development of participatory modules for promotion of micro enterprises.

In this twenty-first century, we must have an active people centered and growth oriented poverty alleviation strategy—a strategy which will incorporate people’s aspirations, dynamics and involvement and that is distinctly different from the ones implemented during the last five decades. It is envisaged that SHGs will play a vital role in such strategy and already people have begun the process of grassroots organizational development for forming cohesive, dynamic and vibrant groups. It is therefore imperative that the promotional agencies particularly credit institutions organize the strong undercurrent across the country and harness its potential through suitable adjustments in their programme contents and delivery mechanisms to assimilate the new development. Perhaps, a mission type approach will be more useful to assist and support such conditions until they develop necessary competencies to handle their affairs independently, rather than campaign type approach that deals with only figures, targets and assets. A fact that must be admitted is that thrift and credit activity will continue to be the lifeline of SHGs but eventually remain hidden as they embark upon the economic social agenda. Further, the groups may form network and undergo structural orientation
to suit the requirements of new business. Credit strategies for future must take cognizance of such adjustments and realignments and devise innovative credit delivery systems and offer flexible financial instruments to meet their specialized credit requirements. Synthesis of Government programmes and thrift and credit activity of SHGs to facilitate informal interface between the two entities is, therefore, the need of the hour.

Micro-credit movement has to be viewed from a long term perspective under SHG framework which underlies the need for a deliberate policy implication in favour of assurance in terms of technology back up, product market and human resource development. Hence, there is an urgent need to streamline the norms and institutions to govern micro-finance initiative in the country. Such institutionalization, let us also hope, will not ultimately cause deterioration in the commercial discipline instilled so painstakingly by micro finance programmes in poor borrowers and hence a rise in default rate.

The performance of credit agencies for the economic development of the block depends on the effective exploitation of available natural and human resources to the optimal level. In this direction, financial institutions have to play a prominent role of credit disbursement to the needy members/deserving rural poor, as economic development can be achieved through proper utilization of scarce means such as Bank credit. To meet the ever increasing demand for financial institutions in that selected block, there are a host of Banks and the strength of these financial institutions depends upon their depositors, advances, recoveries,
management and efficiency of their staff. Despite the vast expansion in banking network, the rural poor are not yet free from the clutches of the moneylenders. Banks with their own credit policies in the liberalized economy and with stringent of NP norms are distancing themselves from rural poor. Under such a situation, informal agencies in the form of moneylenders tend to exert their way over them. SHG mechanism has come to intervene in the system of natural benefits to rural banker and the rural poor. To assist the banking system in SHG linkage programme, a number of NGOs are functioning in the sample block. The role of Allahabad Bank, Hajo Branch is very significant in the linkage programme.

Empowerment of the weaker sections under SHG framework underlines the need for a deliberate policy framework in favour of assurance in terms of technology back up, product market and human resource development. However, in the context of economic liberalization, there are indicators that the markets are turning out to be unfriendly to the poor. Hence, there is an urgent need to provide insurance for micro-enterprise sector production through a suitable institutional mechanism.

SHG movement is a completely different approach towards poverty eradication/livelihood development. Being self-supporting, self-governing organizations, they are devoid of bureaucratization and polarization. SHG encourage most economic use of the group funds among the members. However, many of the SHG members are unskilled, illiterate and placed in the remote villages without vital market linkages, and other capacity building exercises so as to derive maximum benefits in terms of generating
productive employment, raising agricultural yield and exploiting hidden opportunities in cottage and small industries in the rural areas. In the flood affected areas of Assam, for Micro finance Institution (MFI) or SHGs to be successful, appropriate insurance coverage of loan assets including standing crops urgently need to be evolved, the culture of which is, at present, missing in rural Assam. The adequate insurance services can also provide survival security to a MFI/SHG as much as to its clients. Therefore, academicians, politicians, bank staff and NGOs/women organizations must come forward in their capacities in a more integrated manner so as to create an atmosphere for relationship banking— to foster a better linkage between input and output market in the state—without which no radical change can be brought in the standard of living of the people.

In spite of bringing about some positive changes in the society, the fact cannot be denied that the SHGs movement in the state of Assam, by maintaining high interest culture in the informal sector, has also made the moneylender's job easier and tolerable even to the eyes of the die-hard critics including NGOs in the state.

From the study it reveals that provision of micro credit is a necessity but not a sufficient condition to ensure the success of rural micro enterprises. It depends upon a large number of factors. It requires an enabling environment to being successful. Even where it does succeed in stimulating the growth of micro enterprises, the developmental impact of this on the poorest members of the target communities varies. The wealthier segments
of the target group seem to benefit most. The non-poor also take advantage of the scheme when they are politically and socially in advantageous position. The impact of the scheme is also limited by the political framework in which it is implemented. Over and above of all these factors, the additional limiting factors in the case of Assam are the lack of political will, static mindset of the people, lack of entrepreneurship, limited market and absence of a sound infrastructure. Thus, it can be concluded that micro credit scheme as such is not a failure by itself. What matters most is how micro credit are being utilized and in what conditions. Therefore, institutions of micro credit should address themselves to its implementation and limiting conditions for its revival and make it economically viable if they have to play a greater role for developing rural areas in a state or in a country.