Chapter– 9

Findings, Suggestions and Conclusions

9.0 Introduction:

SHG-Bank Linkage Programme is the largest micro-finance programme for self-employment among the rural poor. It is designed for organizing the rural poor into SHGs, building their capacity to manage their own fund and provide bank credit on commercial terms, so that their economic condition is improved and poverty alleviation is possible. Undoubtedly, the impact of this Programme on changing the socio-economic conditions of the rural poor is significant. The Programme has become able to change the occupational pattern, income level, consumption pattern, dwelling pattern and asset holding pattern of the SHG members. Changes in access to sanitation, access to safe drinking water and access to electricity facility have been possible with the intervention of the SHG Bank Linkage Programme. It is observed from the earlier studies conducted by different researchers that for effective implementation of a programme, participation of the people is must, to whom the programme has been designed. It also depends on the accountability of the agencies that are involved to implement the programme. However, the agencies have done the works satisfactorily, so as to achieve the expected target. Although, the percentage of population living below the poverty line has decreased due to the intervention of the SHG Bank Linkage Programme, the decreasing percentage among the various States is not uniform. In some States, the progress of this Programme is significant, while in
other States it is not satisfactory. In this chapter, the present study has unearthed the impact of the SHG-Bank Linkage Programme on the socio-economic life of the SHG members in the Nagaon district and also the various problems faced by the SHG members in the study area. Suggestion has been made to overcome such problems and effective implementation of the Programme in the study area.

9.1 Findings of the Study:

9.1.1 The findings relating to objective no. 1 viz. “To assess the socio-economic profile of SHG members” discussed in chapter 4 are as follows:

(i) Community: - The community-wise analysis reveals that most of the SHG members (34.2 per cent) belonged to Other Backward Classes (OBC). Percentage of SHG members belonged to the others communities such as Muslim and Tea Tribe were 21.4 per cent and General Community was 16.1 per cent. The combine percentage of most deprived communities (i.e. SC and ST) was 28.3 per cent. Since SHG-Bank Linkage Programme envisages the covering of most deprives communities in the society and makes them stronger socially and economically, the Programme has succeeded to some extent in this regard.

(ii) Occupation: - The occupation-wise distribution of SHG members shows that a large number of SHG members (36.7 per cent) were housewives. Another important occupation in the study area was agriculture, which constituted 24.3 per cent of the SHG members. The other occupations of the SHG members in the study area were wage labour (10.8 per cent), petty traders (10.4 per cent), self-employed (9.4 per cent)
and unemployed (5.7 per cent), professional worker (2.6 per cent). The participation of housewives in highest percentage has indicated that the women in the study area are more ardent to reap the benefits of the SHG-Bank Linkage Programme through group formation.

(iii) Education: - It has been found in the study that majority of the SHG members (51.4 per cent) in the study area had studied up to secondary level, while 21.7 per cent were higher secondary passed, 21.1 per cent had received primary education and 5.4 per cent members had received degree. Only 0.4 per cent SHG members had been found illiterate. The literacy rate in the study area was satisfactory and almost 99.0 per cent of the SHG members did know how to read and write. It is a good sign because higher the literacy rate, the greater is the knowledge and patience. Undoubtedly, the level of education in the study area has contributed to the success of the SHG-Bank Linkage Programme.

(iv) Age: - The age-wise distribution of SHG members shows that 71.0 per cent of the SHG members belonged to the age group of 18 - 40 years. On the other hand, 24.4 per cent belonged to the age of 41-50 years and 4.6 per cent belonged to the age of 51 years and above. The study reveals that a large number of SHG members in the study area were matured physically and mentally, which enabled them to work hard. They were more fervent in undertaking income generating activities and thereby improving their economic and living conditions.

(v) Gender: - The gender wise distribution of SHG members reveals that 81 per cent of the SHG members were female and 19 per cent were male. The women in the study area were keen to improve their socio-economic conditions by group formation.
(vi) **Marital status:** - Marital status of the SHG members shows that 87.1 per cent of the SHG members were married and 11.7 per cent were unmarried. However, 1.2 per cent SHG members were widowed. Among the married category the percentage of women were highest. A small percentage of women were unmarried.

(vii) **Size of family:** - It has been found in the study that 55.6 per cent of the SHG members had a large size family (i.e. 5 members and above per family) and 44.4 per cent had a small size family (i.e. 1-4 members per family). The large size family had an adverse effect on the savings behaviour of the SHG members. Moreover, the number of defaulters was highest among the large size family as compared to small size family.

9.1.2 The findings relating to the objective no. 2 viz. “To study the group characteristics of SHGs” discussed in chapter 5 are as follows:

(i) **Sources of awareness for formation of group:** - In the study it has been found that SHG members got the information for group formation from different sources. Among the different sources, the contribution of friends and relatives was highest and that constituted 35.0 per cent of the SHGs. On the other hand, contribution of other sources (such as local youths, political leaders and farmer clubs) was 25.6 per cent in this regard. The share of Banks in providing information for group’s formation was also significant as their contribution was 22.2 per cent. Though, the number and operation of the NGOs in the study area was limited, their contribution was 16.1 per...
cent in respect of spreading the awareness of group formation. The media/advertisement contributed only 1.1 per cent in this regard.

(ii) Process of group formation: - In the study we have found that, majority of the SHGs was formed by the members themselves. Out of 360 SHGs, 46.4 per cent of the SHGs were formed by the members. The bank was the second largest promoter (20.3 per cent) that had actively involved in the group formation. The share of NGOs in the process of group formation was 13.3 per cent. Political leaders, local youths, farmer clubs etc. were also involved in the process of group formation and they formed 20.0 per cent of the SHGs. The involvement of political leaders in the group formation has indicated some amount of biased behaviour in the selection of members in the groups.

(iii) Composition of groups: - In the study, it has been found that the number of female groups was much higher than that of the male groups. Out of 360 SHGs, 79.2 per cent SHGs were female groups, while 16.4 per cent were male groups and 4.4 per cent were mixed groups. The main reason of formation of the mixed groups was the inability of the female members to deal with outsiders, lack of knowledge in financial transaction and lack of leadership quality to manage the group properly. The study reveals that among the different groups, female groups were more sustainable, because they were more conscious in financial and other group’s matters. The participation of female members at a higher percentage in group formation is the indication of positive growth of the SHG-Bank Linkage Programme in the study area.

(iv) Size of SHGs: - The finding of the study reveals that 89.7 per cent of the SHGs were small groups having 10-15 members. On the other hand, 9.2 per cent SHGs had 16-20 members each. As a whole, 98.9 per cent of the SHGs were idle size groups
having 10-20 members. We have also found in the study that there were some SHGs, whose size was less than 10 and more than 20 members. However their percentage was insignificant.

(v) Age of the SHGs: - In the study, it has been found that 52.2 per cent of the SHGs belonged to age group of 6 years and above, while 47.8 per cent belonged to age group of 2-5 years. The performance of most of the SHGs in the study area was satisfactory and they were sustainable because they had obtained lots of experience in activities related to the group.

(vi) Group Activities: - The finding of the study reveals that 32.8 per cent of the SHGs selected weaving as group activity for income generation. Member of most of the SHGs reported that weaving is easy to conduct along with the household activities. Moreover, no high skill is required for this activity. Another activity which was preferred most by the SHGs in the study area was goat rearing (20.3 per cent). Other activities selected by the SHGs in the study area were stock business (12.2 per cent), poultry (11.7 per cent), horticulture (8.9 per cent), piggery (6.9 per cent), fishery (5.6 per cent), tailoring (1.4 per cent) and food processing (0.3 per cent). The study reveals that though the above mentioned activities were selected by the members as group activities, they actually conducted these activities separately in their own premises. In case of goat rearing, the groups would purchase goats from the market and distributed the goats among their members for rearing. Similarly, in case of weaving, the groups purchased yarn from the market and distributed yarn among the respective members for weaving.
(vii) **Frequency of Meeting:** - Conducting meetings on monthly basis was the common phenomenon of most of the SHGs in the study area. Out of 360 SHGs, 96.7 per cent SHGs convened meeting once in a month, while 3.0 per cent convened meetings on weekly basis. Only 0.3 per cent SHGs convened their meeting on fortnightly basis. Besides regular meetings, the SHGs also convened emergent meetings to solve problems that had crept in suddenly. Under normal circumstances, SHG members held meetings on monthly basis and discussed various issues relating to savings and credit and other non-economic issues. By holding group meetings at regular interval, SHG members in the study area had satisfactorily participated in the group activities.

(viii) **Selection of Managing Committee:** - The study reveals that managing committee of 90.0 per cent SHGs were selected by group members. On the other hand, managing committee of 10.0 per cent SHGs were selected by persons having no direct association with the respective SHGs. When members were asked regarding involvement of outsiders in the process of selection of managing committee, their view was that they were confused as to who and how to select leaders, thus they usually took help from outsiders. Undoubtedly, involvement of outside persons in the selection of the representatives of the managing committees indicated that in many instances, managing committees were not formed in democratic way.

(ix) **Bank Account of SHGs:** - The study reveals that all the SHGs in the study area had opened savings deposit accounts in the bank and kept their accumulated savings in the bank accounts. By opening savings deposit accounts, they made linkage with the bank and access to formal credit.
(x) **Membership Fees**: With regards to the membership fees obtained by the SHGs from their respective members, the study reveals that out of 360 SHGs, membership fees of 61.7 per cent SHGs ranged from Rs.5 to Rs 30, followed by Rs.31 to Rs.50 (25.6 per cent), Rs.51 to Rs.100 (7.8 per cent) and Rs.101 and above (5.0 per cent) of SHGs. It has been found in the study that the economic condition of most of the SHG members was not satisfactory and that might be noticed from their contribution to the SHGs as membership fees.

9.1.3 The findings relating to the objective no. 3 viz. “To study the savings mobilizations and credit dispensations of the SHGs” discussed in chapter 6 are as follows:

(i) **Level of Savings of SHGs**: The study shows that the level of savings obtained by SHGs from the members varied from Rs.5 - Rs.150. The level of saving was Rs.5 to Rs.30 per head per month for 65.8 per cent SHGs, followed by Rs. 31 to Rs. 50 (25.8 per cent), Rs.51 to Rs. 100 (6.9 per cent) and Rs.101 to Rs.150 (1.4 per cent) of SHGs. It has been found in the study that a large number of SHGs obtained a less amount of money as installment of savings from their respective members. The large size family and weak financial base were the reasons for lower level of savings, since they had to spend much more money on consumption and other household purposes. Though, the level of savings was small, they participated in the group activities actively by contributing savings to the groups regularly and committed to improve savings habit.
(ii) Utilization of Savings by the SHGs: - In the study we have found that SHGs had utilized their mobilize savings for different purposes. Out of 360 SHGs, 82.7 per cent SHGs kept a part of their savings in the banks and other part was utilized in internal lending. Lending to non-members was accounted for 7.8 per cent of SHGs. 6.1 per cent SHGs kept entire savings in the banks, because they wanted to increase their fund position at the initial stage. On the other hand 3.3 per cent SHGs kept a part of their savings in the banks and other part was utilized in lending to non-members. In the field survey, while members were asked about the custom of lending to non-members, they stated that it was more profitable because they could charge higher rate of interest for earning more income in short duration.

(iii) Sources of Funds of SHGs: - In the study, it has been found that only 281 SHGs had received external funds from different sources. Out of 281 SHGs, 96.4 per cent had received loans from the bank and remaining 3.6 per cent SHGs had received funds from the State Government and local political leaders as donation. The SHG members stated that political leaders usually donated funds to the SHGs during election time.

(iv) Distribution of Bank Loans: - The finding of the study shows a variation in the range of loans obtained by different SHGs from the banks. The bank loans obtained by different SHGs ranged from Rs.10000 to Rs.180000. Out of 271 SHGs, 38.7 per cent SHGs had received bank loans that ranged from Rs.10000 to Rs.25000, followed by Rs.25000 to Rs.50000 (13.7 per cent), Rs.50001 to Rs.100000 (7.0 per cent) and Rs.100001 to Rs.180000 (20.7 per cent). Only 19.9 per cent SHGs had received bank
loans up to Rs.10000. In the field survey, members of some SHGs reported that they had received two or more doses of loans from the bank. However, the range of bank loans received by most of the SHGs was insignificant and inadequate to carry on any productive activity effectively.

(v) **Interest Rate of Bank:** - The study reveals that 76.4 per cent of the SHGs obtained loans at an interest that ranged between 8.0 per cent and 11.0 per cent per annum, while 23.6 per cent obtained loans at an interest of 12.0 per cent and above per annum. There was no uniformity in the case of rate of interest charged by the bank, because SHGs had obtained loans from different branches of the same bank in different periods.

(vi) **Adequacy of Bank Loans:** - In the study we have found different views of SHG members in respect of adequacy of bank loans. Out of 542 SHG members, 56.8 per cent reported that the bank loans were adequate for them. However, 43.2 per cent members stated that bank loans was inadequate and that restricted them to execute their works effectively.

(vii) **Repayment of Bank Loans by SHGs:** - Prompt and healthy repayment of loans enables the banks to recycle the funds. It also enables the SHGs to obtain several doses of loans from the banks. The finding of the study shows that the repayment performance of SHGs was satisfactory. The repayment performance of 69.4 per cent of SHGs was more than 90 per cent, while 15.1 per cent had repaid loans that ranged from 70 per cent to 90 per cent. On the other hand, the repayment performance of 15.5 per cent SHGs was less than 70 per cent. In the study we have found that some SHGs had repaid entire loans to the bank and obtained fresh loans, out of which, a
small amount had been repaid. A few of them also reported about the poor repayment performance of their members.

(viii) Satisfaction Regarding Lending Procedure: - The study reveals that 41.7 per cent of SHG members felt that the lending procedure adopted by the bank was satisfactory. They had no objection regarding procedure adopted by the banks in case of sanctioning loans. On the other hand, 58.3 per cent of SHG members stated that they were not satisfied with the lending procedure of the banks because bank delayed unnecessarily in sanctioning loans and they had to waste their valuable time in a lengthy process for procuring a loan.

(ix) Involvement of Middleman: - In the study, it has been found that out of 271 SHGs, 74.9 per cent SHGs obtained loans from the banks without taking help from the middleman. However, 25.1 per cent SHGs took help from the middleman while obtaining loans. Lack of adequate knowledge and confidence on the part of the SHG members to transact with the banks was the major reason for which they usually took help from the outsiders. The SHG members stated that some officers of the bank indirectly pressurized them to take help from the middleman. Though, the SHG members did not disclose the actual hidden fact, perhaps it might be the matter relating to bribe.

(x) Sources of Funds of SHG Members: - Group’s fund is the main source of credit of SHG members. In the study, it has been found that 612 SHG members had received loans from their respective groups. Out of which, 83.7 per cent had obtained loans from their respective groups, in which bank loans was also included. On the other hand, 16.3 per cent had obtained loans from the group where bank loans were
not included. Since, the operation of the NGOs in the study district was not satisfactory, there were no members who had obtained loans from the NGOs through SHGs. There were some SHGs in the study area, who had not received loans from the bank. However, they extended loans to the members from their own funds.

(xi) Level of Credit Received by SHG Members: - There was a variation in the level of credit received by the SHG members in the study area. It has been found in the study that SHG members had obtained credit for various purposes and that influenced on the level of credit received by them. Moreover, fund position of the groups and level of savings contributed by the members also influenced on the level of credit. Out of 612 SHG members, 34.6 per cent members had obtained credit up to Rs.1000. However, a substantial number of members had received credit, ranging from Rs.4001 to Rs.5000 and Rs.5001 and above. With regards to the level of credit, most of the SHG members stated that the credit received by them was not adequate to carry on with income generating activities effectively.

(xii) Interest Rate Charged by SHGs: - As per rule, the rate of interest on internal lending should be 24 per cent to 36 per cent per annum. But, it has been found in the study that the interest rate charged by 81.7 per cent SHGs was 4.0 per cent to 5.0 per cent per month, while 18.3 per cent SHGs charged interest that ranged between 1.0 per cent and 3.0 per cent per month. With regards to the interest rate, most of the SHG members stated that the rate of interest charged by the SHGs was quite high. But some members felt that it was not burdensome for them because, interest charged by the SHGs was comparatively smaller than the interest charged by the local moneylenders.
(xiii) Repayment Performance of SHG Members: - The repayment performance of SHG members in the study area was satisfactory, as 62.3 per cent SHG members had repaid more than 90 per cent of loans. Similarly, 28.3 per cent members had repaid loans that ranged from 70 per cent to 90 per cent and 9.4 per cent members had repaid less than 70 per cent of the loans. The finding of the study reveals that the SHG members in the study area were more serious in respect of repayment of old loans and cleared the route for new dose of loans. The healthy repayment behavior of SHG members had increased the financial sustainability of the SHGs in the study area.

(xiv) Utilization of Credit by SHG Members: It has been found in the study that the SHG members had obtained loans from their respective groups for various purposes. Out of 612 SHG members, 53.3 per cent utilized credit in selective activities i.e. income generating activities, while 19.1 per cent utilized for household activities (i.e. consumption, child education, family health, construction and repairing of house.) and 27.6 per cent utilized credit for both selective and household activities. The study also reveals that after joining the groups, members were able to solve their various social and economic problems by taking collateral free loans from the groups at a lower rate of interest. Easy access to credit had reduced dependency of the SHG members on the local money lenders.
9.1.4 The findings relating to objective no. 4 viz. “To study the Impact of SHG-Bank Linkage Programme on income, employment, asset holding and living conditions of the SHG members” discussed in the chapter 7 are as follows:

(i) Changes in Occupational Pattern: The SHG-Bank Linkage Programme has a positive impact in changing the occupational pattern of SHG members in the study area. The finding of the study reveals that a large number of women members who were merely housewives and unemployed before joining the SHGs, became self-employed by undertaking weaving as economic activity for income generation. The main reason of adopting this activity is that it may be conducted along with the household activities by the help of family members. Moreover, this activity does not require high skill. As a result, the percentage of self-employed in the study area had increased significantly. The percentage of self employed had increased by 38.5 per cent during the post-SHG period. The percentage of farmers remained same during the post-SHG period, because they obtained loans for making investment in their farming activities and for household activities. Similarly, petty trader had increased to some extent by 1.5 per cent during the post-SHG period. When the percentage of self-employed increased, the percentage of unemployed, housewife having no income generating activities, wage labour and professional worker had decreased by 5.3 per cent, 32.4 per cent, 2.05 per cent and 0.2 per cent respectively during the post-SHG period. In the study it has been found that a few percentages of housewives and unemployed persons remained unemployed even after joining the SHGs, because they did not involved themselves in economic activities and most of them spent loans obtained from the SHGs for non-productive purposes.
(ii) Changes in Monthly Income: The range of monthly income of the SHG members had changed during the post-SHG period over the pre-SHG period. The SHG-Bank Linkage Programme had increased the monthly income of the SHG members to the higher slabs. The percentage of SHG members having monthly income up to Rs.500, between Rs.1001 to Rs.2000 and between Rs.2001 to Rs.3000 had reduced by 21.3 per cent, 0.2 per cent and 6.7 per cent respectively during the post-SHG period. On the other hand, monthly income in the range of Rs.501 to Rs.1000 and Rs.3001 and above had increased by 13.1 per cent and 15.0 per cent respectively during the post-SHG period. In the study we have found that economic condition of some SHG members in the study area was improved slightly during the post-SHG period.

(iii) Changes in Monthly Expenditure on Consumptions: The study reveals that the consumption pattern of most of the SHG members was satisfactory during the post-SHG period. Figure reveals that the members having monthly expenditure on consumptions up to Rs 500 and between Rs.1001 to Rs.2000 had reduced by 8.9 per cent and 0.7 per cent respectively during the post-SHG period. On the other hand, monthly expenditure on consumptions in between Rs.501 to Rs.1000, between Rs.2001 to Rs.3000 and Rs.3001 and above had increased by 3.4 per cent, 0.3 per cent and 5.8 per cent respectively during the post-SHG period. It has been found in the study that the incremental income and easy access to credit had changed the consumption pattern of the SHG members.

(iv) Changes in Monthly Savings out of Income: The finding of the study shows that SHG-Bank Linkage Programme had significantly changed the monthly savings
out of income of the SHG members. The SHG members having zero savings out of monthly income in the pre-SHG period had reduced by 42.3 per cent in the post-SHG period. Similarly, the SHG members having savings out of monthly income up to Rs.500, between Rs.501 to Rs.1000, between Rs.1001 to Rs.2000 and Rs.2001 and above had increased by 26.2 per cent, 6.6 per cent, 7.5 per cent and 2.0 per cent respectively during post-SHG period. The finding of the study reveals that the SHG-Bank Linkage Programme had a positive and significant impact on increasing the monthly savings out of income of the SHG members and thereby improved their living condition. After joining the SHGs, the members in the study area are found to have developed their savings habit.

(v) Changes in Dwelling Pattern: The dwelling pattern of SHG members in the study area had changed to some extent during the post-SHG period. The SHG members having pucca and semi pucca houses had increased by 9.2 per cent and 5.6 per cent respectively during the post-SHG period. When the percentage of SHG members having pucca and semi pucca houses had increased, the percentage of SHG members having kutcha houses had reduced by 14.8 per cent during the post-SHG period. The SHG members reported that incremental income and Government assistance under Indira Awas Yojona had enabled them to change the dwelling pattern in the post-SHG period.

(vi) Changes in Source of Drinking Water: It has been found in the study that the dependence on public tube well/ government supplied water had reduced by 11.7 per cent during the post-SHG period. The study reveals that 11.8 per cent of SHG members were able to install own tube-well for safe drinking water during the post-
SHG period. Moreover, 0.2 per cent of SHG members were able to change the source of drinking water from “well” to tube-well” during this period. Besides own income, Government assistance also helped them to install tube-wells. The impact of the SHG Bank Linkage Programme in changing the sources of drinking water of SHG members in the study area was positive but not to a significant level.

(vii) Changes in Access to Sanitation Facility: The impact of the SHG-Bank Linkage Programme in providing access to sanitation facility was positive. After joining the SHGs, most of the members had changed their type of sanitation. The members who used to defecate in the open in the pre-SHG period started using pucca or kutcha toilet in the post-SHG period. The percentage of SHG members who used defecate in the open had reduced by 3.4 per cent during the post-SHG period. Similarly, the percentage of SHG members having kutcha toilet had reduced by 8.4 per cent and the users of pucca toilet had gone up by 11.8 per cent during the post-SHG period.

(viii) Changes in Access to Electricity Facility: The study reveals that the legal electricity connection of the SHG members had increased by 27.7 per cent during the post-SHG period. In the study we have found that the percentage of SHG members having legal electricity connection had increased during the post-SHG period, as most of the members have access to electricity facility provided by the Central Government under the rural electrification scheme namely, “Rajib Gandhi Gramya Vaidutrikaran Achani”. However, the impact of the SHG-Bank Linkage Programme could not be ignored in increasing the percentage of legal electricity connection in the
study area, as it enabled the members to enjoy access to electricity facility by enhancing their income.

(ix) Changes in Assets Holding Pattern of SHG Members: The impact of the SHG-Bank Linkage Programme in changing the assets holding pattern of the SHG members in the study area was significant and positive. During the post-SHG period members were able to increase livestock like cow, goat, poultry, pig etc by taking loan from their respective groups. However, they purchased such livestock for commercial purpose. The incremental income in the post-SHG period had enabled the SHG members to purchase durable assets like television, mobile phone, bicycle, cooking gas, furniture etc. The study reveals that SHG members having livestock had increased by 42.6 per cent, television by 8.9 per cent, mobile phone by 39.0 per cent bicycle by 12.1 per cent, and cooking gas by 13.3 per cent during the post-SHG period. The attraction of the television had reduced the application of the radio. As a result of this, the percentage of radio users had reduced by 2.4 per cent during the post-SHG period.

(x) Change in Economic Life of SHG Members: Group approach and involvement in income generating activities had changed the economic life of the SHG members in the post-SHG period. After joining the groups, income, savings and assets of the members had increased. The members had found regular source of income after joining the groups. 63.3 per cent of SHG members were able to find regular source of income, while 33.0 per cent members experienced increase income during the post-SHG period. Similarly, 49.8 per cent and 85.6 per cent of members reported that their savings and assets holding pattern had been increased respectively during the post-
SHG period. As a whole, SHG-Bank Linkage Programme through micro-finance intervention had changed the economic life of the SHG members by increasing their income, savings and assets holding pattern.

(xi) Changes in Non-economic life of SHG Members: The finding of the study reveals that micro-finance had also changed the non-economic life of the SHG members. After joining the SHGs, 57.0 per cent members in the study area had got the ability to participate in the decision making process of household matters. On the other hand, 47.9 per cent member revealed that involvement in group activities had built up their self-confidence and enabled them to talk freely with the strangers. The study reveals that the awareness of members in education and health related matters and also their participation in public affairs had increased after joining the groups. The members were able to spend money for family health and taking care for child education and nutrition. The study reveals that 39.4 per cent of SHG members got awareness in respect of education and health, while 30.1 per cent felt that micro-finance had increased their participation in public affairs. After joining the SHGs, they could gather confidence to attend public events in village or panchayat meetings, to involve in politics, to approach government or bank officers for obtaining better services, to gather against drinking of alcohol etc. The finding of the study pointed out that the SHG-Bank Linkage Programme had empowered the members, especially, women members by improving their participation in decision making in household matters, building up their confidence and increasing their awareness in education and health matters.
(xii) **Advantages of Micro-finance:** In the study, the group members were asked why they preferred micro-finance mostly. Their perception was mixed in this regard. Out of 612 SHG members, 74.2 per cent preferred micro-finance, because it was easy to avail, while 62.3 per cent felt that micro-finance was easy to repay. As per view of all members who had received loans, micro-finance could be obtained without collateral security. In the study, it has been found that a considerable number of SHG members felt that rate of interest charged by the groups was not reasonable. Only 47.1 per cent members preferred micro-finance for reasonable rate of interest. As per the statement of the large number of SHG members, micro-finance is advantageous over direct loans, because micro-finance is easily accessible and easily repayable.

9.1.5 The findings relating to the objective no. 5 viz. “To enquire into the problems faced by the SHG members and suggest measures for making the programme more effective” discussed in chapter 8 as problems associated with the SHG members are as follows:

(i) **Inadequate Bank Loans:** The volume of credit extended by the bank to the SHGs was not adequate. Moreover bank extended credit without considering the requirement of the SHGs. That increased dissatisfaction among the SHG members in the study area.

(ii) **Delay in Sanctioning Loans:** Unnecessary delay on the part of the banks in sanctioning loans was another problem faced by the SHG members in the study area. As a result, members had to spend money on each visit made to the respective bank. This had reduced interests of the affected members, leading to adverse impact on the
economic activities of the concerned SHG members. Members of most of the SHGs had to struggle to obtain loans from the banks.

**(iii) Skill Development Training:** As per the view of most of the SHG members, no skill development training had been provided by the promoting institutions in the study area and members were not trained up in respect of doing group and other economic activities efficiently.

**(iv) Monitoring System:** A large number of SHG members stated that there was no monitoring on the part of the promoting institutions. They reported that their activities were not monitored by bank or other promoting institutions. Lack of monitoring and follow up action had lead to misuse of funds.

**(v) Anxiety in Leadership:** The office bearers of some SHGs had reluctant to perform their works continuously, because such works were uninteresting and non-profitable for them. Moreover, such works created extra burden on them and increased their workload and anxiety.

**(vi) Higher Rate of Interest:** The rate of interest charged by most of the SHGs was relatively high. Thus, member of most of the SHGs were unable to bear the heavy burden of such interest.

**(vii) Repayment of Loans:** Easy access to micro credit had increased the workloads and pressures of the SHG members in respect of repayment of loans in time. Non-repayment of loans in time caused the lost of membership and payment of penal interest.

**(viii) Marketing of Products:** Marketing of products was another major problem faced by most of the SHG members in the study area. In most of the cases, members
of the SHGs had to sell their products at a meager price for which they suffered lost. It often occurred, at the time of urgent need to repayment of loans.

(ix) **Lack of Awareness:** The main aim of the SHG-Bank Linkage Programme is to mobilize rural poor into SHG and bring them above the poverty line. But in the study it was observed that the households belonging to rich background were also benefited under this Programme.

(x) **Lack of Insurance Facility:** Lack of insurance facility was another major problem faced by the group members. Most of the SHG members in the study area had suffered loss due to non-coverage of their livestock under insurance facility.

(xi) **Selection of Activity for Investment:** Lack of knowledge in respect of selecting the productive assets for income generation had created problems among the SHG members in the study area. It has been found in the study that most of the rural women had selected weaving as the key activity, but that caused stiff competition among them in marketing of their products.

### 9.2 Suggestions

Following suggestions have been made to overcome the above mentioned shortcomings faced by the SHG members and improve the effectiveness of the SHG-Bank Linkage Programme.

- For the successful implementation of the SHG-Bank Linkage Programme, spreading awareness of the Programme among the general public, NGOs and Farmer Clubs may take active part. However, these promoting agencies should be given adequate financial assistance, so that, they may perform their works
effectively and efficiently. Awareness campaigning may be done through the medium of Television, Radio and Newspaper. Awareness reduces incompetence and hesitation of the people and increases their participation in the development programme.

- The volume of credit extended to the SHGs by the banks should be adequate, so that it can fulfill the requirements of the SHG members. Thus, bank should increase the volume of credit as per the requirement of the SHG members.

- Bank should grant loans to the groups as soon as they become capable to manage it. Unnecessary delay in sanctioning loans should be avoided by the bank.

- It is true that poor households are keen to form the groups so as to improve their socio-economic conditions by obtaining formal credit at a lower rate of interest. But in actual practice it is seen that the rate of interest charged by the SHGs is relatively high. Promoting agencies may play a crucial role by fixing the ceiling of interest rate charged by the SHGs on the loans. This will reduce the burden of higher interest rate born by the SHG members.

- Generally, poor people form and join the SHGs for self help. Thus, the practice of SHGs should not be such that it may create any extra pressure on members regarding repayment of loans. It is therefore, essential for the SHGs to extend the repayment period and simplify the repayment procedure of the loans, so that the pressure of SHG members in repayment of loans may be minimized.

- A well organized marketing system is essential for the members to obtain reasonable price in exchange of their products. The NABARD and other
promoting agencies in this regards may help SHG members by organizing emporium, exhibition, trade fairs etc. periodically in the right place, where members can reach that place easily and may sell their products at reasonable price. Government may also help SHG members by purchasing their products directly through its concerned departments at a reasonable price. Moreover, SHGs may adjust the value of products of members against the loans and interest payable by them. Undoubtedly, this practice may reduce the loans repayment burden of the group members.

- Regular monitoring and assessment of the group activities on the part of the promoting agencies are utmost necessary for effective implementation of the SHG-Bank Linkage Programme. Banks and other promoting agencies may conduct frequent field visit to verify the actual working of the groups and take necessary steps to remove the problems faced by the groups. Regular monitoring and follow up action on the part of the promoting agencies definitely will help SHG members in respect of proper investment.

- Skill development training programme should be organized by NABARD and other promoting institutions periodically to improve the knowledge and efficiency of the SHG members. It is also necessary to provide proper training to the NGOs and bank staffs for their better performance and effective implementation of the Programme.

- The usefulness of the SHG-Bank Linkage Programme may be spread among the general public through various medium of publicity, such as television, radio,
newspaper, circular etc. so that vulnerable section of the society may acquire the usefulness of the Programme and come forward voluntarily to reap the benefits of the Programme by group formation.

- There may be a provision of offering incentive to the office bearers by the respective groups to improve their performance and reduce anxiety. This may certainly increase their interest in group activities.

- The facility of micro insurance service to the productive and non-productive assets of the SHG members in the study area should be extended, so that losses suffered by the members due to death of livestock or loss due to fire, theft etc. of other productive assets can be compensated.

- The selection of productive assets for investment is the important task for SHG members. Wrong investment increases the loss of funds and this increases the workload and extra pressure of the SHG members in case of repayment of loans. SHG members should be provided proper training through SHPIs or directly by the NABARD, so that SHG members can take right decision for right investment. Generally, productive assets so selected by the group members should be locally available and easily marketable.

- The NABARD should take necessary steps to encourage banks for taking active part in the preparation of the project reports of the SHGs. This may reduce the time taken by the banks in respect of sanctioning loans.
9.3 Conclusion

The SHG-Bank Linkage Programme is the largest micro-finance programme launched by the NABARD in 1992, as a pilot project with a view to organize rural poor into SHGs, linking them with banks and building their capacity to manage their own finance. Since inception, the programme has witnessed a tremendous progress in terms of number of SHGs linkage with the banks, amount of savings mobilize, amount of loans disbursed and outstanding loans. However, the progress of the programme in all the States is not uniform. There are certain regions including North Eastern Region, where the progress of the programme is insignificant. But lately, the region particularly Assam has witnessed a noticeable progress and the number of SHGs linkage with banks, amount of savings, loan disburse etc. have been increased sharply. The NABARD, with the help of banks particularly RRBs, NGOs and Farmer Clubs contributes significantly toward the promotion of SHGs in the region. The progress of the SHG-Bank Linkage Programme in respect of linking SHGs with the banks in the study district cannot be disregarded. Over the years, the numbers of SHGs linkage with the banks and loan disburse to them have been increased significantly in the study district. The SHG-Bank Linkage Programme has emerged as the alternative development strategy to promote living conditions of the weak and vulnerable section of the society. The Programme is successful to some extent in organizing the most deprived section of the society through social mobilization. The group performance is satisfactory, as most of the groups are formed for achieving specific purposes which are exclusively related with the interest of the group
members. Though, SHG is instrumental to promote savings habit among the members and enable them to avail credit from the groups, the level of savings has restricted the group members to obtain larger amount of credit from the groups and that has also limited their extent to obtain credit from the banks, since group’s savings is the basis of the bank credit. The absence of monitoring and follow up action on the part of the SHPIs in the study area has an adverse effect on the investment decision of the SHG members and also on the lending practice of the SHGs. Undoubtedly, the SHG-Bank Linkage Programme through micro-finance intervention has changed the occupational pattern, income level, assets holding and living conditions of the SHG members. The positive impact of the Programme cannot be ignored in respect of changing the behavioral aspect of the SHG members. The SHG members especially women are socially and economically empowered after joining the groups. The Programme has boost up their self-confidence and increased their participation in public affairs. The largest impediment of this Programme in the study area may be lack of awareness, lack of skill, lack of adequate and forward linkages and inadequate physical infrastructure. Finally, it may be concluded that the SHG-Bank Linkage Programme is a holistic micro-finance programme for self-employment of the rural poor, which needs only proper implementation, active and maximum participation of the target groups, absence of political interference and corruption free environment.