CHAPTER VIII

SUMMARY, SUGGESTIONS AND CONCLUSION

8.1 INTRODUCTION

Eradication of poverty through subsidized institutional credit has been the major goal of the development effort. A review of the rural development programmes and the credit system reveals that over the past few years the impact either on poverty level or rural development has been limited. Several thousand crores of rupees are being expended every year without commensurate benefit. Institutional agencies have failed to reach the poor effectively. It is in this context, the concept of micro financing has turned out to be an extremely effective tool in poverty alleviation and improving people’s participation in the development process. In India, the innovation of self-help groups coupled with the micro-credit, has helped the poor, especially women to gain better access to credit facilities and ultimately in improving their socio-economic conditions. In Tamil Nadu, a total of 28,590 self-help groups were eligible for micro-credit in 2000-2001 under bank linkage programme. The micro-credit disbursed in Madurai District till the end of December, 2001 was ₹914.35 lakhs. Hence, the study on micro-credit scheme in Madurai District with special reference to women beneficiaries was undertaken.

In the present study, an attempt was made to provide an objective analysis of the sample women beneficiaries with regard to the following aspects:
- Socio-economic conditions
- Extent of borrowing and repayment
- Impact of the micro-credit, and
- Women empowerment through micro-credit

In Chennai, micro-credit scheme has been implemented in all five blocks. According to the unpublished records of the Mahallir Thittan Project Implementation Units, the number of self-help group women availing micro-credit was found to be 6868. It was decided to take five percent of the beneficiaries as sample. Even though five percent of the population comes to 343, to make it a round number 350 women beneficiaries were chosen for the collection of data. Primary data were collected through well structured and comprehensive interview schedule. Secondary data were collected from books, journals, reports and the like.

8.2 Summary of Findings

8.2.1 Socio- Economic Conditions of the Sample Women Beneficiaries

Age and Women beneficiaries: the survey revealed that out of the 600 sample women beneficiaries 372 (62%) of the beneficiaries belong to the middle age group of 30 to 40.

Marital status and women beneficiaries: out of the 600 sample women beneficiaries, 466(77.67%) were married, 42(12%) were unmarried and the remaining were widows.
Family size and women beneficiaries: the survey showed that the family size of the majority 194(55.43%) of sample women beneficiaries was between 5 and 8 members.

Community and women beneficiaries: it was found that 250(71.43%) of the sample women beneficiaries belong to the backward class and most backward class. Scheduled caste and scheduled tribes constituted 25 percent of the total number of sample women beneficiaries. Majority of the sample women beneficiaries (76%) came from daily wage earners background and also married into daily wage earners families.

Education and women beneficiaries: Regarding the literacy level of the sample women beneficiaries, 42 percent of them were under the category of first standard to eighth standard, 21 percent belonged to the category of ninth standard to twelfth standard and 10 percent were either graduates or diploma holders. About 27 percent of the sample women beneficiaries were illiterates.

Monthly income and women beneficiaries: It was found that 30.57 percent of the sample women beneficiaries earned a monthly income of ₹400-800, whereas about 27.43 percent earned an income up to ₹400 percent month. Twenty-eight percent of the women beneficiaries were earning above ₹1200 percent.

Non-Governmental Organisation and women beneficiaries: As far as the Non-Governmental Organisations-wise classification of the sample women beneficiaries were concerned, it was found that 151(43.1%) of them were in ICCW followed by ASSEFA 94(26.86%).
Self-help groups and women beneficiaries: When the self-help group size was taken into consideration, it was found that 147 beneficiaries belonged to the 18-20 member group and 80 beneficiaries were in the 12-14 member groups.

The analysis of duration of membership in the self-help groups revealed that 19 percent of the sample women beneficiaries had up to two years of membership whereas the remaining had more than two years of membership in the self-help groups.

When the sample women beneficiaries were classified on the basis of held during the survey period position, 194(55.43%) were members, 102(29.14%) were representatives and 54 (15.43%) sample women beneficiaries were animators.

Among the beneficiaries 43.71 percent had the experience of functioning as animators, 36 percent of them had the experience as representatives and the remaining 20.29 percent of them had not held any post.

Nearly half of the sample women beneficiaries attended the group meetings once in fortnight and only 15.14 percent of the beneficiaries attended the meeting once in a month.

Majority of the sample women beneficiaries (75.14%) had attended the training programmes, while 24.86 percent had not attended the training programmes.
Most of the sample women beneficiaries (64.57%) were in the ₹25 to 50 per month savings category with the self-help groups.

Nature of business and women beneficiaries: It was evident from the study that out of the 350 sample women beneficiaries, 181 (51.71%) beneficiaries had petty business, 41 (11.71%) of them had processing units, 58 (16.57%) of them were engaged in production units and 70 (20%) in service units.

Reasons for starting the business: It was found out that 35 percent were motivated to be self-employed, 33 percent had started the business as they had been trained on the similar ground, 67 (19.14%) of them had entered into the business to earn money and 46 (13.14%) to carry on the family business.

Pre-loan employment of the women beneficiaries: Before availing themselves of the micro-credit, 57.71 percent of the beneficiaries were under-employed and 10 percent was employed, while 32.29 percent was found to be unemployed. Among the 237 sample women beneficiaries 18.99 percent was employed as labourers in private concerns, 68.78 percent was self-employed and 12.24 percent had varied occupations.

8.2.2 Micro-credit Scheme and the Women Beneficiaries

Awareness of micro-credit: Awareness regarding the micro-credit was analyzed. Self-help groups created awareness among 46.86 percent of the beneficiaries, 19.71 percent of them came to know through Non-Governmental Organisations and the rest by advertisements, banks, friends and relatives.
Amount of Micro-credit availed by the women beneficiaries: Among the beneficiaries, 42.86 percent of the sample women beneficiaries had availed themselves of the amount between ₹3000 and ₹5000 under the micro-credit scheme. Majority of the women beneficiaries (62%) felt that amount obtained was sufficient.

Reasons for obtaining micro-credit: According to Garrett ranking, the foremost reason for obtaining micro-credit was to be employed. The second reason cited by the women beneficiaries was to have more income and assets. The last reason cited was training received from the self-help groups and Non-Governmental Organisations.

Extent of Borrowing and Nature of Business: Among women beneficiaries running petty business 72.79 percent had borrowed below ₹3000 and in the service units, 37.15 percent of the sample women beneficiaries had borrowed below ₹3000. In the case of service units, 62.85 percent of the sample beneficiaries had borrowed above ₹3000 and in the petty business category, 27.08 percent of the sample women beneficiaries had borrowed above ₹3000.

Socio-economic factors and the extent of borrowing: The chi-square test was applied to find out the relationship between the socio-economic factors and the extent of borrowing of the beneficiaries. It showed that out of the six factors, three factors namely, age, literacy and position held by the beneficiaries in the self-help group had influenced the extent of the borrowing
of the beneficiaries. While family size, social group and pre-loan occupation had not affected to the extent of borrowings.

**Awareness of interest rate and installments:** It was found that 21.14 percent of the sample women beneficiaries were unaware of the interest rate charged on the loan. In more than 38 percent of the cases, the number of installments for the loans obtained by the sample women beneficiaries ranged between 11 and 15.

**Difficulty in repayment:** It was observed that only 5 percent of the sample women beneficiaries had some difficulties in repaying their loans, while 95 percent of them said that they had no problems in repaying the loans.

The survey showed that 94.86 percent of the sample women beneficiaries were satisfied with the repayment schedule while 5.14 percent felt it as inconvenient.

**Motivation behind the repayment of micro-credit:** According to Garrett ranking results, the foremost reason cited by the women beneficiaries for the regular repayment of loans was adequate income, the second rank was given to the peer group pressure, to avail further loan was the third reason cited for regular repayment, fear of legal action also had motivated the women beneficiaries to repay the loans. Self ethics was the least scoring reason cited by the women beneficiaries.
8.23 Impact on Micro-credit scheme

**Income earned by the women beneficiaries:** The micro-credit scheme was found to have generated additional income to the sample women beneficiaries. This was evident from the fact that the percentage of those earning ₹9600 to ₹14400 per annum and above had increased from 8.57 percent to 42 percent. There had been an increase in the percentage of women beneficiaries from 20.29 percent to 30.57 percent in the income category of ₹4800-₹9600 per annum. After availing of the micro-credit, the percentage of women beneficiaries under category of income below Rs.4800 per annum had declined from 71.14 percent to 27.43 percent.

**Amount of micro-credit and income earned:** Among the women beneficiaries who have availed themselves of micro-credit up to ₹1000, only 8.33 percent was in the above ₹9600 income category, whereas in the ₹4000-₹5000 micro-credit category 68.29 percent was in the above ₹9600 income category. With the increase in the micro-credit amount, the income also had increased.

**Business undertaken and women beneficiaries:** The number of women who had undertaken petty business increased by 196.72 percent after availing themselves of micro-credit. The next preferred income generating source was service unit which increased by 89.19 percent and the number of women beneficiaries undertaking production units also increased by 71 percent, whereas the increase in number of beneficiaries undertaking processing units was 32.26 percent.
Income and nature of business: The average income earned by the beneficiaries was the highest in the service units’ category after availing themselves of micro-credit. The average income per annum had increased from ₹5287.09 to ₹13468.29 in processing units. In petty business the average income of the women beneficiaries had increased from ₹3685.25 to ₹7934.25. The ‘Z’ test was applied to test whether the means differ significantly. The result was significant at 5 percent level. Hence, it was concluded that after availing of micro-credit there was a significant difference in the average income irrespective of the business undertaken.

Non-Governmental Organisation-wise impact on income of women beneficiaries: The average income of the beneficiaries belonging to SHEPHERD, which had a limited number of self-help groups in the study area increased by 307.2 percent after availing of micro-credit. The paired ‘t’ test results proved that there was a significant increase in the income of the sample women beneficiaries belonging to all the Non-Governmental Organisations after availing themselves of micro-credit.

Per capita household income and micro-credit: After availing themselves of micro-credit, the percentage of women beneficiaries in the per capita household income up to ₹2400 per annum had decreased from 50.29 percent to 6 percent and per capita income of ₹9600 per annum and above had increased from 6.86 percent to 44 percent.
Poverty line and micro-credit: The Sen’s Index of Poverty showed that the intensity of poverty of the people living below the poverty line among the beneficiaries had decreased by 25.83 percent.

Employment and micro-credit: There was an increase from 10 percent to 43.43 percent in the category of beneficiaries employed for eight hours and above. The number of persons employed below four hours had declined very much. In general, the number of hours of employment of the beneficiaries improved. Many of the beneficiaries who were unemployed previously were able to become self-employed with the help of the micro-credit.

Micro-credit amount and employment: With higher loan level, the percentage of beneficiaries who were employed below four hours became nil. At the same time the percentage of women beneficiaries employed above eight hours had increased gradually with the increase in loan amount.

Nature of business and employment: In petty businesses, the percent of sample women beneficiaries employed below 4 hours per day declined from 52.46 percent to 6.63 per cent after availing of micro-credit. At the same time, the beneficiaries who had employment for 8 hours and above per day improved from 9.84 percent to 38.12 percent and the same trend prevailed in processing units also. The sample women beneficiaries, who were engaged in production units, were more in the 8 hours and above employment group compared to other categories. The ‘Z’ test revealed that the employment impact of micro-credit on petty businesses, processing, and production and service units was significant.
**Savings and micro-credit:** The percentage of sample women beneficiaries in the savings category of above ₹1500/- (per annum) group increased from 4.57 percent to 30.57 percent. The Z-test applied to test the significance of difference in the average savings before and after the availing of micro-credit indicated that the impact of micro-credit programme on savings was significant.

**Non-Governmental Organisations –wise savings and micro-credit:**
The average annual savings of the sample women beneficiaries belonging to SHEPHERD groups increased by 276.11 percent after availing of micro-credit. On the whole, the beneficiaries belonging to all the Non-Governmental Organisations had increased savings level. The paired ‘t’ test results were significant at 5 percent level indicating a significant difference in the average savings levels of all the beneficiaries belonging to different Non-Governmental Organisations before and after availing of micro-credit.

**Consumer durable goods and micro-credit:** The number of women beneficiaries possessing less than ₹2000 worth of consumer durable goods declined from 37.14 percent to 16.57 percent and those who possess consumer durable goods worth of ₹6000 and above increased from 17.71 percent to 44.57 percent. The impact of micro-credit scheme on overall possession of consumer durable goods was significant, as shown by the ‘Z’ value. After availing themselves of micro-credit 69 sample women beneficiaries bought wall clocks and 16 sample women beneficiaries bought black and white
television sets. There was a marginal increase in the possession of cycles by the beneficiaries.

**Household indebtedness and micro-credit:** Before availing themselves of micro-credit, 230 households were in debt. This number was reduced to 145 after availing themselves of micro-credit. The percentage of households who borrowed from banks other than micro-credit decreased from 31.71 percent to 23.43 percent whereas borrowings from moneylenders declined from 20.29 percent to 10.29 percent. The Z-value obtained for the average amount borrowed before and after availing of micro-credit for all the sample women beneficiaries was significant at 5 percent level. This indicated that the micro-credit is effective in reducing the level of the indebtedness of the households.

**Per capita expenditure and micro-credit:** The household per capita expenditure of the sample women beneficiaries after the implementation of micro-credit scheme improved considerably. The per capita household expenditure amount was ₹4887.73 and after availing of micro-credit it increased to ₹6341.71. The ‘Z’ statistic being 7.95 proved that there was a significant difference in the average household per capita expenditure of the sample women beneficiaries before and after availing of the micro-credit.

**Housing and micro-credit:** The women beneficiaries who have own houses increased from 57.14 percent to 58.57 percent. Women beneficiaries living in rented houses decreased from 22 percent to 18.86 percent, which
implied that micro-credit scheme had slightly improved the housing of the sample women beneficiaries.

8.23.1 Women Empowerment through Micro-credit

Women empowerment and micro-credit: The contribution of micro-credit scheme towards the empowerment of sample women beneficiaries was studies with regard to four aspects, namely, social empowerment, economical, empowerment, political empowerment and capacity building. The overall opinions of the women beneficiaries showed that the capacity building, social empowerment and economic empowerment, gained the first, second and third ranks respectively. It was the political empowerment that gained the last rank.

Micro-credit and capacity building: Out of the 350 sample women beneficiaries, 293 (83.71%) felt that their leadership skills improved after obtaining the micro-credit. The intensity value for that statement (1403) was higher than the intensity values of other statements. With the increase in micro-credit amount the average intensity value also increased. With more loans the beneficiaries were able to expand their micro-enterprises. With the increasing income the number of women beneficiaries who agreed with the statement that micro-credit had resulted in better leadership skills, also increased.

Positions and capacity building: All the women beneficiaries who had served or were serving as animators agreed and strongly agreed with the statement that micro-credit resulted in better leadership skills. In the representatives/ members group 123 (97.62%) women beneficiaries agreed and strongly agreed with the statement. In the members group i.e., those who did
not serve as animators or representatives, only 17 (23.94%) women beneficiaries agreed and strongly agreed with the statement.

**Meetings and capacity building:** The average intensity value of the statement was higher in the case of women beneficiaries who attended the meeting regularly. Among the 43 women beneficiaries who did not attend the meeting regularly, only 16.28 percent strongly agreed and agreed with the statement. The average intensity value was also low in this category.

**Training and capacity building:** All but five of the women beneficiaries, who had attended the training programmes given by the self-help groups and Non-Governmental Organisations agreed and strongly agreed with the statement, and 40.23 percent of the women beneficiaries who had not attended the training had either agreed or strongly agreed with the statement. The average intensity value given to the statement was high in the case of women beneficiaries who had attended the training programmes.

**Micro-credit and social empowerment:** The majority (83.71%) of the sample women beneficiaries were of the view that micro-credit had led to equal participation and power in decision-making in the household. This way higher than the intensity values of other statements. With the increase in loan amount, the average intensity vale regarding empowerment at home improved considerably. No one in the ₹9600 or more income group had disagreed with the increased status in decision-making at home. Only 8.03 percent of the women beneficiaries of ₹4800-9600 income groups disagreed and strongly
disagreed. In the lowest income group (upto ₹4800) 34.85 percent of the women beneficiaries jointly disagreed and strongly disagreed.

**Economic empowerment and women beneficiaries:** Out of the 350 sample women beneficiaries, 237 (67.71%) have positive outlook towards the increased access and control over resources at the household level. The intensity value of r the statement (1268) was higher than the intensity values of other statements. With the increase in loan amount the average intensity value also increased. The low income group had low average intensity value and the women beneficiaries of high income group had high average intensity value.

**Political empowerment and women beneficiaries:** Out of the 350 sample women beneficiaries, 174 (49.71%) had positive opinion towards the accessing of political power. Others felt that still they were not able to have access to political power. With the increase in micro-credit amount the average intensity value for the statement also increased.

**Income and political empowerment:** It was evident that women beneficiaries of low income group had low average intensity value and the women beneficiaries of high income group had high average intensity value. In the representatives/members group only 22 (17.46%) women beneficiaries had strongly disagreed and disagreed with the statement. This clearly indicated that the animators and representatives generally represented their group problems to the local bodies.
8.4 Suggestions

National Bank for Agricultural and Rural Development (NABARD), in collaboration with Reserve Bank of India (RBI), should publish on a regular basis more comprehensive data on the working of all Non-Governmental Organisations and self-help groups.

National Bank for Agricultural and Rural Development and Reserve Bank of India has to encourage, through financial assistance and other means, field level studies and appropriate case studies on divergent experience of micro-finance at regional levels; a definitive research programme may be institute for this purpose; such institutional support for research may also help to improve the quality of studies now being undertaken at the initiative of individuals sporadically in different parts of the country.

NABARD must continue to support the self-help groups, Non-Governmental Organisations and banks in imparting training to women members and assist them by providing liberal credit.

The women members are dependent on male family members from carrying out certain business activities. More training to the members may be given so that slowly the women members themselves can take up all the activities and decision making function relating to their business up all the activities and decision makes function relating to their business units.

The training system should be linked up with some kind of credit delivery mechanism either formally or informally.
The rural women should be helped to get into Non-traditional activities through the provision of credit facilities and entrepreneurial skill development programmes.

In a few states, the Government has initiated a programme under which sales centers are established in each district to market the products produced but the self-help group members. Such centers should be established at the block level too.

Now the self-help group members have formed panchayat level and block level federations. In order to develop a mass women movement, the government should encourage them to form state or even national level federation. This would help them to achieve overall empowerment in the society.

8.5 Conclusion

It could be concluded from the study that, micro-credit scheme has reduced the rural poverty to some extent in Chennai in terms of generating employment, income, savings and increase in overall assets. Micro-credit has empowered the women beneficiaries both economically and socially. It has improved the capacity building of the women to solve their day-to-day problems. Thus, micro-credit has a positive impact on the lives of the women beneficiaries.
The following areas are suggested for further research:

1. The Role of Linkage Banking for Micro Finance in India.

2. The Role of Linkage of self-Help Group with Banks in India.

3. A Study on Banks’ Transaction Costs of Micro-credit to the Poor through Self-help groups.

4. A study on Delivery system of Micro Finance.

5. A study on promotion of Women Entrepreneurship through Micro-credit.

6. Micro-credit and Empowerment of Women-Role of NGOs.