CHAPTER – 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Microfinance is a complex phenomenon characterised by a collage of innovative, dynamic and flexible arrangements that are made according to the local economic and social environment. In other words, microfinance comprises of several economic and socio-cultural dimensions (Meyer and Rowan 1977; Rhyne and Otero 1992; Oliver 1997). In order to capture a complex phenomenon such as microfinance (Self Help Groups), this study seeks to triangulate methods and tools of analysis. Triangulation refers to the use of different research approaches, methods and techniques to study the same phenomenon in a single study (Denzin, 1978 as cited in Arsyad, 2005). This study uses two types of triangulation. First, data triangulation, when data is collected at different times or from different sources in the study of a phenomenon. Second, methodological triangulation, when both quantitative and qualitative methods of data collection are used. The data of this study will be collected from different sources with different collection techniques. This includes checking records of SHGs, interviews with SHG leaders, SHPIs and other concerned people, and direct observation by making field visit to SHGs. The methodological triangulation will be used by using quantitative (statistical tools) and qualitative (sharing experiences of dropouts and broken groups) methods of analysis.

Present study tries to explore significant issues related to the performance of Self Help Groups in Punjab. The study will address three broad areas of enquiry namely outreach, social role and sustainability. The first one is the outreach of SHGs, second is the social role of SHGs and third is the sustainability of the SHGs (Sinha et al. 2006). Assessment of performance of SHGs captures interest of wide audience which includes the NGOs, the donors who support them and other institutions which promote and finance SHGs. Moreover, existence of lesser SHGs (Srinivasan, 2008) and fewer NGOs to promote quality SHGs (State Level Banker’s Committee, 2008) in Punjab call for a thorough probe into the matter. Since SHGs have both the social and economic concerns (Cernea, 1993), emphasis has been made for intense study of sociological and financial factors. This study attempts to find out what is really happening at group level, exploring factors responsible for slow growth of SHGs in Punjab.

111
This chapter has been divided into 11 sections. Section 3.1 presents the introduction about the chapter while section 3.2 discusses sampling design, elaborating the entire selection procedure of SHGs. Research parameters have been discussed in section 3.3 with details about three areas of enquiry namely outreach, social role and sustainability. Section 3.4 discusses the data collection tools and techniques. Objectives and hypothesis of the study have been given in section 3.5 and 3.6 respectively. After that section 3.7 offers the normality, reliability and validity tests. Data analysis has been presented section 3.8 explaining the tools used for analysis. Need and scope of the study has been given in section 3.9. The limitations of the study are discussed in section 3.10. The final section 3.11 provides details on the organisation of thesis.

3.2 SAMPLE DESIGN

Punjab is a prosperous Indian state and is situated in the north-western corner of the country. State comprises of 20 administrative districts which are further divided into blocks and tehsils. But in July, 2011 two new districts were formed making total number of districts to 22. Pathankot was formed out of Gurdsapur and Fazilka out of Firozpur district.

Table 3.1 shows the details of the sample units and the criteria followed in selecting these units at various levels.

<table>
<thead>
<tr>
<th>Sample Unit</th>
<th>Selection Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universe</td>
<td>Self Help Groups operating in rural Punjab and promoted by the government agency called ICDS</td>
</tr>
<tr>
<td>Districts</td>
<td>Four districts selected from each of the four regions in Punjab on the basis of highest population based on census 2001.</td>
</tr>
<tr>
<td>Blocks</td>
<td>Half of the total blocks in each district have been selected on the basis of number of villages in the blocks.</td>
</tr>
<tr>
<td>SHGs</td>
<td>100 SHGs randomly selected from the list of SHGs operating in the selected blocks. In total 400 SHGs are selected for the study.</td>
</tr>
<tr>
<td>SHG members</td>
<td>3 members (two members and one leader) from each group are selected making the total respondents to 1200.</td>
</tr>
</tbody>
</table>
3.2.1 Selection of the Districts

Multistage random sampling method is used for the selection of SHGs. For the study, different stages of sampling are regions, districts, blocks, SHGs and SHG members. At the first stage, entire state is divided into four regions. The geographical division of Punjab comprises of four regions: Majha (4 districts), Malwa (12 districts), Doaba (4 districts) and Powadh (2 districts). Each region comprises of different number of districts. At the second stage, each region is divided into districts. From each region one district is selected on the basis of highest population as per 2001 census shown in Table 3.2. Study sample comprises of four districts: Ludhiana (Malwa), Jalandhar (Doaba), Amritsar (Majha) and Roopnagar (Powdh).

Table 3.2: Selection of sample districts

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Majha</td>
<td></td>
<td>Malwa</td>
<td></td>
<td>Doaba</td>
<td></td>
<td>Powdh</td>
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</tr>
<tr>
<td>Amritsar</td>
<td>26,85,316</td>
<td>Barnala</td>
<td>3,26,931</td>
<td>Hoshiarpur</td>
<td>14,80,736</td>
<td>SAS Nagar</td>
<td>2,29,757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gurdaspur</td>
<td>21,04,011</td>
<td>Bathinda</td>
<td>11,83,295</td>
<td>Jalandhar</td>
<td>19,62,700</td>
<td>Nagar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tarn Taran</td>
<td>4,10,761</td>
<td>Faridkot</td>
<td>5,30,892</td>
<td>Kapurthala</td>
<td>7,54,521</td>
<td>Rup Nagar</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>Firozpur</td>
<td>17,46,107</td>
<td>Navanshahr</td>
<td>5,87,408</td>
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<td></td>
<td></td>
<td>Fatehgarh Sahib</td>
<td>5,38,041</td>
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<tr>
<td></td>
<td></td>
<td>Ludhiana</td>
<td>30,32,831</td>
<td>(now ShS Nagar)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Mansa</td>
<td>6,88,758</td>
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<tr>
<td></td>
<td></td>
<td>Moga</td>
<td>8,94,854</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Muktsar</td>
<td>7,77,493</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Patiala</td>
<td>18,44,934</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>Sangrur</td>
<td>14,73,242</td>
<td></td>
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</tr>
<tr>
<td>Note: 1. Population has been taken according to 2001 census.</td>
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</tr>
</tbody>
</table>

2. Population of Amritsar, Sangrur and Rupnagar has been estimated after adjusting for population of three new districts Tarn Taran, Barnala and SAS Nagar respectively that were carved out of them.

At the time of sample selection in 2010, census 2001 was taken as base. But after comparing the results with 2011 census (provisional) it has been found out that except for all other districts only population of SAS Nagar has exceeded population of Rupnagar. Since, alteration at this point of time was not possible as data has already been collected, this change has been ignored. Also, in July, 2011 two new districts have been formed namely Pathankot and Fazilka. These two new districts have been not included in the study as separate identity but included in the districts from whom they were carved out.
3.2.2. Selection of Blocks

At the third stage of sampling, selected districts are divided into blocks. Each district is having different number of blocks. Four selected districts have 35 blocks in total and half of the total blocks i.e. 18 blocks have been selected for the study. Within each district selection of blocks has been done on the basis of number of villages in the block. This division is shown in table 3.3 and also see appendix 7 for the details of the blocks selected.

Table 3.3: Selection of number of blocks for the study

<table>
<thead>
<tr>
<th>District</th>
<th>No. Of blocks</th>
<th>Selected for study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amritsar</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Jalandhar</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Roopnagar</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>

Source: http://www.esoph.gov.in/PDF%20Pages/Reports.aspx

3.2.3 Selection of SHGs

At the fourth stage of sampling SHG selection has been done. For the purpose of SHG selection lists of all the SHGs operating in the selected blocks were prepared for each selected district (see annexure 8). For this study only the SHGs formed and promoted by the government agency called Integrated Child Development Scheme (ICDS) have been considered. This criterion has been adopted because of lack of proper data on the groups promoted by other SHPIs such as NGOs and Banks. Moreover, the SHGs formed under the SGSY scheme were also not included in the study as they have different culture for member selection and provision of loans. These groups enjoy the ambience of District Rural Development Agencies (DRDA) and have access to substantial credit amounts with a heavy dose of subsidy (Sinha et al. 2006). Both factors (the scale of the credit and the subsidy) affect the microfinance and group dynamics hence SGSY groups are not taken in the preview of this study.
ICDS scheme was started in 1975 with the aim to deliver on integrated basic services to children less than six years of age, pregnant woman and to mother's right in their own villages or locations. The administrative structure of this scheme is shown in figure 3.1

Ministry of Human Development Resources

<table>
<thead>
<tr>
<th>Central Level</th>
<th>State Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Human Development Resources</td>
<td></td>
</tr>
<tr>
<td>Social Security and Women and Child Development</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>District Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Programme Officer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Block Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Development Project Officer &amp; Mukhya Sevika</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Village Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anganwadi Workers &amp; Helpers</td>
</tr>
</tbody>
</table>

Figure 3.1 Organisational Structure of ICDS Department

Source: Adapted from http://www.bijnor.nic.in

Ministry of Human Development Resources is responsible for budgetary control and direction of the implementation of this programme at the top level. At the state level, this scheme is supervised by the Social Security and Woman and Child Development Department. District Programme Officer looks after the entire project at the district level. The responsibility for the coordination and implementation of the programme lies with the CDPO. CDPO supervises and guides the entire project team including Mukhya Sevikas and anganwadi workers. Each block is divided into circles and each has a Mukhya Sevika who makes field visits and provides guidance to the anganwadi workers who are at the bottom level of the hierarchy. So, under the main responsibility for forming SHGs lies with the Mukhya Sevikas (also known as circle supervisors) and anganwadi workers. They act as facilitators for the working of SHGs.
The following criteria are used for the selection of SHGs:

a) SHG should be rural as the aim of study is to see the performance of rural Punjab.

b) SHG should be all women group.

c) SHG should have bank savings accounts

d) SHG should be promoted by government agency ICDS

e) SHG should not be formed under SGSY scheme.

A cumulative list of all the SHGs operating in the selected blocks of the districts is obtained from the Child Development Programme Officer’s (CDPO’s) charge of the ICDS, office. Then a random selection of 100 SHGs has been made for each district.

3.2.4 Sample Size

This study has covered: 4 districts; 18 blocks; 400 SHGs; 1200 SHG members; 100 non members; 30 members of broken groups; 40 SHPAs Child Development Project Officers (CDPOs), supervisors and anganwadi workers. This study covers a total of 400 SHGs (100 SHGs per district) selected for each district.

Further for every chosen group, three members are selected. Criterion for selecting members is that one woman should be a leader and the other two should be members of the group. A group normally has three leaders: president, treasurer (Manual on forming SHGs, published by NABARD). In total 1200 members are covered by the study. Drop outs, non members, members of broken groups and SHPAs were selected as per convenience and availability during the enquiry.

3.3 RESEARCH PARAMETERS

This study tries to address three broad areas of enquiry. They are:

1. Outreach of the SHGs in rural Punjab
2. Social role of SHGs
3. Sustainability of SHGs
These three issues are paramount when it comes to the assessment of the performance of SHGs. Both the financial as well as social aspects related to SHGs play a great role in establishing their worth. Even though the initial efforts of microfinance were mainly focused on the provision of micro credit to its clients (financial aspect) but later on, microfinance became equally interested to explore the social performance of SHGs (Sinha et al. 2006). SHGs may have a social role or potential for being a financial intermediary, sustainability in this role is fundamental.

### 3.3.1 Outreach

One of the most important areas related to performance of SHGs is their outreach. At the same time, it is equally important to understand that outreach simply means quantity. According to (Srinivasan, 2008), expanded outreach and increased loan disbursement by SHGs has to be analysed in the context of quality of width and depth achieved. The quality dimension is basically examined from the width and depth of outreach achieved. So, outreach basically has two dimensions: width and depth.

- **Width** is measured in terms of ‘numbers’ or ‘quantity’. No doubt, SBLP I with its widest outreach (Rao et al. 2009). With the small beginning as Pilot Program launched by NABARD by linking 255 SHGs with banks in 1992, the program reached to linking 69.5 lakh saving linked SHGs and 48.5 lakh credit linked and thus about 9.7 crore households are covered under the programme (NAI Status of Microfinance in India 2010-11 Report).

- **Second dimension** of outreach is its depth. This is most important to understand as to who are the actual beneficiaries of the programme. Both, distribution of the microfinance services across the country and the coverage of the most vulnerable sections of population are matters of scrutiny. Studies are evident that Dalits, Adivasis and Muslims were being excluded from groups. Issues of financial efficiency and performance saw reducing for issues of solidarity, equity, justice and empowerment. Research shows that literacy is a major factor influencing group leadership and access to big loans. Even as building is of limited scope and nature and is largely accessible to group leaders (Sharma et al. 2007; Dwivedi et al. 2007)

Present study has tried to address all significant questions related to the outreach of SHGs. These questions are:

- **a) Who are the women who join?**
Outreach covers both the socio and economic parameters of the sample group members. Most technical aspect related to outreach is the poverty assessment of the group members. For this purpose, matrix of four objective wealth rank categories has been used. This matrix has been taken from (Sinha et al. 2006). Table 3.4 shows wealth rank categories for poverty assessment:

### Table 3.4: Wealth rank categories for poverty assessment

<table>
<thead>
<tr>
<th>Indicators for four wealth rank categories</th>
<th>Non poor</th>
<th>Borderline</th>
<th>Poor</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>Mostly large, pucca houses</td>
<td>Medium size, usually mixed or pucca (concrete)</td>
<td>Mostly small houses, either kuccha or mixed (tin)</td>
<td>Small kuccha (thatched) houses</td>
</tr>
<tr>
<td>Assets</td>
<td>Irrigated landholding (&gt;5 acres), &gt;2 milch cattle, tube well, TV, phone, fridge, motorcycle, tractor</td>
<td>Small land holding (1-5 acres, some irrigated, 1-2 milch cattle, small animals, B&amp;W TV, fan, bicycle, radio, some furniture, old two wheeler</td>
<td>Landless or marginal landholding (&lt;1 acre, mainly un irrigated), few small animals, cot, radio, cycle</td>
<td>No major assets, basic utensils only</td>
</tr>
<tr>
<td>Food security</td>
<td>Regular family diet (2 meals/ day and quality items)</td>
<td>2 meals a day but sometimes face problems (a few weeks in a year)</td>
<td>Just able to manage two meals a day- but variable</td>
<td>Usually one meal a day- basic cereals only</td>
</tr>
<tr>
<td>Income sources</td>
<td>Assured regular income e.g. established business or high paying job</td>
<td>Seasonal business, low paid jobs, may sometimes depend on skilled wage labour</td>
<td>Regular wage labourer, one –two earners</td>
<td>Low paid casual wage labourer, single earner</td>
</tr>
<tr>
<td>Education</td>
<td>Mostly private, up to college</td>
<td>Govt/private, up to secondary, some college</td>
<td>Govt school, some up to secondary</td>
<td>No schooling, some up to primary, govt school</td>
</tr>
<tr>
<td>Poverty line</td>
<td>Above</td>
<td>Above : may slip into poverty in case of an ‘income shock’</td>
<td>Poverty line equivalence : Below</td>
<td>Poverty line equivalence : Below</td>
</tr>
<tr>
<td>Others</td>
<td>Many earners, good health, able to work hard</td>
<td>Large family, health problems</td>
<td>Health problems, old age</td>
<td>Health problems, old age</td>
</tr>
</tbody>
</table>

Source: Self Help Groups in India – A study of the lights and shades (Sinha et al. 2006)
The ‘very poor’ and ‘poor’ wealth ranks are equivalent to ‘below the national poverty line’. Also, the equivalence is not ‘absolute’ while matching the economic conditions of the SHG members with the indicators mentioned in the table 3.4. Members economic condition has been matched with the above indicators to categorise them into different wealth ranks.

3.3.2 Social Role

Even though the basic foundation of microfinance is micro credit and all its power lies in its potential to achieve dual objective of financial and social performance. However, until recently, the main emphases were programmed around the financial performance. But now along with the financial aspect social role of the SHGs is also taking momentum. One of the important features of the present study is that it is not an impact assessment study rather it has tried to explore new venues in relation to the social roles performed by SHGs. Present study tries to figure out the social role on following four parameters (Sinha et al.2006):

a) SHG and politics: Role played by SHGs in local elections, member’s participation in the Gram Sabha meetings, SHGs role in encouraging women to participate in local politics.

b) SHGs and social harmony: do SHGs reflect or help to overcome communal divisions?

c) SHGs and social justice: do SHGs contribute to raise and solve issues of injustice related particularly to women?

d) SHGs and community: how effective are SHGs in solving community problems like education, water, health services, roads etc?

3.3.3 Sustainability

One of the most important issues related to microfinance is its sustainability. SHGs if not sustainable have no potential for any dynamic change on the living of its members. This study has analysed the sustainability factor on the basis of quality and accountability of group records, equality within the group over access to loans and other services. Loan repayment pattern and consequences in case of default have been analysed. Sustainability has been assessed in terms of member’s perception about the
continuity of group membership (Fernandez, 2008). Bankers and economists have different perception about SHGs but when it comes to SHG members, they have no meaning of sustainability. Members were asked different questions about benefits, continuity of membership and prolonged changes in the society and self improvement etc.

3.4 DATA COLLECTION

Collection of primary data is a time consuming process. In the present study, data has been collected in two phases. During the first phase of data collection DPO (District Programme Officers) offices of the selected districts were approached to get information about the existence of CDPOs in the selected blocks. From CDPO offices data was collected about the SHGs functioning in the different circles covered by them. From this data list of SHGs was prepared and 400 SHGs were selected for analysis. It took about one and a half month to complete this process and this phase of data collection was started in September 2010. Second phase of research started with collection of data from different respondents. This process started in January 2011 and completed in June 2011. Data collection was time consuming due to coverage of vast geographical areas.

3.4.1 Data collection techniques

For this study, both qualitative and quantitative data have been collected from primary as well as secondary sources. Collection of the data has been made at four levels as shown in Table 3.5.

3.4.2 Primary Data

Primary Data from the SHG members has been collected through structured questionnaire covering areas like SHG member’s socio economic profile, their views about SHG’s participation in politics, community issues, etc. book keeping, internal lending and sustainability of the groups. Structured interview schedules were prepared to gather information from SHG leaders. Schedule for SHG leaders were carefully designed so as to provide complete information on all aspects related to the outreach, social role and financial issues. Data collection from SHPI officials has been done through semi structured interview schedule purposely designed to capture information on their approach to promote SHGs and efforts to assist them in smooth functioning.
Drop outs, broken and defunct group members were individually interviewed to know the reasons for leaving the programme. SHG leaders provided information about the drop outs from the groups and hence only those drop outs that were available at the time of the field survey were interviewed. Same criteria were followed for broken and defunct groups. But it is important to admit that SHPAs were not willing to provide information on such groups. Due to this reason, very few groups could be interviewed.

3.4.3 Secondary Data

Secondary data was collected from the monthly reports submitted by the SHGs to the CDPO’s. These reports were collected from the CDPO office of the blocks under study. SHG group records provided vital information on the financial aspects of groups. Further, reliability of the information collected from SHG leaders was counterchecked through these group records. Annual reports of RBI, NABARD and yearly report of NABARD on microfinance titled as “Status of Microfinance in India” were used for collection of secondary data.

<table>
<thead>
<tr>
<th>Level of inquiry</th>
<th>Respondents</th>
<th>Tools</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>District/ Block</td>
<td>Officers in charge of government programme (CDPO’s), circle supervisors, Anganwadi workers</td>
<td>Semi structured interviews, Record review</td>
<td>SHG programme in the area List of SHGs in the block Background of SHPAs and support to SHGs</td>
</tr>
<tr>
<td>SHG</td>
<td>Group leader/treasurer/book keeper</td>
<td>Record review, Structured interview schedule</td>
<td>SHG records and financial data</td>
</tr>
<tr>
<td>SHG members</td>
<td>Structured questionnaire</td>
<td>Data collection about the outreach, social role and sustainability of SHGs</td>
<td></td>
</tr>
<tr>
<td>Non SHG Dropouts</td>
<td>Individual interviews</td>
<td>Reasons and experience in dropping out</td>
<td></td>
</tr>
<tr>
<td>Broken groups</td>
<td>Individual interviews</td>
<td>Reasons and experience of break up</td>
<td></td>
</tr>
</tbody>
</table>
3.4.4. Structure of Research Tools

3.4.4.1 Questionnaire for group members

Questionnaire administered to group members has been divided into three sub parts on the basis of areas of enquiry. First part comprises questions about the social and economic profile of the SHG members. For this section nominal scale has been used to capture the phenomenon of outreach. Second part of the questionnaire deals with the issues related to the social role of the groups. Member’s involvement in politics and awareness about social issues is captured in this part. Likert’s 5 point scale has been used to measure member’s involvement in politics, social harmony, social justice and community action. Last part comprises of sustainability issues. Member’s perception about the group sustainability, group records and equity on loan disbursement is measured through Likert’s 5 point scale. All these sections comprise of close ended questions except for few open ended questions (see appendix 10).

3.4.4.2 Structured interview schedule for group leaders and SHPA staff

SHG leaders were interviewed in order to access the overall position of groups with regard to outreach, social role and sustainability of the groups. Information regarding group membership profile, savings, lending’s, maintenance of accounts has been collected through structured interview schedule. Semi structured interview schedule dealing with the SHG selection and promotion has been administered to SHPI officials to examine role played by them in capacity building and promotion of SHGs (see appendix 9, 11, 12).

3.4.5. Pre-testing of the Data Collection Tools

Before executing final data collection for the study, a pilot study was conducted on 20 SHGs (5 from each selected district) covering 40 SHG members, 20 group leaders and 4 SHPAs. Certain inconsistent items were deleted from the research tools while some important questions pertaining to the areas under the study were added in the data collection instruments. After making required changes, these tools were used for final data collection.
3.5 OBJECTIVES OF THE STUDY

Present study has been undertaken to achieve the following objectives:

a) To study the outreach of the self help groups.

b) To study the social role of the self help groups.

c) To study the sustainability of the self help groups.

d) To study the reasons for slow growth of SBLP.

e) To study role of Self Help Groups Promoting Agencies (SHPA’s) in providing assistance for capacity building and smooth functioning of these groups.

3.6 HYPOTHESIS FOR THE STUDY

After a critical analysis of literature on microfinance given in Chapter 2 following hypothesis have been formed and have been tested on the data collected from the study sample. Hypothesis have been developed for the three different spheres of the study namely outreach, social role and sustainability.

1. Outreach

(i) \( H_{01.a} \): There is no significant involvement of very poor and poor people in the Self Help Group Bank Linkage Programme.

(ii) \( H_{01.b} \): There is no significant involvement of marginalised and low caste people in the Self Help Bank Linkage Programme.

(iii) \( H_{01.c} \): There is no significant difference between the wealth ranking of the members and leaders.

(iv) \( H_{01.d} \): There is no significant difference between the caste categorisation of the members and leaders.

(v) \( H_{01.e} \): There is no significant difference between the literacy level of the members and leaders.

(vi) \( H_{01.f} \): There is no significant relationship between the economic activities of the members and leaders.
2. Social Role

(i) $H_{02.a}$: There is significant involvement of self help groups in local politics

(ii) $H_{02.b}$: There is significant involvement of self help groups in promoting social harmony

(iii) $H_{02.c}$: There is significant involvement of self help groups in fighting social injustice

(iv) $H_{02.d}$: There is significant involvement of self help groups in undertaking community welfare activities.

3. Sustainability

(i) $H_{03.a}$: There is no consensus among members over issues related group records.

(ii) $H_{03.b}$: There is no equity within group over disbursement of loan among members.

(iii) $H_{03.c}$: Members do not perceive that SHGs are sustainable.

3.7 NORMALITY, VALIDITY AND RELIABILITY TEST

Many statistical tests have an underlying assumption of normal data which makes it necessary to check the normality of data before applying any statistical tool especially parametric tests. In the present study normality of the data has been checked through SPSS software. For dataset small than 2,000 elements Shapiro-Wilk test is used. The p-value comes out to be .000 and hence the assumption of normal data is rejected. In the present study, data is not normally distributed.

The questionnaire provides an adequate coverage by embodying an adequate number of items that represent the areas of enquiry ensuring the content validity of the instrument. While constructing the questionnaire, serious thought was given to identify the variables which were mostly related to research issues and objectives. Content validity is concerned with the representativeness or sampling adequacy of the content of the measuring instrument, such as the items or questions it contains. As such content validity of the questionnaire was protected by embodying sufficient
number of question items related to all the variables i.e. outreach, social role and sustainability of interest in the study.

The internal item consistency reliability was examined with Cronbach’s Alpha test. Cronbach’s alpha coefficient came out to be 0.672 which shows that the internal reliability of instrument was satisfactory.

The construct validity of the instrument was ensured by the conceptualization and operationalization of the variables using the available literature and indirectly by good internal consistency reliability of the questionnaire as denoted by the alpha coefficient.

3.8 DATA ANALYSIS

Data has been collected from six types of informants i.e. SHPAs, SHG leaders, SHG members, dropouts, non members and broken & defunct groups through different research tools. SHG members were administered structured questionnaire while semi structured interview schedule were used for SHG leaders, SHPA’s, non members, dropouts and broken groups. Collected data was then coded, entered and analysed using the computer based statistical data analysis package, SPSS (version 14) and Microsoft excel spread sheets. For data analysis different techniques have been used depending on the requirement of the data to be analysed and the objective of the study. This has been discussed in detail as follows:

Descriptive Statistics: In a study, descriptive statistics are used to describe the main features of the data. They provide simple summaries about what the data shows. It is the best way to present quantitative descriptions in a manageable and easily understandable form. Large amounts of data can be presented in a very easy and simple way. In the present study, use of frequency tables and graphs has been done to show the percentages of different variables pertaining to the profile of the SHGs and its members. Cross tables have been computed to determine frequencies of various parameters across the four districts covered in the study. Also, mean values and standard deviations have been calculated to check bias in distribution of loans. Pictorial representation of the data has been made through graphs which make it easy to understand complex data tables easily. Computations of cross tables, frequencies,
ratios, means and deviations, graphs have helped to present data in a understandable manner and to draw valuable conclusions about the data.

**Chi-square:** The chi-square test procedure tabulates variables into categories and computes a chi-square statistic. It compares the observed and expected frequencies in each category to test that all categories contain the same proportion of values. As discussed earlier in this chapter, data in the study is not normally distributed which restricts the use of parametric tests on the data. In the present study chi-square test has been used to check the statistical significance of the hypothesis framed. On the basis of the test statistics obtained from chi-square decision about acceptance or rejection of the hypotheses has been made.

**Mann-Whitney U test:** One of the important analyses in the present study pertains to the comparison of SHG leaders and members on the basis of caste, wealth, literacy and economic activity. For the purpose of analysis, data pertaining to SHG members and SHG leaders have been treated as independent samples. Due to the condition of normality t test cannot be used for analyses and as an alternative Mann Whitney U test has been used. Mann Whitney test compares the difference in the location of two populations drawn from two independent samples. In the Mann Whitney U test, the two samples are combined and the cases are ranked in order of increasing size. The test statistic $U$ is computed as the number of times a score from sample 1 or group 1 precedes a score from group 2. An extreme value of $U$ would indicate a non random pattern, pointing the inequality of the two groups. In the present study Mann Whitney U test has been used see the differences in the socio economic status of SHG members and leaders.

### 3.9 NEED AND SCOPE OF THE STUDY

#### 3.9.1 Need and Importance of the Study

The SHG model is a home grown model that emerged in 1980’s and 1990’s. There is an overwhelming support for the SHG movement from the Government of India, India’s Central Bank, NABARD, the banking sector, state governments, and NGOs. Over the past 5 years, the Indian Government Budget presentation has emphasized on
SHG bank linkage each year. SHGs are helping donors and government in accomplishing their broad goals of poverty eradication and empowerment of women. SHGs are effectively implementing a number of programs of donors, official agencies, and civil society organizations; for example, the vast network SHG federations are implementing pension distribution program, managing mid-day meals at schools, and they are working on awareness building for health, legal issues, HIV/AIDS, child labour, etc. Also, SHGs have proven to be a profitable business for rural and semi-urban bank branches - banks consider lending to SHGs as a business opportunity. With over 95% of recovery and aggregated transactions (one SHG means 10 to 20 individual members). Unlike the majority of agriculture and rural clients, SHGs operate their saving accounts on a regular basis, and they maintain some credit balances in their accounts.

Almost two-thirds of India's population does not have access to formal financial services (NABARD). The women's self help movement emerged as an important strategy for achieving financial inclusion, contributing to inclusive growth, and generating social capital in order to address larger issues like poverty eradication and women empowerment. SHGs are proving to be the most effective instruments for financial inclusion. Above all, the SHG has given the poor women an identity, access to information, and bargaining power.

C. S. Reddy (CEO, APMAS)² feels that government and donors should take a proactive role in strengthening the SHG movement in the country. The regional inequalities need to be reduced. Sustainability is a big challenge in places where the promotion has reached near-saturation levels. There is a need for continuous innovation to promote growth and ensure sustainability. With the advent of technology, SHGs could take on several intermediary or agent roles that benefit their members. There is a great potential if the movement is supported with a vision and strategy. Table 3.6 shows the current statistics of the programme both in numbers and in monetary units.
Table 3.6: Progress of Self Help Groups at a Glance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physical</td>
</tr>
<tr>
<td></td>
<td>(No in Lakh)</td>
</tr>
<tr>
<td>Total number of SHGs linked with banks</td>
<td>74.62</td>
</tr>
<tr>
<td>Out of total Exclusive women SHGs</td>
<td>60.98</td>
</tr>
<tr>
<td>Out of total SGSY SHGs</td>
<td>20.23</td>
</tr>
<tr>
<td>Total number of SHGs credit linked during 2010-11</td>
<td>11.96</td>
</tr>
<tr>
<td>Out of total exclusive women SHGs credit linked</td>
<td>10.17</td>
</tr>
<tr>
<td>Out of total SGSY SHGs credit linked</td>
<td>2.41</td>
</tr>
<tr>
<td>Total number of SHGs having loans outstanding as on 31 March 2011</td>
<td>47.87</td>
</tr>
<tr>
<td>Of which exclusive women SHGs</td>
<td>39.83</td>
</tr>
<tr>
<td>Of which SGSY SHGs</td>
<td>12.86</td>
</tr>
<tr>
<td>Estimated number of families covered upto 31 March 2011</td>
<td>97 million</td>
</tr>
<tr>
<td>No. of banks and financial institutions submitted MIS (In number)</td>
<td>441</td>
</tr>
<tr>
<td>Average loan outstanding per SHG as on march 2011 (in rupees)</td>
<td>65,223</td>
</tr>
<tr>
<td>Average loan outstanding per member as on 31 March 2011 (in rupees)</td>
<td>5,017</td>
</tr>
</tbody>
</table>

Support from NABARD

(i) Capacity building for partner institutions
Number of programmes conducted during 2010-11 | 5,621 | 10.08 |
Number of participants covered during 2010-11 | 205,748 |
Cumulative number of participants trained upto March 2011 | 26,60,768 | 55.10 |

(ii) Refinance support
Refinance to banks during 2010-11 | 2,545.36 |
Cumulative refinance released upto 31 March 2011 | 15,407.01 |

(iii) Grant assistance to SHPIs for promotion of SHGs
Grant assistance sanctioned during 2010-11 | 37.86 |
Cumulative sanctions upto 31 March 2011 | 146.22 |

Source: Status of Microfinance in India 2010-11

These facts clearly reveal the importance of Self Help Groups to the economy. But at the same time there are number of issues that need to be addressed in order to facilitate smooth functioning of these groups. The present study derives its need and importance from those issues which are as follows:

a) There are wide inter-regional and inter-state variations in the development of SHGs and the SHG-bank linkage program have to go a long way to cover all the poor, the un-reached, and the so-called "un-bankable." The issue needs
deeper analysis to identify the reasons for such variation and to promote balanced growth of the SHGs.

b) SBLP model has many challenges and many more opportunities which are required to be explored on continuous basis. There is a dire need for ongoing research so as to exploit the opportunities and curb the weaknesses to keep these groups in momentum.

c) SHG have a huge list of benefits which can go on and on but SHGs cannot be—rather should not be "all things to all people." They must have clarity of vision, strategy, and an action plan. They must have a focus and take on those responsibilities that they can perform effectively. Multiple agenda could undermine their ability to achieve their goal. Capacity building at the SHG level still being limited, they cannot be overloaded with tasks. For SHGs to take on newer roles there is a need for training and support as their role evolves. Government and NABARD must invest significantly in capacity building of SHGs.

d) SHG internal systems need to be strengthened in order to enhance the confidence of the members to save in their SHGs. This needs an in depth study of how SHGs are at present and what can be done to improve their efficiency in future. More over the sustainability issues need due consideration to strengthen the roots of this programme.

e) There is a need to increase the outreach of these groups by encouraging individuals and NGOs to come forward for group formation so that more number of poor and other disadvantaged people can be reached to.

Present study is an effort to address the above mentioned issues. It aims to enrich the existing literature available on the workings and performance of SHGs in south and other regions of country. This study will contribute meaningful information and data, based on field research, about the performance of SHG in the Punjab State.

3.9.2 Scope of the Study

The study deals with the crucial phenomenon of present times i.e. microfinance. Present study has been restricted to the state of Punjab only. According to
Microfinance India - State of the Sector Report 2008, Punjab comes among the last five states that are having low penetration of microfinance. Further in Punjab the study will cover a few districts of the state which have been systematically selected. Microfinance is a vast area to study. But the present research will focus on only the SBLP model of microfinance while MFIs are not covered under the study. SHGs are studied not because this programme is the most popular and wide spread but it is the largest in terms of outreach by reaching around 3 million people for provision of micro-credit. More over the research objectives are confined to study the performance of SHGs under the pre decided parameters of outreach, social and sustainability issues. Also the scope of the study will be restricted to women groups only because in India majority of SHGs are of women (NABARD: Status of Microfinance in India, 2011).

Another important criterion for the study is that SHGs formed under SGSY scheme are not covered by this study. The ratio of BPL members was usually treated as an indicator for extending government sponsored subsidy linked credit programmes like revolving fund assistance, SGSY loans, etc. According to NABARD studies, an SHG has to have at least 80 per cent of its members under BPL to be eligible for SGSY assistance, internal arrangements like taking a few BPL members into the group and/or breaking large groups into smaller groups, etc. can be applied at certain cases to attain the 80% BPL membership within the group. However, some groups prefer to maintain with their existing members even if they were not eligible for subsidy related credit programmes. They believed in the unity, alliance, and self-reliance with the existing members of the SHG. They have shown the instinct that they would do better even without subsidy. The present study deals with these groups.

SHGs are well established groups from more than two decades. The relevant question is only about the outreach of its mission and the most important one whether these groups are sustainable. Are these groups capable enough, to act as catalyst, to fight a long term battle against poverty? Present study attempts to get in depth knowledge about the performance of these groups rather than struggling in the shallow waters of the huge ocean called microfinance.
3.10 LIMITATIONS OF THE STUDY

Collection of primary data related to SHGs scattered over vast geographical areas is a very challenging task. There are several limitations of the study pertaining to choice of sample and collection of data. These limitations are enlisted as follows:

1. Study covers only 4 districts of Punjab.

2. SHGs promoted by ICDS have been selected for the study. Reason behind this choice is the lack of data and information about the SHGs promoted by other SHPIs such as NGOs and Banks.

3. Study has covered only the SHGs and the group members and could cover only a limited number of non members, drop outs, broken and defunct groups.

4. Personal coverage of 400 SHGs and 1200 SHG members across 4 districts of the state is a difficult task to accomplish. Even though the ICDS supervisors are well versed with the SHG functioning yet they were not willing to support the researcher for data collection.

5. There were constraints as to the timings as normally majority of group members are available only once in a month during the meeting. It was difficult to access whole group together.

6. There could be biasness on the part of respondents.

3.11 ORGANISATION OF THE THESIS

Chapter 1 deals with the introduction about microfinance and emergence of microfinance. Further this chapter elaborates the emergence of SHGs, different SHG models and progress made in India under the Self Help group Bank Linkage Programme, concept of SHGs along with their functioning and NABARD’s efforts to succeed the programme. Next, it presents the microfinance profile of Punjab. Also it includes Need and Importance, Scope and Objectives of the study.

Chapter 2 includes the extensive review of literature, summary of the literature reviewed and the literature gaps.
Chapter 3 discusses the research methodology used in the study along with the Hypothesis framed for the study. This chapter includes details on: sample design; sample selection; areas of enquiry; data collection tools; objectives; hypothesis and data analysis techniques. Also, need, significance, scope and limitations of the study have been mentioned in this chapter.

Chapter 4 deals with the presentation and analysis of data. Data analysis based on the interviews with SHG leaders, non members, SHPAs, drop outs have been presented in this chapter.

Chapter 5 presents the second part of analysis dealing with the responses of individual SHG members on outreach, social role and sustainability.

Chapter 6 is the concluding chapter highlighting the findings of the study, suggestions based on the research findings and recommendations for the future study.
References


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