CHAPTER-VI

SUMMARY AND CONCLUSIONS
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The research study has revealed some significant findings and conclusions. Based on the research findings a few useful suggestions have been offered. A summary of findings, conclusions and suggestions have been provided in this chapter.

- Membership of SHGs covered by the study revealed that majority of SHGs had 15 members. While only two percent of SHGs had maximum of 25 members in the study area.

- Age distribution of 400 SHG members covered by the study indicates that maximum number of the sample SHGs were in the age group of 36 - 45 years. While a minimum numbers of members were in the age group of 46 years and above. District wise trend of age wise distribution of SHG members indicates some divergent trends.

- Majority of SHG members had only primary education. It is significant to find that small percentage of SHG sample members were illiterates.

- Religious affiliation of sample members indicates that maximum members were Hindus followed by Muslims. Whereas minimum of sample members belonged to Christian and Jain religion. District wise analysis indicates a similar trend of religious affiliation of SHG members.

- The data relating to caste wise distribution of sample members of SHGs indicates that maximum number of SHGs members were Lingayats, followed by those belonging to BTs. While less percent of members were SCs, Kurubas and STs. and minimum percentage of members were Brahmins.

- Occupational distribution of SHG members indicates maximum percent of members were involved in agriculture where as small percentages of
members were involved in occupations like agricultural labourers and small traders. District wise trend is similar to the general trend.

- Information obtained through field survey indicates that majority of members of sample SHGs were married while less percent of members were unmarried. A small percentage of them were windows.

- The income status of the SHG members has revealed some significant trends. Majority of sample members had their annual income of Rs 10001 - 20000. A lesser number of SHG members had 20001 - 30000 of annual income. A minimum number of SHG sample members had maximum annual income of Rs 40001 and more.

- The field survey has revealed that maximum number of women SHGs have been sponsored by NGOs followed by Government agencies. Whereas less number of SHGs were sponsored by banks. District wise analysis too indicates a largely similar trend regarding the sponsorship of the self help groups.

- Dairy industry has been the major activity of majority of SHGs followed by agro- based units. Whereas both dairy and agro - based units have been the other entrepreneurial activities of the lesser number of SHGs covered by the study. District wise analysis too indicates largely the above trend except in Gadag district where majority of SHGs are engaged in agro based industries.

- SHGs are informal associations of poor men / women members Hence they do not possess proper infrastructure like independent premises for conducting their activities. The study has revealed that maximum percent of sample SHGs did not possess independent premises.

- Large majority of SHGs did not have their own business activity. Majority of the SHGs involve themselves in pooling savings of members and obtain loan from banks for on lending to members. Very few SHGs take up entrepreneurial activities.
• Majority of SHGs were formed by members of particular location; however lesser percent of the SHGs were formed by members of particular community/caste and by a particular income group.

• The organization of SHGs is found to have different arrangements relating to office bearers. Majority of the sample SHGs had chairmen and vice chairmen and a lone SHG had all these type of office bearers.

• The choice of the office bearers is made through consensus according to majority of respondent SHGs while few SHGs indicated that the officer bearers were chosen through elections. The tenure of office bearers is one year as mentioned by majority of respondent SHGs.

• Large majority of SHG respondents indicated that members attended the meetings regularly. Significant association was found between the SHGs of the study area with respect to regularity of attending meetings. Banks credits linked with SHGs have been guiding members to attend meeting regularly according to majority of respondents followed by NGOs.

• SHGs prescribe membership fees according to majority of SHGs covered by the study. The proportion of Capital resources varied from one SHG to another.

• Since the Bank SHG credit linkage large majority of SHGs have been obtaining loans from the banks for onlending to members.

• Loans by SHGs to members are given for purchase of milch animals according to majority of SHGs.

• Bank loan was used for on lending to SHG members in most of the cases.

• Large majority of SHG respondents have found that loanee members have utilized the bank loan fully. Bank loans obtained by SHGs remain partly unutilized when the numbers of loan applications were less or when the loan amount requested was small.
The impact of bank loan on member has been positive. It has resulted in enhancing their investments. Further production level has gone up consequent to bank loan obtained through SHGs. The sales of the produce of the SHG members too have improved due to the impact of loan financing of the enterprises. The positive impact of bank loan through SHGs is felt in enlarging the income and savings and the levels of profits of the members who used the loans in their activities.

It is significant to note that only one respondent SHG in Dharwad district made investments in fixed assets like buildings and premises, equipments and machinery, telephone, TV, computer, workshop sheds, and store rooms and furniture's and fixtures.

a) Production and sales activities have been taken up by relatively more respondent SHGs in Dharwad and Raichur district. All other SHGs have encouraged production and sales activities through providing of loan finance to members.

b) The enterprises undertaken by majority of SHGs have been seasonal. This is obvious in view of the agricultural related activities of members. Majority of SHGs have not experienced any decline in their production in recent years and significant association was found between the study areas with respect to decline in production.

c) Significant association was found between the study areas with regard to diversification of product. Majority of 56 SHG respondents did not go in for product diversification. Whereas lesser percentage of SHGs go for product diversification because they felt that it ensures stability of sales earnings and better utilization of resources.

d) Latest techniques of production have been adopted by majority of respondent SHGs. Incorporation of latest technology is needed for enhancing productivity.
• Realizing the importance of vocational trainings, majority of SHGs in the study areas have arranged for the vocational training for their members except in Gadag district.

• 4.11 (a) Majority of SHGs sold their products outside the village while lesser percent of SHGs sold their products locally. Association was found to be significant between the SHGs of study areas with respect to sales of production.

• Adequate storage facilities for the SHGs who did job work, was available.

• Grading of the products by the members was indicated by majority of respondent SHGs. Grading of bulk goods is useful in enhancing their value and maintaining of quality.

• Majority of respondent SHGs responding to the survey have indicated that modern methods of packing have been adopted by their members involved in productive activities.

• Marketing facilities to members have been extended by majority of respondent SHGs. They include finance, production, infrastructure, marketing information, assembling, storage, grading etc.

• Majority of SHGs have been associating their members with varied type of social work in addition to their economic activities. Such social activities include education of poor children, adult education, awareness creation about woman rights, giving legal knowledge about domestic harassment of woman, property rights, wage discrimination against women workers etc.

• Training is provided to members by large majority of SHGs in areas like child and women welfare, environment issues, adult education, health and family planning etc. Training in these areas would enable the poor rural women members of SHGs to actively involve in social activities.

• Training in social work by SHGs include special lectures by welfare officers, social workers, health officials and NGOs etc. This aspect has been endorsed by large majority of respondent SHGs. Other methods of training
members of SHGs in social work include TV programmes, publications, bulletins, brouachers etc. Some SHGs have arranged visits of members to training centers.

- The training methods of have been found ‘good’ by majority of respondent SHGs lesser number of respondent SHGs found the training methods ‘encouraging’ and ‘very good’.

- 4.17 (a) The study has revealed that the average annual income of an SHG in the four districts covered by the study during the period from 2001 - 02 to 2006 - 07 varied between a minimum of Rs 43040.0 in Bidar district to a maximum of Rs 61760.0 in Raichur district.

- The annual average expenditure of the sample SHGs in the study area varied from a minimum of Rs 662.00 in Gadag district to a maximum of Rs 1832.00 in Dharwad district.

- The average profit during the period from 2001 - 02 to 2006 - 07 of the SHGs in study area varied from a minimum of Rs 41840.00 in Bidar district to a maximum of Rs 60152.00 in Raichur district.

- The average interest on deposits of SHGs during the period 2001 - 02 to 2006 - 07 varied between a minimum of 5 – 8 percent to maximum of 26.9 percent.

- SHGs covered by the study have taken help from NGOs, and government agencies in maintaining their records. The facilitator or the animator of the SHG himself may also be involved in this direction.

- SHGs maintain records such as attendance registers, minutes books, savings ledger, cash book, general ledger, bank passbook, receipts voucher file, payment voucher file etc. Large majority of respondent SHGs maintained all these records.

- The impact of SHG activities in the study area has been highly positive.
• All the 25 respondent SHGs in each of the district (except 1 in Dharwad district) have indicated that members of SHGs have taken self employment.

• There is a reduction in dependence on money lenders according to all the respondent SHGs.

• Positive impact of SHG membership in providing for education and health of children is indicated by the sample SHGs.

• Improvement in agriculture of SHG members is affirmed by the respondent SHGs.

• There is improvement in trade and services of SHG members according to majority of respondent SHGs.

• Purchase of milch animals due to SHG loans is indicated by responses of SHGs covered by the study.

• Marketing of products and services is encouraged by SHGs.

• Improvement in fixed asset of members is mentioned by sample SHGs.

• Improvement in infrastructure of members like electricity, storage, transport etc has taken place due to SHG membership.

• Social status of members of SHGs has improved. Members are taking active part in social activities.

• Savings and living standards of members of SHGs have improved.

• Friends and neighbors constituted the major source of information about the SHGs before they joined their groups.

• Self help groups in the study area are formed by different affinity groups based on caste, occupation, age and location. Majority of them are location based SHGs. while a minimum number of sample respondent were age based SHGs.

• Motivation for joining SHGs came from friends according to maximum sample members of the SHGs where as caste leader motivated only one respondent member to join SHG.
- Majority of respondents have been member for the last five years and more. Majority of respondent members have remained in their SHGs for quite substantial period of time indicating their commitment to the organization.

- Enhancing of social status led maximum of respondent members to join SHGs followed by increasing self esteem, economic factors like financial security and political ambition of attaining power where as increasing family business/ trade compelled a substantial number of members of SHGs respondents to join SHGs.

- Majority of respondents were not members of any other organization.

- Large majority of members of the SHGs have actively participated in extension activities as revealed by the research study. This is the substantial and positive impact of membership of SHGs. Association was also found to be highly significant. The type of extension activities in which the members were involved included trainings, group meetings, demonstration, etc. The participation rate in these extension activities of SHGs was high.

- Membership of SHGs has enabled large majority of sample members to participate actively and take important decisions in the family affairs. This shows the transformation in the social relationship in the family from a submissive housewife to an active participant in family matters. Significant association was found.

- This change could be attributed to the impact of SHG membership of rural women. This positive change in social status of women members of SHGs is endorsed by large majority of member respondents in the study area.

- Women exploitation in the traditional Indian families has been a glaring social evil. However the Self help groups have largely contributed towards the irradication of this social evil of gender inequity. The study has revealed that women exploitation has been largely irradicated subsequent to the membership of SHGs by the women covered by the study.
- The social evil of dowry system has been faced boldly by large majority of SHG members followed by creating awareness among the people against the dowry system where as substantial number of SHG member respondents have indicated that they would enlighten the people about the legal aspects against dowry. Significant association was found.

- Gender inequality in the present social and family system has been realized by the woman members of the SHG. They have been inducting awareness about this evil among the men and women folk and trying to overcome this inequality by creating an environment and opportunity for woman in different spheres of economic and social sectors. Responses of large majority of sample women members have endorsed those approaches for removing gender inequality through membership of SHGs.

- Improvement of the women's position in the patriarchical family system has been taking place due to the awareness of the women's rights among the large majority of respondent SHG women members. They have acquired legal knowledge in this direction again because of their membership of SHGs.

- Membership of SHGs has helped large majority of respondent women members in developing awareness about the social issues affecting the social status of women viz women empowerment, dowry system, women illiteracy, gender discrimination, discrimination in the areas of employment, wages and in the area of political representation to women etc. The experience as member of SHG has helped the respondent woman members in creating awareness about these social issues affecting women.

- Involvement in social services has been mentioned by large majority of SHG respondent members. The social services in the sample women members of SHGs were involved include organizing orphanages, old age houses, rehabilitation of sex workers and protecting the harassed women in
the families. The responses indicate the positive impact of membership of SHGs in making the women members of SHGs involve in social services.

- Self help group members in the study area are found actively participating in cultural activities. These activities include drama, street plays, and folk songs. These activities are undertaken to highlight social issues like family planning, child labour, women empowerment, child marriage, dowry practices, adult education etc.

- The cultural activities also included lectures, discussions, for motivating people about the social issues.

- Involvement in health campaigns by the SHG woman members has been quite extensive. They have involved in large numbers in vaccination/immunization campaigns, civic cleanliness, environmental cleanliness. Large majority of SHG women members have involved in AIDS campaigns and for drainage facilities in villages and for drinking water etc.

- SHG membership has helped large majority of women members in developing leadership qualities viz, devotion to work, sense of responsibility organizing ability self confidence. The membership of SHGs has therefore an all-round positive impact on the women members in developing their individual potential social commitment and economic betterment.

- Active participation and discussions in SHG meetings has been indicated by the responses of majority of respondent SHG women members.

- Attending of all the meetings of SHG is indicated by majority of respondent members while less number of members was not particular of attending the SHG meetings. A few of members attended less than fifty percent of meetings.

- Election of office bearers of the SHGs is made by consensus according to large majority of respondent SHG women members.
• Free discussion in the SHG meetings has been taking place according large majority percent of SHG respondent women members.

• Proper recording of all transactions of the SHGs has been affirmed by large majority of the respondent women members of the sample SHGs. The above responses indicate the disciplined conducting of the SHG activities in the study area.

• SHGs have provided economic assistance and cooperation to members in various ways. The assistance and cooperation has been affirmed by large majority of respondent women members of the sample SHGs. Such assistance included loans from the SHG funds, arranging loans to members from banks, providing savings facilities for members etc.

   In other areas the assistance to members included providing of raw materials, arranging power supply through KEB, training arrangement for self employment etc.

   In the area of marketing SHGs helped members by providing market information, marketing finance, technical know how for production and marketing etc.

   SHGs arranged meetings and lectures on organizing small scale units by bankers and Government officials, some SHGs employed the members in their own business units.

• Savings and credit constitute the core areas of SHGs in relation to the poor members. Loan facility is provided by the SHG to members from its own common fund and from the loans obtained from bank. Bank loan comes in larger quantity and the SHGs play an important role in obtaining bank loan and in on lending the same to its members. This aspect has been found of much use to the credit needs of its members. The arranging of bank loan through the SHGs has been affirmed by large majority of respondent members.
• The bank loan is made available by the SHGs to the members for specific purposes viz small trade business, crafts and village artisans, tailoring shops. The purpose wise loan assistance indicates that the rural poor in different areas are getting quick and collateral free loans through SHGs.

• Majority of the respondent SHG members have found the bank loan through SHGs as 'adequate'. However the rest of them found the loan inadequate.

• The repayment of loan was stipulated through installment of 20 - 40 per loan. Majority of the respondent women members of the sample SHGs found the installments convenient.

• Repayment of loan by the SHGs members varied between a minimum of 38.6 percent in Gadag district to a maximum of 43.35 percent in Dharwad district. Repayment of loan by older age group of members was higher compared to members in the lower age groups. Repayment of loan by unmarried women members of SHGs was higher compared to married women members and widows. Hindu SHG members were better in terms of repayment of loans compared to members belonging to Muslim and other religious groups. Repayment of loan by members of nuclear family was better. Repayment of loan was the highest by those living in huts compared to others. Repayment performance of those living in rented houses was better than those living in their own houses.

• Micro - credit through SHGs has helped the rural poor in reducing their dependence on private money lenders. A large majority of SHG members have affirmed that the SHG - bank loan has reduced their dependence on private money lenders.

• The utilization of loan provided through SHGs has been hundred percent in case of majority of SHG respondent members. However a less number of SHG members have not been able to fully utilize the loan amount.
• SHGs have been a good agency for the mobilization of small savings which has been an important objective of the SHGs. The frequency of savings and depositing the same with the SHGs varied from once a week to once in a month.

• Savings and depositing the same with the SHGs has been regular as indicated by majority of the respondent women members of the sample SHGs.

• Varied type of fixed assets has been owned by the respondent members of the sample SHGs in the study area. The assets include milch animals, machinery and equipments, work premises, tools, vehicles and cultivable lands.

• Income from SHG financed units of members ranged between minimum of Rs 7.20 thousands in Dharwad district to a maximum of Rs 9.29 thousands in Raichur district. The range of income varied in case of different socio-economic groups based on age, marital status, religious affiliations, size of family, type of residence etc.

• Maximum percent of the respondent members of sample did not avail the benefits of the 'sampurana suraksha' health insurance.

• Local sales of the products of the SHG members are indicated by majority of respondent SHG members. Sales outside the village are mentioned by less percentage of respondents while sales outside the taluka and outside the district are indicated by a meager percent of respondent members respectively.

• SHGs help in the marketing of members product is provided by way of market information, arranging transport, grading and packing. These marketing assistances provided by SHGs have been indicated by majority of respondent women members of the sample SHGs.

• Marketing problems encountered by the members of the sample SHGs include inadequate demand, competition from established units, high cost
of transport, lack of subsidy from Government etc. Lack of demand as the
major marketing problem is indicated by maximum percent of respondents
followed by high cost of transport, competition from established units (and
absence of subsidy).

• Channels of distribution of the products of respondents SHG members
include (i) direct sales (ii) sales through retail outlets (iii) wholesalers and
(iv) cooperatives. Direct sales to buyers have been mentioned by maximum
percent of respondent members of SHGs followed by sales through retail
outlets, wholesalers and cooperatives.

• Responses of SHG members covered by the study have revealed various
problems faced by SHGs and the members - They include, - Inadequate
finance (37.5% of respondents)
- Inadequate demand, competition, inadequate and high cost of transport etc
(33.3%)
- Limited resources of SHGs (32.8%)
- Family work coming in the way of SHG work (29%)
- Absence of government subsidy (56.8%)
- Lack of information about government facilities to small units (85.3%)
- Absence of knowledge of keeping accounts (30%)

The above problems are faced by SHG members and the respondents show
wide differences in the perceptions as the response rate is widely varied in case of
some problems. There is no uniform trend of perceptions regarding the problems
faced by SHG / members.

• Impact of membership of the self help groups is felt by members in varied
social and economic areas. The positive impact of SHG membership are
indicated by majority of members.- Membership of SHG has created
awareness about social issues like dowry system, child labour, women
empowerments, gender discrimination, poverty etc.
Understanding of democratic principles and leadership qualities.

Awareness about health and sanitation.

Focus on cultural activities highlighting social issues.

Realization of economic benefits has been mentioned by respondent SHG members subsequent to membership of SHGs.

**Research Findings and Hypotheses**

The three hypotheses assumed prior to the field investigation have been examined here in the light of research findings based on the survey in the study area.

**Hypothesis No - 1** The hypothesis states that social and economic impact of SHG activities has been limited and inadequate. The responses of the 25 SHGs indicate clearly that the hypothesis is not vindicated in the light of the research findings. Majority of the SHG respondents ranging between 15 to 23 SHGs have positively asserted the beneficial impact of SHG activities in the social and economic life of the members and their families. The positive impact of SHG activities has been felt in different social and economic life of the members viz education and health of children (19 -23 SHG), improvement in agriculture (18 – 22), trade and services (18 -22), purchase of cows (21 -23), marketing of products and services (20 -23), improvement in fixed assets (19-23), improvement in infrastructure (15 – 20), savings (21 - 23) living standards and domestic facilities (18 -22).

The social impact of SHG activities has been favourable in different areas according to 17-21 SHG respondents. They include social activities of members, women empowerment, child welfare, education and cultural activities etc.

The above details clearly indicate that the hypothesis as per the research findings has not been vindicated.

**Hypothesis No - 2** The second hypothesis states that purpose wise distribution of loan by SHGs to members is imbalanced. The research findings based on the responses of the SHG members have substantially vindicated the hypothesis.
Majority of 57.3 percent of the SHG members covered by the study indicated that they had got SHG loan for dairy business and 33.8 percent mentioned that loans were given by the SHG for agricultural purposes. Loan for other purposes given by the SHGs to members constituted lesser magnitude. Members of SHGs accounting for 4.1 percent obtained loan for small business / trade while 3.4 percent of members were given loan for crafts and village industries. These patterns of distribution of loans by SHGs for different purposes clearly vindicate the hypothesis.

**Hypothesis No - 3:-** The third hypothesis states that membership of SHGs has enabled women members to face gender inequality in the family.

Responses of SHG members covered by the study have revealed some significant trends about gender inequality. Large majority of 97% of SHG respondents members have indicated that SHG membership has enabled them to face gender inequality through education of family members about gender inequality, while 93% of respondent have faced the gender inequality in the family by attaining economic independence. In case of 93.3% of SHG members the gender inequality in the family is faced by obtaining proper knowledge about gender equality through their membership of SHG. The responses clearly vindicate the hypothesis.

**Suggestions**

1. SHG Bank Linkage has heralded a new area of access to formal credit by the rural and urban poor who were denied the same earlier because of lack of physical collateral and absence of assets possession. The availability of bank credit to the poor members of the SHGs however is found inadequate to help them in the occupations. The study has revealed that more than 30 percent of the SHG members have found the bank loan inadequate. Hence there is need for enhancing the quantum of loan funds and the adequacy of the bank loan to members through the SHGs should be ensured by the banks.
2. SHGs should address themselves to the problem of marketing of the produce of their members whose business units are faced with certain problems relating to the marketing of their products. Providing necessary market information and infrastructure facilities like transport, storage, grading etc, should be attended to by the groups. Mere finance without the marketing facilities may not be able to help the members in earning the income from their small production or trade activities.

3. Occupational training of the members involved in trade, industry or other services is of prime importance to induct skill and efficiency. Hence the SHGs should initiate to organize the professional training to suit the professions of their members.

4. The prevalent practice of charging high interest on the loan provided by SHGs to their members is resented by the member – borrowers of the SHGs which were revealed during the field survey. The interest charged should be brought down to some reasonable level though the rate may be lower than that charged by the private money lenders.

5. Various studies have brought out the fact that the financial management of SHGs is weak. Hence the sponsoring agencies like NGOs, banks etc should try to induct competency in the financial management of the SHGs by providing their expertise.

6. Increasing amount of savings mobilization by the self help groups should take place within a regulatory framework. In the absence of the same unscrupulous elements may enter the sector and exploit the hard earned savings of the poor.

7. Effective functioning of SHGs needs proper steps to be taken in the following directions,

(i) Maintenance and promotion of high quality of governance and management structure ensuring adequate internal control and financial discipline
(ii) Evolving of enabling policy legal and regulatory environment.

(iii) Clear targeting of clients. This is needed since a mission drift is a common fear as pressures mount to serve richer clients with larger amounts.

(iv) Appropriate products and services and

(V) To safeguard interests of poor members relating to their savings and the high interest charges on their loans from the SHGs.

8. Meeting the challenge of widening the scope of microfinance there is need for giving greater attention to the following (Ranga rajan -2005)

(i) As micro credit expands banks need to introduce appropriate organizational changes in the various branches in order to play a proactive role in bringing more and more SHGs under the bank linkage programme.

(ii) Self Help Groups must transform themselves from pure thrift institutions into groups promoting micro-enterprises. In that situation success will depend upon the choice of products to be produced and the markets to be served and the creation of an appropriate marketing mechanism.

(iii) The legal form of self Help Groups needs clarification. This assumes importance if the SHGS are to get federated into much larger organizations which can command greater credibility and therefore greater ability to borrow and,

(iv) The legal form of microfinance institutions also needs clarification.

9. (a) It is necessary to develop data base on the products/services of SHGs and the marketing need for such products. This is necessary since marketing of SHGS products is the major constraint.

(b) It is useful to organize meets / exhibitions to facilitate SHGs to market their product and giving due publicity for such meets / exhibitions.
(c) Encourage setting up weekly SHG bazaars at prominent places and supporting establishment of rural halts to facilitate marketing of SHG products.

(d) State governments / ZPs / TPs to provide permanent sites at District Head Quarters and other important tourist centers for organizing exhibitions and marketing of SHG products.

10. There is an imperative need to enlarge the coverage of SHGs in the advances portfolio of banks as part of their corporate strategy to recognize perceived benefit of SHG financing in terms of reduced default risk and transaction costs. In the meanwhile banks need to devise suitable policy guidelines for appraisal, monitoring and supervision of SHG advances together with necessary documentation.

11. Professionalisation of personnel of NGOs to come up with the task is one step and changing the mind set of bankers to promote SHGs and support them either directly or through SHPIs /NGOs/ VAS is another major step. This is a gradual process. Orchestration of credit and non -credit programmes such as counseling, supply of raw materials, organizing marketing efforts and bringing in technology input needs to be pursued vigorously.

12. Banks have not yet standardized their approach towards micro - lending through SHGs. Lack of infrastructure and design facilities and also work while distribution channels for marketing the products has constrained growth. A number of initiatives are needed to keep the micro finance system on track. The goal is to make it a dispenser not just of credit but of a variety of social goods and services to the rural poor.

13. SHG banking linkage should focus on providing secure and convenient deposit facilities to groups and individual members of groups. There is substantial scope for introducing new saving products and insurance products for groups as well as for individuals. In addition a pension or life
insurance saving account should be introduced based on the experiences collected from SEWA etc.

14. There could be an arrangement like a loan loss reserve fund as a useful instrument to meet loan losses from members by deducting a small percentage from every loan amount disbursed to members or by requiring from the borrower putting in a small amount of money in a loan insurance saving account at the end of the year.

15. NABARD and NGOs have developed for proper rating of SHGs for self-evaluation of the organizational strength and the participative discipline of the members. The SHGs or the bank partner could use for evaluation. The evaluation should be made use for credit appraisal, assessing capacity building needs etc and to ensure that corrective actions are under taken in case of the rating instrument shows increasing tensions in the group.

16. Governments should try to build synergies through linking SHG projects and public programmes. Public investment in villages through government sponsored programmes such as bio- gas plants, individual toilets etc, create demand for inputs (for example bricks ) which can be manufactured by the members of SHGs. Thus of poor can be accessed to the micro - credit facility, it could be very effectively synchronized with the public investment in villages. Investment in creating physical infrastructure in the rural community can be a powerful lever to create employment.

The purpose wise distribution of the bank loans to SHG members of borrowers and larger amount of loan funds have gone in favour of those involved in dairy industry and agriculture. There is need for diversified allocation of funds to cover those SHG members who are involved in tiny and small industries, small trade handicrafts and other non agricultural activities in the rural areas. Rural credit through SHGs should reach diversified rural activities and members of varied level of social and economic status.