CHAPTER- 8

SUMMARY, FINDINGS, AND SUGGESTIONS

This chapter summarizes the major findings, suggestions to improve the functioning of the Self help group, impactions, future scope and limitation of the study.

Summary of the Study

Micro finance enables the poor and excluded section of people in the society who do not have an access to formal banking to build assets increase livelihood options and increase income and reduce their vulnerability to economic stress. Microfinance is of ancient origin in India. Traders and moneylenders have traditionally provided microcredit to the rural poor but charged exorbitant rates of interest, which led to considerable hardship and impoverishment of borrowers and later this resulted into debt trap bonded labour and illegal and forced transfer of exploitative on properties. What we refers to as microfinance today does not include such exploitative practices rather it refers to “lending to the poor at reasonable but sustainable rates from government and private institutional sources”. Social banking has been established in India since long. Institutional credit was perceived as a strategy for rural development and poverty alleviation by enhancing rural production and productivity in independent India.

“NABARD was the first organization to notice the phenomenon of micro finance. SHG-Bank Linkage Programme, since its pilot project in 1992 has emerged as the leading microfinance programme in the country. It is being recognised as an
effective tool for extending access to formal financial services to the unbanked rural poor. Encouraged by its success the programme has been adopted by State Governments as a major poverty alleviation strategy. Micro finance has emerged as a breakthrough in the philosophy and practice of poverty eradication, economic empowerment and inclusive growth. Several studies conducted in India and abroad after comparing the situation of SHGs members during pre-SHG periods on various socio economic parameters have proved that those who join the SHGs end off in a better socio-economic condition.”

Self help groups form the basic constituent unit of the micro finance movement in India. An SHG is a group of a few individuals (usually poor and often women) who pool their saving into a fund from which they can borrow as and when necessary. Usually in practice SHG are constituted of individual members know to each other that are from the same socio-economic background the ideal size of an SHG is 10-20 members. The purpose around which an SHG is initially formed varies depending on the kind of program being implemented and need for the collective work. In the context of micro finance, SHGs are formed to faster saving and credit. Such a group is linked with a bank, a rural co-operative or commercial bank where they maintain a group account over the time the bank begins to lend to the group as a unit without collateral, relying on self-monitoring and peer-pressure within the group for repayment of these loans.

There are largely two models for delivery of microfinance in India SHGs bank linkage model and microfinance institution model. In this study on microfinance only SHG bank Linkage model is present. The present study is
undertaken in the specific context of Uttar Pradesh. Many studies have taken place on micro finance and self help groups in India yet no such attempts have been made for the districts namely Meerut and Muzaffarnagar so the investigator chose the area. Micro finance developments in the state offered scope for comparing the functioning of institution mechanisms. The review of different research studies approved out in the field of microfinance in different countries provides that the programme is successful in generating employment and alleviating poverty. A number of studies also confirm that the programs SHGs are helpful in attaining millennium development goals by reducing poverty, hunger, infectious. There are many studies which explain that participation in the programs has led to greater levels of women empowerment in terms of increase in knowledge, self-confidence, economic, social and political awareness, mobility, development of organizational skills etc. The review of impact assessment studies provides valuable insights into the benefits and drawbacks associated with microfinance programme.

The main objectives of the study find the impact of microfinance through self help groups in generating employment opportunities, income and saving of the SHG members, socio economic condition of the SHGs respondents in selected districts of Meerut and Muzaffarnagar of Uttar Pradesh. The study is based on the hypothesis that micro finance generates employment opportunities, income socio economic development, and increase in the saving habit of the SHGs members.

The study is descriptive in nature. The study was based on both primary and secondary data primary data was collected with the help of structured interview schedule questionnaire and various tests were applied like paired t test, chi square
Major Findings of the Study

Major findings have been summarised under the followings heads-

Demographic Characteristics of the Respondents

- Majority of the respondents belong to young age group (29-38) and the mean age of the respondents is 2.32 in the Meerut district. And the mean age of the respondents in the Muzaffarnagar district is 2.42. This shows the
active participation of young people in the SHGs. The standard deviation in Meerut is 0.755 which is more as compared to the standard deviation in Muzaffarnagar (i.e. 0.742).

- In Meerut district the female are 51.5% whereas the males are 48.5% and the results for Muzaffarnagar are almost similar which shows the percentage of female respondents are 55% and males are 45%.

- Education plays a vital role in the economic and social emancipation of the members of SHGs. It is envisaged that nearly 23.5 % of the respondents illiterates in the Meerut District while, 35.0 % of the respondents are illiterates in Muzaffarnagar district. The members who have studied up to primary (34.5)% and (28.0) % in Meerut and Muzaffarnagar districts. The percentages of the sample respondents who have studied till secondary level are 27.0% in Meerut district and Muzaffarnagar district 21.0%. Only 1.5, and 3.5 % of the respondents in sampled studied till graduation and post graduation level or above in the both districts. And mean qualification of Muzaffarnagar is 2.20. The standard deviation in Meerut is 1.076 which is small as compared to the standard deviation in Muzaffarnagar (i.e. 1.163).

- Distribution of the respondents by marital status of the respondents is presented in Table 5.1. It is revealed from the table that largest percentages of the respondents are married (96.3) %. It is observed that nearly (3.0) % widowed. A little Percentage of the respondents is divorced and unmarried.

- Most of the respondents (38.3) % were involved in non-farm activity. It mainly consists of respondents who are engaged in milk production and trading by maintaining few cattle or buffalos. (29.5) % of the sampled
respondents reported that their main occupation is agriculture. A very small share (2.3) % of the sample size consists of people who were involved in some sort of private job.

- Distribution of the respondents by land holdings is presented in Table (5.1). It is revealed from the table that (53.8) % of the respondents are landless. Further, it is observed from the table that among the respondents, who posses land, majority had below (0-10) 24% of the sample respondents. 18.8% of the respondents had (11-20) land. (56.5)% and (51.0)% of the respondents are landless in Muzaffarnagar and Meerut districts.

**Details of SHGs Respondents**

- It is found that the highest percentage of the mixed (43%) SHGs and the male group percentage (26%) and female group (31%) in the Meerut district. In the Muzaffarnagar district percentage of mixed group is (47.5%) and male female group percentage is (21%), (31.5). It shows that female participation is high in comparison to male.

- 58 (29%) of respondents have joined the group motivated by other group members. 45 (22.5%) of the respondents were motivated by group leader and 40 (20%) of the respondents were motivated to join the group by friends in Meerut district. It is inferred that the other group member is the main motivating factor behind joining the SHG’s. And the mean of motivation join to group of Meerut is 4.15 as compared to Muzaffarnagar 4.02.

- 18 (9%) respondents join to the SHGs to improve social and economic status. 53 (26.5%) respondents join the group for increase saving habits. And
48 (24%) respondents join the SHGs for increase employment. Another 62 (31%) respondents join the group to obtain the support from the take benefits government scheme in the Meerut district. In the Muzaffarnagar district 67(33.5%) join the SHGs to improve saving habits. Only 7% respondents join the SHGs improve social and economic status.

- Majority of the sample respondents of the SHGs for the last 7 years 50 (25%). 15% of the respondents of the SHGs for the 6 years 22% of the respondents of the SHGs for the 3 years in the Meerut district. In the Muzaffarnagar district that majority of the sample respondents are members of the SHGs for the last 7 years 48 (24%). 16% of the respondents of the SHGs for the 4 years 20% of the respondents of the SHGs for the 2 years in the Meerut district. It can be summarized that SHGs are formed actively in the study area for the last seven years. The same can be observed across the strata also.

- It is evident from Table 5.9 that 164 SHGs, (82%) imparted training in the Meerut district. 156 (78%) respondents attend training in the Muzaffarnagar district. And the mean of attend training programme (table.5.30) of Muzaffarnagar is 1.22 as compare to Meerut 1.18. The Standard deviation in Muzaffarnagar is 0.415 which is more as compared to the standard deviation in Meerut (i.e. 0.385).

- The respondents prefer to take credit from banks (93.5%). While the other source of credit for respondents are SHG (4%), money lenders (2%) in the Meerut district. In the Muzaffarnagar district the respondents prefer to take
credit from banks (79.5%). While the other source of credit for respondents are SHG (8.5%), money lender (8%).

- 55.5% of respondents pay their installments on regular basis in the Meerut whereas 56.5% of respondents pay their installments on regular basis in the Muzaffarnagar district.

- Meerut district has the higher percentage of respondents taking loan for occupation (36.5) whereas in Muzaffarnagar the percentage is (29.5%). And the mean of loan purpose of the respondents (table.5.30) of Meerut is 3.86 as compare to Muzaffarnagar 3.64. The Standard deviation in Meerut is 1.79 which is more as compared to the standard deviation in Muzaffarnagar 1.82

- 90% of respondents are satisfied while working with SHG in Meerut whereas 85.5% of respondents are satisfied while working with SHG in Muzaffarnagar.

### Socio-Economic Development of the Respondents

- 152 (76%) in Meerut, 147 (73.5) in Muzaffarnagar have acquired awareness on credit facilities. They are closely followed by respondents who have awareness on banking facilities and transition. And the mean credit facility improves of SHG members (table.5.49) of Muzaffarnagar is 1.26 as compare to Meerut 1.24. The standard deviation in Meerut is 0.428 which is little as compared to the standard deviation in Muzaffarnagar .0442.

- 98.5% of respondents were aware about banking in the Meerut whereas 91.5% of respondents were aware about banking in Muzaffarnagar. And the mean credit facility improves of SHG members of Muzaffarnagar is 1.09 as
compared to Meerut which is 1.02. The Standard deviation in Muzaffarnagar is 0.280 which is more as compared to the standard deviation in Meerut 0.122

- 33.5% of the respondents were earning in the range of 2000-2500 thousands in Meerut whereas 32% of respondents were earning in the range of 2000-2500 in Muzaffarnagar district.

- Table 5.40 shows the income of the respondents’ after joining the SHG. The data shows that 38% of respondents were earning between 2500-3000 thousands in Meerut district whereas 35.5% of respondents were earning between 2500-3000 in the Muzaffarnagar district. The data shows that there is about 25% increase in the income of the respondents after joining SHG.

- Table 6.1 shows the mean of income before joining SHG is 4.08 and standard deviation is 1.502 whereas the mean of income after joining SHGs is 5.63 and standard deviation is 1.508. Correlation of monthly income after joining and the monthly income before joining SHG is 0.73, which is significant positive correlation.

- Paired t test use for significance to increase income before join and after join SHGs t value is 28.050 and the significance value is (Sig .000) 5 percent level of significant. Using microfinance increase in the income of the respondents which drives in increase of living standard of the respondents.

- 44% of respondents’ monthly expenditure lays in the range of 2000-2500 after joining the SHGs in the Meerut district. Whereas 50% of respondents monthly expenditure lays in the range of 2000-2500 in Muzaffarnagar.
• The mean of expenditure before joining the SHGs is 3.17 and standard deviation is 0.863 whereas the mean of expenditure after joining SHG is 3.30 and standard deviation is 0.934. Correlation of monthly expenditure before and after joining the SHGs is 0.783 t value 4.619 and the significance value is (.000) 5 percent level of significant. There is change respondents’ expenditure after joining the SHGs.

• In the Meerut districts 27% respondent’s permission for her husband spend money whereas 17% respondents require permission for their husband before spend money in the Muzaffarnagar district.

• The monthly saving of the respondents before joining the SHGs in the Meerut districts the data shows that 49.5% of respondents had no savings in Meerut whereas 57.5% of respondents had no savings in Muzaffarnagar district before join the SHGs. and monthly saving of the respondents after joining the SHGs 61.5% of respondents had savings in between 100-200 rupees in Meerut whereas 73% of respondents had 100-200 rupees of savings in Muzaffarnagar district.

• The mean of savings before joining SHG is 1.50 and standard deviation is 0.571 whereas the mean of saving before joining SHG is 1.33 and standard deviation is 0.482. Correlation of monthly saving after joining and before joining SHG is 0.517.

• Paired t test use for significance to increase saving after join SHGs t value 5.465 and the significance value is (.000) at the 5 percent level of significance. So we reject the null hypothesis and there is some increase in the monthly savings of the respondents after joining SHGs. So, by using
microfinance model the savings of the respondents had increased gradually up to some extent.

- The data shows that the major income generation problem faced was the initial capital required, the data shows 23.5% of respondents faced the money problem in Meerut whereas 21% of respondents faced the money problems in Muzaffarnagar.

**Perception of the Respondents**

- 80.5% of respondents in Meerut agree that SHG increases income and 8% respondents are neutral 10.5% respondents are strongly agreed that SHG increases income whereas in Muzaffarnagar 67% of respondents strongly agree that SHG increases income and 18% respondents are neutral that SHG increases income.

- 76.5 of respondents in Meerut agree that SHG increases in the saving and 4% respondents are neutral that SHG increases in the saving whereas in Muzaffarnagar 75% of respondents agree that SHG increases in the saving and 9% respondents are neutral that SHG increases in the saving.

- 80.5% of respondents in Meerut agree that SHG generates employment opportunities and 3% respondents are neutral that SHG generates employment opportunities whereas in Muzaffarnagar 70% of respondents agree that SHG generates employment opportunities and 8% respondents are neutral that SHG generates employment opportunities.

- 53.5% of respondents in Meerut agree that SHG improving literacy and communication skill and 30% respondents are neutral that SHG improving
literacy and communication skill whereas in Muzaffarnagar 49.5% of respondents agree that SHG improving literacy and communication skill and 32.5% respondents are neutral that SHG improving literacy and communication skill.

Other Factors of the Socio-Economic Development of the Respondents

- Calculated Chi-square value 26.997 is greater than the tabulated value 21.026 at 12 degree of freedom and 5 per cent significance level. Thus, we reject the null hypothesis. And conclude that there is association between age and motivation to join SHG respondents.

- Chi-square value 31.590 is greater than the table value 11.070 at 5 degree of freedom and 5 per cent significance level. Thus, we reject the null hypothesis and conclude that there is association between qualification and credit facility improves of the respondents join to the SHG.

- Pearson chi square is 25.51 and significant value is 5 percent level of significance. So we reject the null hypothesis our calculate value 25.51 is greater than to the table value 18.307 and conclude that there is association between qualification and repay to loan by the respondents join to the SHG.

- Calculated Chi-square value 79.186 is greater than the tabulated value 28.869 at 5 degree of freedom and 5 per cent significance level. Thus, we reject the null hypothesis and conclude that there is association between purposes of saving and monthly saving of the respondents SHG.
Calculated Chi square value 38.73 is greater than the tabulated value 24.996. So we reject the null hypothesis and conclude that there is association between qualification and SHG aware environment.

**Conclusion**

In conclusion the study has revealed that micro finance SHGs in India which are classified under informal organizations intentionally or unintentionally help formal banks by increasing the number of accounts by inculcating habits in rural people especially the women. The analysis also reveals that being a member in SHG and more importantly having leadership experience in SHG greatly influences the bank account holding.

SHG approach in the recent years has been rightly recognized as the best of socio economic empowerment of people. The main economic activities being adopted by the SHG are cutting, sewing, embroidery, dairy, farming, and other job works etc. the SHG movement for its forceful outreach amongst the poor as now not only been categorized as a silent revolution in the empowerment of millions of poor but has also been recognized as an effective tool for poor alleviation. While a late entrant into micro finance the Indian sector is characterized by a diversity of legal entities that are using different approaches in providing financial services to the poor. The growths of these institutions and the policy attention they have received have facilitated the systematic entry of commercial capital into the micro finance sector.

The results of the analysis suggest that SHGs have been performing better not only as providers of financial services in terms of augmenting saving leading
and ensuring loan recovery but also in terms of awareness creation and empowerment. They also lead to the development of human resources and management skills leadership and motivation.

**Implications of the Study**

- The present study discovered the most of the respondents were uneducated. So there is must to communicate literacy, improved skills and technical awareness by the institutions like directorate of adult education and department of women and child development in rural areas which increases their self-confidence about income generation activities to progress their social status by increasing their social awareness and eventually their standard of living.

- Majority of the respondents felt deficiency of loan amount to take up income generating activities. The loan amount wants to be fixed according to the requirements.

- The problems of marketing of the product were a main problem for not taking up other income generating activities in the study area. Therefore, proper marketing channels showed to be established in rural areas and wide publicity in order to promote the products from self help groups with the help of NGOs.

- Even though SHG members had undergone training majority of respondents were lacking regular, proper and need based training which determined on utilizing locally available resources and local market. Hence training programmes should be organized by district rural development agencies,
NGOs, village level organization keeping in view the above mentioned factors.

- The members were socially and economically empowered after joining the SHGs, which helped in the overall development of their families. Therefore, there is a need to initiate, encourage and establish SHGs in all villages.

Suggestions of the Study

Based on the above findings, the following suggestions are made.

- Government should be recognized the potential of micro financial services to maintain investment and expansion in key economic sectors.

- Through proper guideline and supervision it must be ensured that SHG organizations are run practically and must help the poor people in increasing their income through the proper livelihood activities.

- Besides the income generation activities micro finance must also be made available for consumption needs arising out of emergencies crisis as also for housing and other basic amenities. Because it is observed during the field visits that many SHG members have been taking the loan in the name of livelihood activity but have been using it for the consumption purpose.

- Organizations which are involved in the SHG movement like RBI, SIDBI, NABARD, NGO and others must evolve proper means for monitoring managing directing and controlling micro finance institutions as well as self help promotion institutions. State government and central government agencies must also ensure proper monitoring of SHGs, SHG promoters PIAs and other development functionaries.
• SHGs need marketing support and institutional capacity to handle marketing activities independently. Increase in education level will also help the SHG members in understanding the scope and future benefits of the SHGs.

• There is a need for training in income generating activities, as large number of respondents during the survey reported about lack of training. The training for the income generating activities must be thoroughly planned and must be provided by qualified people who are well informed about modern technology. Training should be provided regarding various operational aspects of nonfarm economic activities like procurement, negotiations, marketing, etc.

• Media can play a positive role in people awareness programmes, media must be involved in developmental activities for the betterment of the community. And villages related problems must be focused on TV channels.

• SHGs are depending upon the NGOs in financial decision making process. In the beginning period, the NGOs are forming and giving necessary training to the SHGs. After some period, they have to give the freedom to think and work especially in decision making process. The financial decisions are to be taken by all the members unanimously.

• SHGs are playing an important role in the alleviation of poverty, steps may be taken on war footing basis to form more number of SHGs not only in rural but also in municipal and corporation areas in both districts. In this regard, the state government may consider giving preference to uncovered areas for promoting the SHGs.
• Government should arrange for more training for the members of the SHGs to start their own economic activities.

• SHGs faced the problem of inadequate loan amount. Loan amount is one of the basic components to start an activity and also women can be financially sound when loan amount is given sufficiently. Loan amount should be increased to the extent that they can take up an income generating activity. There is need to allocate of large amount for generation of employment.

• The awareness of the bank staff of the local issues and the local people will help in the success of the SHGs in a long way. For the success of SHG close association of bank staff at all stages of program implementations is necessary, right from identification of the viable nonfarm economic activity to planning for all the elements of the nonfarm economic activities. Post credit monitoring and loan recovery is also very much important for the success of SHG.

• The NGOs should actively help the SHGs in both backward and forward linkages and provide them market support in particular.

• The programmers for the villagers about SHGs awareness should lay greater emphasis on creating faith in the people about the potential of SHGs rather than stressing upon the procedural and formal aspects of SHGs.

• Increase the education level of the SHG members as this will go a long way in increasing the effectiveness and sustainability of the SHGs. Increase in education level will also help the SHG members in understanding the scope and future benefits of the SHGs.
Members of SHGs need credit for different needs such as for livelihoods, investment in education, income generating activities; health, household needs, marriage consumption, death ceremonies, and social security. Thus it is very important to design wide range of financial products and services to fulfill these requirements of the SHGs members.

Limitations of the Study

The present study is subjected with the following limitations.

• The sample size and sampling procedure applied in the present study is purposive.

• The present study is limited to the area of western Uttar Pradesh. The study is mainly restricted to Meerut and Muzaffarnagar districts. In this study investigation is restricted to the selected SHGs in four blocks of Muzaffarnagar, and Meerut districts because studying of all SHGs in the selected districts is not possible for an individual researcher.

• The study is limited mainly because its finding and suggestions are based on the limited coverage of small sample size and area, also due to limited use of statistical tools and techniques and due to poor availability of secondary sources of data the data was collected from who engaged in income generation activities.

• The study is confined with the rural area of Uttar Pradesh. Hence the results may not be applicable to the urban area SHG members.
Scope for Future Research

No research work is complete and adequate in itself. There is always scope for future research. The present study opens avenues for future research of which few could be accomplished in future course of action.

- Comparison of performance and satisfaction of SHG member’s women and men.
- Comparison of SHG member’s rural and urban area.
- Comparison of government SHGs and NGOs SHG members in different districts.
- A comparative study of the performance of SHG on the micro finance institutions model.