SUMMARY AND CONCLUSIONS
CHAPTER-7

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The study has analyzed the various aspects regarding the microfinance programme including theoretical framework, evolution of microfinance, concept of SHGs, literature regarding impact of microfinance, status of microfinance in India, progress of microfinance programme in Haryana and Mewat, management practices and governance structure of SHGs, impact of microfinance on employment and income level, role of SHGs in reducing vulnerability of HH, problems faced by SHGs and different strategies to make SHGs effective. This chapter briefly explains all these aspects and also presents key findings and conclusions of the study.

7.1 INTRODUCTION AND METHODOLOGY

Chapter 1 presents the introduction and methodology of the present study. In the starting of the chapter, poverty and development issues are discussed. The study explains the poverty status in India. The main focus of all development programmes was on reduction of poverty. A lot of initiatives have been taken in this regard and to satisfy the financial need of rural poor through various measures. But all these formal financial sources and government provision of credit was not so successful to cater the requirements of poor people due to high interest rate and need of collateral to get the loan. These programmes couldn’t achieve the desired results. Once again, there was a need emerged to implement such a programme for credit through which needs of underprivileged class may be satisfied and it must be collateral free and having very low rate of interest. So, microfinance programme was initiated in response to the failure of formal financial system of government and non government organizations. Microfinance has been emerged as the innovative tool of lending to the poor and rural people. However, the results of impact of microfinance have mixed with both positive and negative outcomes. In some cases, it has been proved very effective and successful while in some other regions it didn’t show as such positive impressions. Some studies done by Hossain (1988), Todd (2001), MYRADA (2002), Mishra (2006), Sarangi (2007), Khan & Rahaman (2007), Bansal (2010), Batra (2012) and Niramala & Yepthomi (2014) etc. found the positive impact of microfinance on the income level of participants. Consequently, the studies by Morduch (1998), Coleman (1999), Develtere &
Huybrechts (2002), Mishra (2006), Sarangi (2007) etc. showed the negative impression of microfinance programme on participants because members used their loan for consumption purpose rather than production purpose. In India, microfinance has not equal progress in all regions across nation. In comparison to other regions, it has shown significant results in southern part of India.

The study further described the concept of microfinance and SHGs. Micro-credit and microfinance is the provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban areas for enabling them to raise their income level and improve living standards. The concept of microfinance was very old. It was originated since the year of 1847 across the world. In India, microfinance programme was started by ROSCA. It was also implemented in Germany, France, Latin America, South Asia, Bangladesh etc. The evolution of microfinance programme was done by Prof. Mohammad Yunus of Chittagong University, Jobra (Bangladesh). He undertook an experimental project through giving small loans (27 US dollars) to 42 poor needy persons (bamboo weavers). The success of this idea led to experimented of Grameen bank in Bangladesh in 1983. As the founder of microfinance programme, he was awarded by the Nobel Peace Prize.

Now, many NGOs at national and international level, government and non government agencies, banks, trust, societies, NBFCs etc. are working for the promotion of microfinance programme across the nation as well world. In India, RBI, NABARD, SIDBI and various other organizations are promoting microfinance programme through SHGs approach to enhance the standard of rural poor.

SHG is a approach or delivery model through which microfinance programme are promoting across the nation. SHGs is a registered or unregistered voluntary association of poor rural people of 10-20 persons, who belongs to same socio-economic background, came together and involve in savings and credit activities. SHGs are needed to satisfy their financial and social needs of rural poor. In 1976, it was originated by Prof. Mohammed Yunus in Bangladesh. The study also discussed some features of SHGs like SHGs involve 10-20 members and they meet regularly to contribute savings on monthly basis. They give name to their groups. The each group includes president, secretary, cashier, leader and ordinary members. All members are needed to be linked
with banks through opening an account. Each member has his/her individual passbook. Groups also provide training programmes to its members for engaging in economic activities.

Study also reveals that literature available on microfinance programme doesn’t provide any clear picture regarding its success. The impact of microfinance programme is still a debatable issue. There is a need to conduct a study regarding the measurement of impact of microfinance programme on participants’ income level and management structure of microfinance programme through SHGs and to access the role of SHGs in reducing the vulnerability of HH. There are hardly any study conducted in the northern region of India i.e. Haryana state. Moreover, in the Mewat district of Southern Haryana, there has been no study undertaken in this regard. This district is very poor and backward. To access the impact of microfinance programme, this district is well qualified district as a number of SHGs are working under different schemes and programmes to alleviate the poverty and mostly people are living below poverty line. The present study has been undertaken in the district of Mewat, a region which presents unique picture of rural poor people especially women. Low level of income, low literacy rate, low sex ratio, low level of skill and human development, lack of resources, lack of employment opportunities etc. are the examples of low status of Mewat district. Against this background, the study focuses on the impact of microfinance programme on employment and income level of the participants and HH’s future vulnerability to poverty. It also examines the management system and governance structure of the SHGs.

The specific objectives of the study are to examine the management practices and governance structure adopted by SHGs. It also measures the impact of microfinance programme on employment and income level of participants in Mewat district. Furthermore, the study analyses the ability of SHGs to deal with risky factors or situations faced by the HH. It discusses the problems faced by the SHG’s members and alternative strategies to make SHGs effective and efficient. The study is empirical in nature based on the mainly primary data collected through interview schedules and questionnaire. Multistage random sampling method was adopted for this study. At the first stage, out of all four regions, Gurgaon region was selected form Haryana state. In the Gurgaon region, Mewat district was selected. Further, all the blocks were selected form Mewat district. It included Nuh, F.P. Jhirka, Tauru, Punhana and Nagina. The selected schemes were MDA and SGSY/NRLM. Then, villages were selected after screening the list provided by
different officials. After screening, villages were selected randomly on the basis of highest number of SHGs and maturity of the groups. Four members were randomly selected from each of the selected SHGs including three ordinary members and one leader. A total of 320 members spanning over 80 SHGs and 80 respondents from the control group became the final sample frame. Defunct groups under these programmes were not considered for the study. Besides, primary and secondary data, literature regarding microfinance programme was also incorporated from published and documented sources. The computed data were categorized and their frequencies and percentages were calculated and presented in the form of tables and diagrams with appropriate interpretation, generalization and implications.

7.2 REVIEW OF LITERATURE

Chapter 2 presents the review of related literature regarding microfinance programme. Over the years, studies have complied evidence in relation to the effect of microfinance programmes and schemes on a wide variety of factors such as income and employment, expenditure, education, vulnerability of HH etc. There have been many studies undertaken by the various authors in different countries to access the impact of microfinance programme. Besides, many studies are also conducted by various autonomous agencies like NABARD, SIDBI, DRDA, RBI etc. Some studies done by researchers showed the positive impact of microfinance programme on participants while some studies expressed negative impact of SHGs on the members. Some studies conducted by Singh (2001) in U.P., MYRADA (2002) in Southern India, Mishra (2006) in Western and Central India, Hoque (2008) in Bangladesh etc. shows the positive results of microfinance. In this chapter, for the purpose of better understanding, the study already undertaken have been grouped under two categories i.e. impact studies related to foreign countries and studied related to India.

The positive impact of microfinance programme through SHGs approach on employment And income level of the participants, HH’s assets, vulnerability of HH etc. and on improved socio-economic status of members was confirmed in the many studies discussed in chapter 2. The available literature showed that microfinance programme have a positive impact on participants with respect to generate employment and income level, maintenance of HH’s assets, health and education, dependence on money lenders, socio-economic development of rural poor especially

Not all studies reflect only positive impact, however, there are some studies which show the negative impact of microfinance. In many cases, the participants used their loan amount for consumption purpose, HH’s expenses and health and education in place of investing amount of loan in productive activities. Due to this, they couldn’t able to earn their livelihood and the impact of microfinance on members was not so significant in terms of generation of income [Coleman (1999), Wright (2000), Singh (2003), Rajesekhar et al. (2007), Raheem (2009), Teshome (2014)]. Putting this evidence together, it is evident that there is no clear cut or definite answer regarding the impact of microfinance programme. Conclusions might differ due to the different methodology and system used in the study because of diverse interpretations done of the same research findings or because of the particular feature of the schemes studied by the researchers.

### 7.3 MICROFINANCE IN INDIA

Chapter 3 explains the concept, need, delivery models, and growth, problems, prospects of microfinance programme in India. The first of this chapter discusses the need, concept, demand and supply of microfinance services, delivery models of microfinance and its growth and development in India. There is huge need of microfinance services. Due to the inability of formal credit institutions and system to deal with the credit and financial requirements of poor effectively, microfinance programme emerged as an alternative credit system for the poor. Microfinance products include insurance plans, pension plans, medium and short term deposit, fund transfer facility and short & long term loans. Microfinance services are provided by the

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\(^1\) In International context

\(^2\) In Indian context
formal as well as informal institutions. For example, it includes MFIs, Banks, NBFCs, NABARD, SIDBI and RBI. Furthermore, chapter discusses the developments in the area of microfinance in India since inception. In India, first bank was SEWA which worked as MFI. Now, various programmes and schemes have been initiated regarding microfinance services through SHGs. For example, it includes NRLM under DRDA, SBLP of NABARD, NGOs, RMK, IMY and JRY.

As regard to demand and supply of microfinance services in India, there is huge demand for microfinance programme as estimated by the various agencies like RBI, SIDBI and Sa-Dhan. The demand side of microfinance includes laborers, Farmers, Artisans, informal sector’s workers. On the supply side, there are many MFIs, apex financial institutions and banks, federations, societies and trust. In the country, many different models of microfinance have evolved such as Group based model, NBFCs model, Individual banking, Wholesale banking, Co-operative model and JLG model. Microfinance programme has different methodology under all these models. It is implemented through various channels like Societies, Trust, NGOs, RMK, Banks, Financial Institutions and NBFCs.

This section also deals with all different microfinance programmes and schemes initiated by government of India. Besides, many formal and informal MFIs, many schemes of the government such as SGSY/NRLM, Swa-shakti, Swayamsiddha and IMY have been operated. Through SHG approach, since 1999, GOI have been implemented the poverty alleviation programmes known as SGSY (now known as NRLM) all over the country after restructuring and merging of IRDP (1977), TRYSEM, DWCRA, SITRA, GKY and MWS. NRLM subsequently renamed as Aajeevika to implement it in a mission mode across the nation. Under this scheme, between 1999-00 to 2012-13, an amount of Rs. 2877.69 crores was allocated. Total available funds were Rs. 1801.14 crores and out of this, total amount of Rs. 413.15 crores was utilized during the year 2012-13. Up to 2013, total credit mobilized amount was Rs. 33500.46 crores. Since 1999, total 4396468 SHGs formed in India under SGSY/NRLM. Out of this, 2992752 were women SHGs. Numbers of SHGs passed Grade-I & II were 3109930 and 1554301 respectively. Total numbers of 1530887 SHGs have taken up IGA. Under SGSY, total numbers of SC/ST swarojgaris assisted up to 2013 were 6050195 and 2748280 respectively. Total women swarojgaris were 11251450 up to the year of 2013. The percentage of total SC/ST swarojgaris
assisted was 46.70%, the percentage of minorities was 11.04%, and percentage of women was 61.05% and 1.57% was disabled swarojgaris. Most of the SHGs were engaged in the agricultural activities. In some states like Chhattisgarh, Jharkhand, Punjab and Uttrakhand, the performance of this scheme was not significant. Microfinance programme through SGSY have been successful in the state of west Bengal, Uttar Pradesh, Assam, Bihar, Maharashtra and Odisha. Overall, southern region showed better implementation of the scheme in comparison in other areas of India.

In India, microfinance programme was initiated by NABARD, SIDBI and RMK. NABARD’s SBLP is by far the dominant model of microfinance programme in India both in terms of number of borrowers and loan outstanding. There are three models of SBLP. It was started in the year of 1992. Since inception, more than 73.18 lakh saving linked SHGs covering over 950 crores poor HH were formed up to 2013. The total number of credit linked SHGs under the programme stood at 44.51 lakh. NABARD, during 2013-14, total amount of Rs. 36.33 crores sanctioned as grant to NGOs, RRBs, CCBs and IRVs. The total numbers of 14564060 SHGs were financed up to the year of 2013 by banks. Up to 2013, total amount of Rs. 105264.60 crores were disbursed as loan by banks. Under SBLP in India, the top ten states were Andhra Pradesh, Tamil Nadu, West Bengal, Odisha, Karnataka, Bihar, Maharashtra, U.P, Kerala and M.P in 2013. In comparison to other regions, southern and eastern region showed greater success of microfinance programme under SBLP of NABARD. Agency wise progress showed that commercial banks were better than RRBs and Cooperative Banks.

SIDBI foundation of micro credit is working in the area of microfinance programme by providing assistance to appreciate and well managed NGOs for credit lending to rural poor with a special emphasize on women taking up economic activities. In 2013, the total amount of Rs. 1810.92 crores was sanctioned by SIDBI out of which only Rs. 335.06 crores was disbursed. RMK is a national mechanism act as apex organization for channelizing funds from government and donor agencies to retailing intermediate MFIs. Since inception, all over India, RMK had sanctioned total amount of Rs. 34103.09 lakh and out of this, Rs. 22931.79 lakh had been disbursed up to 2013. The total number of beneficiaries was 717434 in 2012. In 2012-13, total of 23019 women were benefited by RMK.
In India, the number of MFIs has been increased as microfinance programme is promoting by government of India, various Banks, NGOs and Individuals as well. AGA KHAN was first microfinance bank which was established in 2002. In the mainstream MFI, there are both public and private ownership and alternative MFIs include only private sector. During the year 2012-13, the bank have been financed 453 MFIs with bank loans of Rs. 49658.68 crores and 1831 MFIs were with the outstanding loans of Rs. 98532.37 crores. The total client outreach under MFIs and SBLP were 93 millions in 2013 and the total loan amount was Rs. 616.75 billions. Among top 10 MFIs in all over India, Bandhan and SKS microfinance is leading the sector. The total of 93.6 million borrowers had outstanding loan in 2013. In Indian context, there is no uniformity among all regions regarding the numbers of SHGs formed and their involvement in the economic activities. It is clear from the section that in southern region microfinance programme has been remains successful whereas in northern and northern and northeast region, its growth is very low. In central and western region also, microfinance services has low coverage. At world level, among top 10 countries in microfinance, Peru continued to top the list with highest score.

In the current microfinance landscape in India, there is a significant change in the MPI and MPPI in several states. Manipur has taken the top position for the second consecutive year. The low MPPI ratio was in states like Bihar and U.P. Overall, Southern region is leading in penetration in MPI & MPPI both which is followed by eastern region, north region and central region on MPPI. Northern region is the worst placed on the MPI.

The second section of this chapter discusses the problems regarding microfinance programme and scheme in India. Despite the phenomenal growth in microfinance, there are also some evident challenges regarding this sector. For example, MFI has very low outreach in India as compare to the other countries like Bangladesh. There is also high degree of concentration in southern state of India within just two states i.e. Andhra Pradesh and Tamil Nadu. There is no adequate and proper monitoring, training facilities, debt management, funds management, interest rate management etc. There are also some problems regarding language barriers, irregular payments, legal issues and high transaction cost.

Last section explains the some prospects in microfinance sector. There should be separate regulatory authority for promoting and regulating SHGs. There should be proper facilities for
training and capacity building of the members. Next, this section also states some recommendations regarding the effective and efficient working of SHGs and to make microfinance programme more successful through innovative strategies. Microfinance has the unique ability to provide sustainable development services if they will be designed and implemented properly. Thus, Microfinance programme has gained a lot of significance and momentum over the last decade. The role of microfinance as the most suitable and feasible alternative in accomplishing the goal of growth and poverty alleviation is now well recognized.

7.4 MICROFINANCE IN HARYANA

Chapter 4 presents the profile of sampled district and trends of microfinance Haryana and Mewat as well. The first part of this chapter discusses the profile of Haryana and Mewat through mainly focusing on socio-economic characteristics. The population of the state was 253.53 lakh according to census of 2011 which was 2.09% if the total population of the country. Haryana had second highest per capita income in the country of Rs. 128,341 in the year of 2012-13. There are majority of Hindu in Haryana. The economy of the state grew at an excellent average annual growth rate of 8.8 percent during the period of last 8 years (2005-06 to 2012-13). Out of the total population, 27.17% was BPL HH in Haryana in 2007. Mostly BPL HH was belonged to SC category.

Mewat is 20th district of Haryana state. It is most backward and poor region in the southern part of the state. We selected this district because majority of people live in crisis. The reason for the poor growth of this district is ignorance by the policy makers and development agencies due to its location in the well developed state of Haryana. Mewat has five blocks namely, Nuh, Tauru, F. P. Jhirka, Punhana and Nagina. The total population of Mewat was 1089,406 in 2011 out of which 53,270 were BPL HH. The sex ratio and literacy rate in Mewat was 906 and 56.10% respectively.

The second part of the chapter presents the growth of microfinance programme in Haryana. Both the government and non government organizations are working for the promotion of SHGs under different projects and schemes by various agencies and departments. For example, SGSY/NRLM by DRDA, SBLP of NABARD, PAGE & Swayamsiddha by WCDD, Swa-Shakti by WAMA, SCRIA through Smridhi programme and MDA by IFAD. Besides, some banks are also helping
the promotion of SHGs to alleviate poverty in the state. In Haryana, SGSY/NRLM and SBLP are leading microfinance movement in terms of SHGs formed and loan disbursement. Under SBLP, the total members of SHGs formed was 42580 up to 2013 with the saving amount of Rs. 4030.70 lakh and loan (disbursed) amount of Rs. 5160 lakh.

Under WCDD, the first project was IWEDP, secondly PAGE was initiated and third project was IMY. IMY renamed as Swayamsiddha. It covered 17833 members under 1300 SHGs in 668 villages up to 2008. The total saving amount was Rs. 45495032 and loan amount was Rs. 41886161. Next, WDC promoted the project named Swa-Shakti in three districts covering 23 blocks ad 643 villages in the state. A total of 1550 SHGs were formed with 22009 women members. The total loan amount was Rs. 9089.16 lakh out of which bank loan was Rs. 6932.35 lakh in HWDC.

District Rural Department of Haryana promoted the SGSY/NRLM schemes to alleviate the poverty and for self employment generation in the state. Initially, IRDP (1977) was launched then converted in SGSY in 1999. In 2011, it was restructured as NRLM (Aajeevika) in India. But in Haryana and Mewat it was implemented in 2013. As regards to physical performance of SGSY, since inception, 43.96 lakh SHGs have been formed in the state. In 2012-13, 4.38 lakh swarojgaris have been assisted out of which 3.49 lakh (79.68%) were women. Under SJSRY, up to 2013, by utilizing 1163.93 lakh, loan and subsidies to 1000 individuals and 34 UW SHGs have been provided, 18114 person trained and 3193 persons are under training, 52 thrift and credit are assisted and 0.02 lakh men days are generated.

NABARD’s SBLP was started in 1997-98 in Haryana state. Up to March 2013, the total of 23194 SHGs have outstanding loan of amount Rs. 2640 millions. The total amount of Rs. 516 millions was disbursed to 3214 SHGs up to 2013. Since 1979, SCRIA has been covered 1213 villages which include 937 Sangathans and 9633 members. The total numbers of loan was 6126 and amount disbursed was Rs. 64730000. In 1997, SCRIA formed the Shakti Parishad for women to come together for helping other women fight for their right and dignity. In Mewat, MDA formed 3467 SHGs comprising 44727 members up to the year of 2013. Out of all groups, 1680 SHGs were benefited. The total saving amount was Rs. 13.75 crores and total SHG loan amount was Rs. 57.65 crores.
As regard to Mewat district, there are also various microfinance programme and schemes promoted for SHGs. For example, it includes SGSY/NRLM, SBLP, MDA and SJSRY. Some banks and NGOS are also working for the promotion of SHGs and to generate the self employment for the rural poor. This district had the history of SHG movement being started in a small way in the year of 1998. MGNREGA under DRDA issued job cards to the total number of 36849 HH. During 2013, about 69931 families got the employment. Under SGSY/NRLM, since inception, 1322 SHGs have been formed up to the 2013 out of which 985 SHGs have been passed Grade-I, 646 SHGs have been passed Grade-II and 474 SHGs have been taken up economic activities. Total allocation amount was Rs. 167 lakh in 2013 and total expenditure was Rs. 163.10 lakh. Total number of assisted SHGs and individual swarojgaris were 1091 up to 2013. The total amount of credit targeted was Rs. 438.80 lakh in 2013. The overall disbursement was Rs. 485.61 lakh under SGSY. In SJSRY, total amount of Rs. 37.33 lakh have been spent in the year of 2012-13. Under MDA, the total of 2208 SHGs were formed which has 26610 members. It covered 461 villages. The total saving amount was Rs. 14.17 crores. The loan amount issued by MDA was Rs. 66.91 crores. Total numbers of 48601 members were benefited by loan amount. Total numbers of 1879 SHGs have taken credit from bank of Rs. 18.63 crores. The total amount of Rs. 669123926 was disbursed to SHGs for IGAs under MDA. Under NABARD’s SBLP, a total of 5791 SHGs (including SHGs formed by MDA) have been formed in the district as on 31st March, 2014. Mewat district have the highest number of SHGs in the state of Haryana and the movement is well established here and is ripe for graduation to micro enterprise.

7.5 RESULTS AND DISCUSSION

Chapter 5 examines the profile of SHGs and socio-economic condition of members. The study covers 80 SHGs across the sampled district. It included 60 SHGs of MDA and 20 from SGSY/NRLM. The average number of members per SHG in the sample was 10.8 (11.2 in MDA and 10.4 in SGSY). Majority of SHGs have been linked for more than four years. Near about 41.25% of SHGs were belonged to BPL category. It has been seen that SHG’s members were belonged to different caste. The chapter also explains the socio-economic details of respondents including non-members. The profile shows that mean age of the group members was Rs. 37.3 years and 38.2 years for non-members. Caste-wise distribution of SHGs members by indicates
that OBC respondents constituted 42.19% of the total sample which was followed by SC (30.62%), General Caste (22.81%) and BC (4.38%). In control group, OBC members constituted 47.50% of the total members followed by SC (32.50%), General (16.25%) and BC (3.75%). Only 65.31% members were literate while in control group, it was 52.50%. The mean value of income after joining the group was Rs. 6334 and in control group, it was Rs. 4530. The highest numbers of BPL HH were covered under SGSY followed by MDA.

The first section examines the management and governance structure of the sampled SHGs. In 52.50% cases, number of members reduced in the SHGs mainly due to savings and repayment problems. SHG leader were elected by all members together instead of being nominated in all cases. In 81.25% cases, meetings were conducted regularly on monthly basis and called by group leader in mostly cases. As regard to the attendance of members in meetings, all members didn’t attend the meetings. In all sampled SHGs, the agenda for meetings was not predefined. Issues of the meetings were related to savings, repayment, IGAs, credit lending etc. It has been seen that in 63.75% cases, there were conflicts among members which were managed by all members themselves. All the groups maintained attendance cum minute book, meetings register, saving register, loan ledger and bank passbook with the help of group leader or members and NGO’s workers. The average amount of savings per month in the group by each member was Rs. 125 (Rs. 150 in case of MDA and Rs. 100 in SGSY). The average frequency of group loan was 2.8 per year. The average rate of interest charged by SHGs was around 18% p.a. (24% in MDA and 12% in SGSY). As far as repayment schedule is concerned, group loan was repaid regularly in 87.50% cases and bank loan in 75.64% cases. Members of SHGs (71.25%) also involved in other activities than credit and savings. All the SHGs attended training programme mostly conducted by NGOs.

A majority of members joined the group through NGO’s workers and government/bank’s officials for the purpose of promoting savings habits, to get financial support, to contribute in HH’s income and to access cheaper credit. Mostly members contributed savings from husband’s income and house expenses for the purpose of meeting emergency and basic needs of their HH. The loan amount was used by members for agriculture purpose, livestock related activities, business purpose, consumption expenditure, assets building and education of children. The sources of repayment of loan were income from financed activities and husband’s income on
monthly basis. Nearby 87.50% of members repaid loan timely. Some members made delay payment due to family expenses, livestock problem etc. A majority of members stated that amount was inadequate to meet their needs. They had also to borrow from other sources mainly due to inadequate loan amount and delay repayment of loan.

In the second section, the chapter accesses the impact of SHGs on employment and income level of the participants. Before joining the groups, only 41.56% of the total members and their HH were engaged in IGAs. In control group, it was 52.50% of total non-participants. All the members (100%) were doing economic activities on individual basis. Mostly members were involved mainly in agricultural activities, livestock related activities, fodder, bangle shop, hand fan and Kiryana store. It has been seen that after joining the SHG, near about 70.62% of members and their HH had started economic activities (74.17% in MDA and 60% in SGSY). Out of all members who were engaged in IGAs, majority of respondents claimed that they were involved in the activities related to livestock, agriculture, fodder, floor mill, shoe making, basket making, mudha making, bakery/kiryana store and bangle shop. Members selected their economic activities through discussion in the group and NGOs. The result shows that highest average income was observed in MDA (Rs. 3571.37) followed by SGSY (Rs. 2477.08). The results of Z test shows the significance difference in the level of income earned under the both programmes. As it is clear from tabulated data, not all the members were involved in IGAs even after joining the SHGs but through SHGs, some member earned their livelihood and increased their income level and some of the members also improved their living condition and helped their HH in satisfying their basic needs as priority and provided education to their children. Now, through microfinance programme, mostly members have been well settled and educated. Also, paired t-test is used to measure the significance of difference between the mean incomes of participants. The test shows that the difference between the mean incomes of the participants of the programme in the pre and post situation is significantly different at one percent level under both programmes. Furthermore, mostly members (76.11%) faced the problems regarding economic activities. For example, loss to livestock, fodder related problems, poor sales and high rate of raw material. For the purpose of resolving these issues, there should be proper and adequate arrangement of extra money, marketing related training facilities and awareness programmes, transportation facilities, availability of better quality of raw material at low cost.
In third section, on the issues of microfinance and vulnerability, the study found that a large numbers of members have benefited by the SHGs to deal with risky situations faced by their HH. Out of all, about 75.63% of members reported that they perceived risk due to illness, alcoholism/gambling, agricultural loss, livestock loss and business loss/failure. While in control group, 88.75% of total non-participants claimed that they faced the risky situations. Out of all respondents who have faced the vulnerability, 95.45% claimed that microfinance helped them to reduce their vulnerability (93.64% in MDA and 100% in SGSY). On the issues of the role of SHGs, 96.54% further stated that microfinance helped them in providing cash in tough situations. It was followed by money management (56.71%), smooth consumption (39.83%), increasing HH’s income (39.83%) and promotion of self assurance with savings (34.63%).

In last section, the econometric analysis using OLS Model and Logit Regression Model shows that microfinance has significant impact on employment & income level of the participants and vulnerability of HH. The results of OLS model show that the amount of loan plays a significant role in the improving the income level of the HH. Logit model shows that the loan amount play a very significant role in reducing the risk faced by participants as higher the loan amount disbursed, the higher the possibility of reducing risk. The use of loan for productive purpose and income earned from IGAs also helped members to deal with risky situations up to a limited extent.

7.6 PROBLEMS AND SUGGESTIONS

Chapter 6 discusses problems encountered in microfinance programme and schemes by SHG’s members. It also provides some suggestions based on the results. The study identifies the various problem such as irregular group meetings, maintenance problem of books/accounts, use of loan for consumption purpose, unequal power equation in group, defaults in repayment by members, inadequate training for IGAs, inefficient monitoring, emphasis on loan not on IGAs, banking problems, lack of family support, problems with officials of banks and agencies and marketing problems. The solutions for all these problems lie in focusing on the promotion of livelihood and economic activities. There should be different lending strategies, IGAs diversification and promotion, proper grading exercise, adequate training facilities for economic activities, emphasize on quality of SHGs, regular meetings, timely repayment of loan amount, marketing
support and assessment, involvement of NGOs in groups, wider publicity and coordination among agencies, organizations and banks.

7.7 CONCLUSION

Microfinance programme has evolved as a development tool over the last three decades. As far as methodologies is concerned, there are various different models to deliver microfinance services and schemes to the rural ad poor members. In last ten years, this sector has achieved a great success in outreach of financial services to the participants. However, the impact of microfinance on poverty and income level is not successful all over the nation. In northern, eastern and central region, it has experienced low growth. The literature available on microfinance programme claimed that it enabled people to earn their livelihood, to generate self employment and to improve their socio-economic conditions. The study had found a remarkable change in the socio-economic condition of the participants. In this study, SHGs has significant impact on employment and income level of participants. It also helped members to reduce the vulnerability of their HH. The SHGs have made an enduring impact on the lives of participants particularly in the rural and backward area like Mewat district. There is an increase in their income, savings and consumption expenditure. However, in the backward area like Mewat district, there is need of some innovative programmes and schemes to alleviate poverty and to improve the living conditions of the people. There should be such services which provide more finance to participants and opportunities for the economic activities so that they can improve their income level through generation of self employment. The study concluded that microfinance is a necessary but not a sufficient programme for poverty alleviation and enhancing the socio-economic conditions of rural poor. There is also need of identification of livelihood opportunities, emphasis on IGAs, use of loan for productive purpose, training programmes regarding micro entrepreneur skill and awareness, marketing support and capacity building of members. Due to lack of many factors, members were engaged more in agriculture and livestock related activities than other IGAs. Further, there should be adopted such innovative strategies which help in making microfinance programme more successful. However, microfinance programme in the Mewat district helped members in income generation and reduction of vulnerability of their HH but there is also a need for some strategies to generate self employment and for the better management of SHGs.