CHAPTER – VIII

FINDINGS AND SUGGESTIONS
neeD FOR THE STUDY:

Notwithstanding the progress made over the decades, majority of the rural population still does not appear to have access to finance from a formal source, according to the Rural Financial Access Survey (RFAS) 2003. Some 59 per cent of rural households do not have a deposit account and 79 per cent of rural households have no access to credit from a formal source. The problem of access is even more severe for poorer households in rural areas.

Indeed, bank branches in rural areas appear to serve primarily the needs of richer borrowers. Some 66 per cent of large farmers have a deposit account; 44 per cent have access to credit, meanwhile, 70 per cent of marginal farmers do not have a bank account and 87 per cent have no access to credit from a formal source.

Presently, the microfinance scenario needs to be reviewed for emerging trends, concerns and growth prospect. Since its humble start in the late 1980s, the SHG-bank linkage movement had taken off in 1992 and is today the largest in the world. As per current growth rates, by 31 March 2007, NABARD aims at linking 2.5 million SHGs involving 325 million poor households with the help of 5,000 NGOs and 1,000 microfinance institutions. It is interesting to note that as per government estimates, 25 per cent of the world’s 100 million poor are in India. There will be a tremendous demand for quality NGOs and microfinance institutions in India in the next few years.

The poverty-alleviation and government sponsored schemes in banks have problems in implementation, more with NPAs than the other schemes. Thus, the rural banking institutions are out of step with the changing rural credit requirements and are
unable to come up with systems and credit / savings instruments as required by the rural clientele.

Under these discomforting and pathetic conditions, that the rural poor were facing, microfinance activity has come into force as the saviour to redeem them from the clutches of the poverty and unemployment. However, the question that how best this Micro finance programme has been really benefiting the beneficiaries still remains to be examined. The present study under reference is one such an attempt to assess the performance of the SHG network of the microfinancing programme in terms of its generation of income and employment of the beneficiaries in the sample district in Andhra Pradesh state.

ORGANIZATION OF THE STUDY:

9. The first chapter deals with the introduction.

10. The second chapter deals with the objectives, methodology and review of literature of the study.

11. The third chapter studies the profile of the study area and the sample respondents.

12. The fourth chapter assesses the contribution of various financial institutions in support of microfinance in India.

13. The fifth chapter evaluates the impact of Microfinance on the income and employment generation of the respondents under both Govt. SHGs and MFI SHGs in the study area.

14. The sixth chapter assesses the performance of the loan amounts sanctioned, actual utilization of the amounts sanctioned and repayment of loans by the respondents under both Govt. SHGs and MFI SHGs in the study area.
15. The seventh chapter elicits the views and opinions of the sample beneficiaries with regard to the role and working of the SHGs and the problems being faced by the respondents under both Govt. SHGs and MFI SHGs in the study area.

16. Finally findings, conclusions and suggestions are presented in the eighth chapter.

**OBJECTIVES OF THE STUDY:**

The major objective of the study is to assess the performance of the microfinance programme in terms of generation of income and employment of the beneficiaries under Govt. SHGs and the SHGs run by Private MFIs in Guntur District of Andhra Pradesh. The following are the specific objectives.

vii) to understand the socio-economic profiles of the sample beneficiaries of SHGs of the microfinancing programme;

viii) to assess the contribution of various financial institutions in support of the micro finance programme in India;

ix) to evaluate the impact of microfinance on income and employment generation of the sample beneficiaries under Govt. SHGs and those operated by Private MFIs, as a comparative study, to know the variance in their contribution.

x) to examine the pattern in the sanction of loans, their utilization and repayment by the sample beneficiaries under the Govt. SHGs vis-à-vis the Private MFIs.

xi) to elicit the views and opinions of the sample beneficiaries on the role, functioning and operation of the Govt. SHGs and those operated by Private MFIs.
xii) to suggest suitable policy measures that could be followed by the policy-makers to make the microfinance a useful one to the beneficiaries.

METHODOLOGY OF THE STUDY:

Scope of the Study:

This study covers a time period of six years from 2005 to 2011, for the purpose of secondary data. The data have been used for the evaluation of the performance of the prominent institutions like NABARD, Commercial Banks, RRBs and DRDA, which are closely associated with the development of microfinance in India.

Similarly, primary data pertaining to the opinions, views and perceptions of the beneficiaries are collected through a questionnaire during November 2008 and February 2009 from the study area.

Guntur District of Andhra Pradesh state was purposively chosen for the study since the researcher hails from the same district.

Statistical Tools adopted:

The data were analysed with the help of tables, percentages and compound annual growth rates in addition to some statistical tools like ANOVA and tests of significance.

Sampling Technique:

A multi-stage-stratified-random-sampling technique is used for the finalization of the size of sample beneficiaries for the study. Two groups of sample beneficiaries were selected for having a comparative study – The first group of sample beneficiaries is selected from Govt. SHGs and the second group of beneficiaries
represents the SHGs operated by the Private MFIs in Guntur District of Andhra Pradesh.

In the first stage two mandals were selected from each of the three Revenue Divisions – Guntur, Narasaraopet and Tenali – of the Guntur District. One mandal with the largest number of Self Help Groups and another with the lowest number of SHGs. Thus six sample mandals were selected for the study.

In the second stage, two sample villages from each of the six sample mandals were selected, one representing the largest number of SHGs and the other representing the lowest number of SHGs. Thus the total number of sample villages selected was 12.

In the third stage, 6 SHGs were chosen at random from each of the 12 sample villages – thus taking a total number of 72 sample SHGs. Similarly, from each of the 72 samples SHGs, three households (beneficiaries) were chosen at random, thus making the total sample size of the beneficiaries 216, having equal number of beneficiaries from SC/ST, BC/Minorities and Other communities. The same procedure was adopted for choosing the households for both Govt. SHGs and the Private MFIs.

Limitations:

The study is limited only Guntur district of Andhra Pradesh state. Because of the time and the financial constraints the study is restricted the size of sample to 216 beneficiaries from each of the Govt., and Private microfinance agencies. However, it is reasonably sufficient number to generalize the inferences. The study could not cover other legal and administrative aspects which govern the operation of the microfinance programme.
FINDINGS:

1. Institutional Support to the Microfinance:

- The NABARD provides refinance support to banks to the extent of 100 per cent of the bank loans disbursed to SHGs. When observed during 2010-11, the NABARD extended refinance to the extent of Rs. 2,545.36 crore as against Rs. 3,173.56 crore disbursed during the previous year, registering a declining growth rate of 19.8 per cent.

- The creation of Micro Finance Development and Equity Fund (MFDEF) by NABARD is a significant step forward in the promotion of Microfinance activity and its contribution was significant.

- In the Training and Capacity Building, there was a forty fold rise in the number of programmes conducted by NABARD during a very short span of only four years between 2006-07 and 2010-11. Similarly, there was an impressive growth of 10 times in the number of participants, who got benefited by the programmes of NABARD during the same period.

- The Micro Enterprise Development Programme (MEDP) is very useful to the matured SHGs to enhance their income levels through appropriate skill-upgradation on farming and non-farming activities under this programme. Thus, the number of programmes has increased and the coverage of participants also increased every year, but in 2009-10 the number has fallen down showing a negative growth rate.

- In the case of Grant Support to Partner Agencies for Promotion and Nurturing of SHGs, during 2006-07 and 2009-10, considerable amounts were sanctioned by NABARD to the agencies – (Co-operatives, RRBs, NGO’s, Farmers’ Clubs and IRVs (2023)), every year more than 59,000 SHGs were sanctioned with the grant.
The cumulative sanctioned amount of Rs. 14,622 lakhs for 5,80,000 SHGs was significantly large. It can therefore be concluded that the NABARD has discharged its function in the promotion of Microfinance activity considerably.

At the end of 31 March 2010, the number of SHGs promoted were 21,868, of which 12,749 have been credit linked. In addition, 676 village level and 15 block level SHG Federations were formed under Phase I and II. All this shows that the contribution of the NABARD for scaling up SHGs through special initiative is encouraging and satisfactory.

In order to help these MFIs to access funds from banks, the NABARD introduced a scheme wherein the financing banks like Commercial Banks, Regional Rural Banks and Cooperative Banks were extended financial assistance by way of grants to engage the services of rating agencies like CRISIL, M-CRIL, ICRA, CARE and Planet Finance to take up the rating of such MFIs. During 2010-11, Rs. 19.04 lakh was prvided to the Banks for rating of 15 MFIs.

During 2009-10, under capital support to MFIs scheme, 10 proposals amounting to Rs. 6.87 crore were sanctioned to 10 MFIs and disbursed Rs. 7.87 crore. The outstanding under capital support as on 31 March 2010 was Rs. 24.17 crore against 13 MFIs. As many as 40 MFIs have so far been sanctioned capital support to the extent of Rs. 2,739.67 lakh during the year 2010-2011.

Till 31st March 2011, as many as 42 MFIs were sanctioned RFA to the extent of Rs. 6,078.60 lakh. The actual amount drawn was Rs. 5,725.40 lakh and the outstanding as on March 2011 was Rs. 4,615.19 lakh.

Formal Financial Institutions in the country have been playing a leading role in the microfinance programme for more than two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the
necessary momentum. During the current year too, microfinance has registered an impressive expansion at the gross root level.

The detailed account of the NABARD’s contribution in the promotion of microfinancing activity in India, as picturised above, indicates clearly that its role was sufficient and impressive as far as the physical dimensions like number of SHGs assisted, amounts sanctioned and other promotional activities taken up are concerned.

In respect of savings by SHGs the performance of the Commercial Banks was better when compared to other Banks. However, in the case of Co-operative Banks, though there was year-wise increase, their share was continuously the lowest. It can be concluded that, the Commercial Banks are playing a very crucial role in attracting the savings from SHG members. In fact, only those SHGs which save in the banks continuously for six months, then only are eligible for borrowing loans from the same banks.

Commercial Banks have better performance in the distribution of loans to SHGs when compared to other Banks. The Co-operative Banks have shown increase year-wise. In the case of Regional Rural Banks, year wise loan distribution percentages were gradually falling. It can be concluded that, the Commercial Banks have provided more loans to SHGs, thus majority of SHG members got the uplift from economic hurdles.

Commercial Banks have the highest outstanding loans due from SHGs when compared to other Banks, but in the case of Regional Rural Banks, they could provide the loans to a small number of SHGs, but outstanding loans are high.

It is observed that the Commercial Banks have showed the largest share of Non Performing Assets NPAs (more than 50%) of the total NPAs of all the institutions
put together in 2007-08. It is further observed, that this percentage has gradually
gone up to 65 in 2009-10 and 72.38 in 2010-11. The RRBs could bring down its
share from 41 per cent to 18 per cent only.

2. Impact of Microfinance on Income and Employment generation:

The income of respondents has exceptionally gone up after joining Govt. SHGs.
The Narasaraopet Revenue Division has shown the best performance when
compared to the remaining two Divisions. In the case of the number of
respondents getting income below Rs. 1,00,000/- income category has declined
from 103 (47.7%) before joining the Govt. SHGs to 43 (19.9%) after joining
Govt. SHGs.

There is no significant deviation in statistical terms of income generation among
the Revenue Divisions before joining and after joining SHGs periods under Govt.
SHGs.

The income of respondents has exceptionally increased after joining MFI SHGs.
The Guntur Revenue Division has shown the best performance when compared to
the remaining two Divisions. The number of respondents getting below Rs.
1,00,000/- income has fallen from 132 (61.1%) before joining MFI SHGs to 59
(27.4%) after joining MFI SHGs. Statistically there is no significant difference
among the Revenue Divisions Tenali, Guntur and Narasaraopet in income
generation of the respondents “before and after joining SHGs” under MFI SHGs.

In respect of OC community, the number of respondents who were getting income
beyond Rs. 1,50,000/-, has gone up from just 29 (40.2%) to 54 (75%) after joining
Govt., SHGs. Even in respect of SC & ST community, the number of respondents
getting income beyond Rs. 1,50,000/-, has gone up from just 11 (15.2%) to as
high as 32 (44.4%). There is a significant difference among the respondents of the
The total number of respondents getting income below Rs. 1,00,000/- has fallen down from 132 (61.1%) before joining MFI SHGs to as low as 59 (27.4%) after joining MFI SHGs. Statistically there is a significant difference among the OC, BC & Minorities and SC & ST communities in Income generation before and after joining SHGs under MFI SHGs.

All the beneficiaries having ‘Intermediate and Technical’ qualification were getting income beyond Rs. 1,50,000/- after joining Govt. SHGs. A significant difference was found among the respondents belonging to various Educational levels viz. Primary, SSC, Intermediate or Technical, Graduate and Illiterate in income generation before and after joining SHGs under Govt. SHGs.

In case of ‘Primary’ educational level, the number of respondents getting income of Rs. 1,50,000/- and above has increased from just 7 (7.9%) before joining MFI SHGs to 33 (37.5%) after joining MFI SHGs. In other words 22 (25%) were getting income less than Rs. 1,00,000/- after joining MFI SHGs. Statistically, there is a significant deviation in statistical terms in the income generation of the respondents before joining SHGs among the educational levels. But in after joining SHGs, income generation of the respondents among the educational levels, there is no significant difference.

The respondents belonging to ‘others’ and ‘labor’ occupation categories only were getting income below Rs. 1,50,000/- even after joining the Govt., SHGs. In other words 55 per cent of ‘others’ and 65 per cent of the ‘labors’ were getting income below Rs. 1,50,000/- even after joining the Govt. SHGs. Statistically, there is a significant difference in income generation of the respondents of different communities OC, BC & Minorities and SC & ST in Income generation before and after joining SHGs under Govt. SHGs.
Occupations like Cultivation, Labour, Business and Others before and after joining SHGs under Govt. SHGs.

The respondents of ‘labour’ category only were getting income below Rs. 1,50,000 even after joining the MFI SHGs. In other words 48 per cent of the labours were getting income of below Rs. 1,50,000 even after joining the MFI SHGs. Thus a significant difference was found in income generation of respondents of Occupations like Cultivation, Labour, Business and Others before and after joining SHGs under MFI SHGs.

The 76 per cent of the respondents of ‘Owned Land’ category were enjoying income above Rs. 1,50,000/- after joining Govt. SHGs. Even after joining Govt. SHGs, 38 per cent of the respondents of ‘No Land’ categories were getting income below Rs. 1,00,000/-. When statistically observed the F-statistic value (F calculated value is 10.43 and P calculated value is 0.000) at 5% level of significance of ANOVA One Way explains that there is highly significant difference among the ‘ownership of land’ category in terms of income generation of before joining SHGs. In the case of income generation after joining SHGs the same conclusions are made, the F-statistic value (F calculated value is 4.46 and P calculated value is 0.005) of the ANOVA One Way is significant at 5% level.

The 67.3% of the respondents of both ‘Owned land and Leased out’ land categories were enjoying income above Rs. 1,50,000 after joining MFI SHGs. In statistical terms the F-statistic value (F calculated value is 12.52 and P calculated value is 0.000) at 5% level of significance of ANOVA One Way explains that there is significant difference among ‘ownership of land’ categories in terms of income generation of before joining SHGs and the same conclusion is drawn in respect of the income generation of different ‘ownership of land’ categories. After
the SHG membership, the F-statistic value (F calculated value is 13.53 and P calculated value is 0.000) of the ANOVA One Way is significant at 5% level.

The number of days of employment has significantly gone up for the respondents after joining SHGs. Guntur Revenue Division has shown better performance when compared to the remaining two Divisions. Finally, the number of respondents falling under 180 days employment has also gone up from 28 before joining SHGs to 53 after joining SHGs. Statistically, there is no significant difference among the Revenue Divisions Tenali, Guntur and Narasaraopet in employment generation of the respondents before and after joining SHGs under Govt. SHGs.

There was tremendous change in employment generation after joining MFI SHGs. The role of MFI SHGs was highly appreciated. Narasaraopet division has projected better performance when compared to the remaining two Divisions. Finally, the number of respondents falling ‘below 180 days’ category decreased from 62 to 22. Statistically there is no significant difference among the Revenue Divisions Tenali, Guntur and Narasaraopet in employment generation of the respondents before and after joining SHGs under MFI SHGs.

The total number of respondents getting employment for below 240 days has sharply fallen down from 143 (66%) before joining SHGs to as low as 53 (24%) after joining SHGs. There is a significant deviation in statistical terms in the employment generation of the respondents before joining SHGs among the communities. But after joining SHGs, employment generation of the respondents among the educational levels there is no significant difference.

In respect of SCs & STs, respondents of communities getting employment for 240 days and more had exceptionally gone up from 18 (25%) to 45 (61.1%) after joining SHGs. Even in respect of BC & Minorities the number of respondents
getting employment beyond 240 days went up from 17 (23.6%) to as high as 44 (61.1%). Statistically there is no significant difference in employment generation of respondents of the communities OC, BC & Minorities and SC & ST before and after joining SHGs under MFI SHGs.

In respect of Illiterates, the number of respondents getting employment for 240 days and above has gone up from just 13 (31%) before joining SHGs to 31 (74%) after joining SHGs. In other words only 11 respondents – 26 per cent were getting less than 240 days employment after joining SHGs. Statistically there is no significant difference in employment generation of the respondents belonging to different Educational level like Primary, SSC, Intermediate or Technical, Graduate and Illiterate before and after joining SHGs under Govt. SHGs.

The largest number of respondents i.e. 59 (67%) belonging to Primary educational level was getting employment beyond 240 days after joining MFI SHGs. Statistically there is a significant difference in employment generation of the respondents among the educational levels like ‘Primary’, ‘SSC’, ‘Intermediate or Technical’, ‘Graduate’ and ‘Illiterate’ before joining SHGs under MFIs, where as there is no significant difference in terms of employment generation of the respondents after joining SHGs among the educational levels under MFI SHGs.

Mostly the respondents from ‘Cultivation’ occupation category have been benefited largely – respondents 79, 70 per cent. Similarly only 14 respondents belonging to ‘Business’ occupation were getting 240 days and above employment after joining SHGs under Govt. SHGs. There is much significant deviation in statistical terms in employment generation of respondents of different occupations before joining SHGs and after joining SHGs.
Only the respondents belonging to occupations of ‘Cultivation’ and ‘Labor’ were getting below 240 days of employment even after joining the MFI SHGs. In other words, 57.4% of the ‘cultivators’ and 36.1% of the ‘labourers’ were getting employment below 240 days even after joining the MFI SHGs. There is much significant deviation in statistical terms in employment generation of the respondents of different occupations before and after joining SHGs.

45 per cent of the respondents of ‘No Land’ category and 36 per cent of the respondents of ‘Leased out and Owned Land’ categories of Govt. SHGs were getting employment below 180 days even after joining SHGs. Statistically, there is a significant difference in employment generation of the respondents by ‘Ownership of Land’ before and after joining Govt. SHGs.

While only 33 per cent of the respondents belonging to ‘No Land’ categories were getting employment above 240 days before joining MFI SHGs, their percentage has gone up to more than 80 after joining SHGs. There is much significant deviation in statistical terms in employment generation of the respondents of the ‘Ownership of Land’ before and after joining SHGs.

3. **Linkage-wise loan utilization and repayment performance under Govt. SHGs and MFI SHGs – A Consolidated view:**

In the Govt. SHGs only a small number of 17 beneficiaries out of the total 216 have reached the fifth linkage. In other words, a large number of 183 beneficiaries were dropped out during various linkages. This indicates that the SHGs were not that much successful in terms of the retention of their members over the successive linkages persistently to the logical end. Hence only a few members were successful in income / employment generation under SHGs for a long time.
According to Division-wise analysis, in Tenali Division only 9 beneficiaries have reached up to fifth linkage out of the 17 beneficiaries who could reach that stage. Similarly, out of the 17 successful beneficiaries as many as 10 belong to SC & ST only and 9 beneficiaries belong to ‘Primary’ educational level. A large number of 14 beneficiaries happened to belong to ‘Cultivation’ and ‘Labour’ category under Govt. SHGs.

Seen Revenue Division wise, Tenali and Narasaraopet Revenue Divisions under MFI SHGs have 8 beneficiaries each while Guntur Revenue Division got only 4 such beneficiaries. Similarly, SC & ST communities represent the largest number of 13 beneficiaries and Primary & SSC categories got 16 beneficiaries. Occupation-wise, again it was the Labour & Cultivation categories that got 18 successful beneficiaries.

To sum up, there are certain similarities found between Govt. SHGs and MFI SHGs:

m) Under both groups of SHGs, the successful number of beneficiaries that reached up to fifth linkage was very poor.

n) The utilization of loans therefore must be said to have not been encouraging and hence heavy dropouts of beneficiaries between first and fifth linkages.

o) Tenali Revenue Division got the largest number of successful beneficiaries under both the groups.

p) Compared to other communities, beneficiaries belonging to SC & ST communities got the largest number of successful beneficiaries.
q) Beneficiaries belonging to ‘Primary’ and ‘SSC’ level of education possess the largest number of successful beneficiaries.

r) Beneficiaries belonging to ‘Cultivation’ and ‘Labour’ represent the largest number of successful ones.

4. Opinions of the Respondents:

It is quite interesting to note that except one, all the respondents in Govt. SHGs have borrowed loan from the Commercial Banks. Quite contrary to this, a large majority of 142 respondents in MFI SHGs did not borrow any loan from Commercial Banks and 87 per cent of them borrowed from other sources to the tune of Rs. 30,000/- each.

In the case of Govt., SHGs, out of the 30 beneficiaries who know the Rules well, as many as 24 beneficiaries i.e. 80 per cent belong to OC, SC & ST communities. Similarly 69 per cent of the beneficiaries who partially know the Rules are from OC, BC & Minorities communities. Of the 29 beneficiaries, who did not know the Rules as many as 24 members belong to SC & ST communities.

Coming to MFI – SHGs, contrary to Govt. SHGs, about 80 per cent of the beneficiaries did not know anything about the Rules. It is also found from the data that irrespective of the community, the beneficiaries are ignorant of the loans. It is discouraging to note that only 6 members are aware of the Rules fully.

Out of the 216 beneficiaries 55 per cent of them from Govt. SHGs and 86 per cent from MFI SHGs represent this non-institutional source of motivation.

About 13 per cent of the beneficiaries of Govt. SHGs also expressed that they joined SHGs for availing loan on low rate of interest and about 10 per cent of MFI beneficiaries have joined the SHGs to increase their social status.
Out of the 181 beneficiaries who have taken loan, 171 borrowers have repaid loans. The repayment performance is good in all the communities equally.

More than 85 per cent of the beneficiaries of Govt., SHGs got income generation through their main loan account. Similar trend is observed in the case of MFI SHGs also.

The magnitude of lack of education is a drawback of 83 per cent of beneficiaries in Govt. SHGs and about 96 per cent of beneficiaries of MFI SHGs suffer from the same drawback. It can therefore be concluded that education is important for the members.

Out of the 216 beneficiaries a large majority of 68 per cent members of Govt. SHGs and 98 per cent members of MFI SHGs expressed negative response on the question of training by the government irrespective of their community.

While 77 per cent of beneficiaries of MFI SHGs and 43 per cent of beneficiaries of Govt. SHG have expressed that the functioning of SHGs is satisfactory, especially in the Govt., SHGs a large number i.e. 41 per cent of beneficiaries belongs to SC & ST community expressed their satisfaction about the SHGs.

Out of the total 216 Govt. SHGs beneficiaries, 55 per cent of them i.e. 118 got more loans while the other 97 borrowers i.e. 45 per cent could not express any suggestion. Irrespective of their community, 118 members have expected more loans from the SHGs. However the opinions of the MFI members are entirely different. It appears from the table, that they want loans at lower rate of interest.

The members of Govt. SHGs have visited the banks twice and more than twice for getting loan sanctioned. While 50 per cent had to go to the bank twice and another 48 per cent had to go to the bank more for than two times.
Out of the 216 sample borrowers, about 78 per cent i.e. 170 members waited for less than 15 days for loans. Only 21 per cent of the borrowers had to wait for more than 15 days. This problem was more severe in the case of SCs and STs beneficiaries only. There were no community-wise deviations among those who availed loans in less than 15 days.

A large percentage i.e. 89 per cent of members irrespective of their communities expressed that they were satisfied with the terms and conditions of the loan. Only 9 members constitute 4 per cent mostly belonging to OC community have expressed that they were not satisfied with terms and conditions.

More than 92 per cent of the respondents, representing all communities expressed that they have repaid the loans through their income generation, whereas less than 8 per cent of members responded that they could not repay their loans from their own incomes.

In the case of Govt., SHGs there is no significant difference regarding the respondent’s opinion among the Educational levels, but in the case of MFI SHGs there is a significant difference regarding their opinion. It can also be concluded that there is a significant deviation statistically among the Occupations-wise of the respondents’ response on ‘Problems in maintenance of book of account and keeping other records’ under the both Govt. SHGs and MFI SHGs.

It is observed that some groups were non-performing groups. Around 5 per cent of respondents of Govt. SHGs and 2 per cent of MFI SHGs stated that the groups activities slow down after 2-3 years. Besides these factors, group conflict is the major factor responsible for non-performance and winding up of the group activities.
II. SUGGESTIONS:

The following suggestions are made based on the findings of the study:

- The study has revealed that there is a positive contribution of Microfinance to the beneficiaries in terms of employment and income. So in training programmes should be conducted with involvement of NGOs’ to educate rural women about possible ways and means of availing themselves of micro finance under NABARD refinance scheme.

- The profiles of the beneficiaries have shown that old age people are away to SHGs. Efforts should be made to involve SHG members among old age group and large size family group.

- The study has sufficiently revealed that Public Sector Banks are the government should provide more loan amount through nationalized banks under micro finance scheme.

- Efforts should be made to increase the regular participation of SHG members in group activities, since this sort of exercise will create more awareness and empowerment among them.

- It is identified that some of the SHG women members have not consulted partner NGOs in availing themselves of benefit of government programmes through them. Hence they should be motivated to consult the partner NGOs.

- There is a need to increase the confidence level among SHG members in the sample villages through capacity building programme as their confidence level is low.

- The SHG members should be trained on micro entrepreneurial activities with the involvement of NGO’s and civil society.
Most of the beneficiaries have diverted their loans to consumption purpose and didn’t use the loans for which they were given originally. Hence there was a repayment problem from such beneficiaries. This problem has led to dropping out such defaulters in the successive linkages. Hence proper inspection of loans and education to the beneficiaries are the need of the hour. More amounts should be given to them even for meeting the consumption purpose.

The government should make effort to market the products manufactured by women self help groups under micro entrepreneurial system and linking the same to loan repayment.

The members of women self help groups should be involved in participatory rural appraisal as they are familiar with rural infrastructure and rural resources with a view to prepare micro level plan.

The members of women self help groups should be involved in rural environmental management in the farm of cultivating and maintaining tree crops and social forest programme.

Delay in sanctioning loans and also redtapism in the bank and in DRDA office must be curbed by proper supervision.

The bank need not insist the members to submit ‘No Dues’ certificates for sanctioning new loans, by taking into account the nature and the progress of the group.

As the majority of SHGs are facing lot of inconvenience regarding accommodation, the Government has to initiate to construct Community Halls in the villages.

Necessary steps should be initiated to solve the problems of shortage of the supply of raw materials.

Sufficient training has to be imparted to the SHGs members and to group leaders taking into account their interest and educational standards.