

**WOMEN EMPOWERMENT THROUGH MICROFINANCE  
IN DINDIGUL DISTRICT OF TAMIL NADU – AN  
ECONOMIC ANALYSIS**

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# I. INTRODUCTION

In India, majority of the people live in rural areas and are engaged in agriculture, earning a subsistence wage. Development which has been focused on them seems to have just passed by them. In India out of the 147.90 million rural households in the country around 60 per cent are cultivation households out of which 5.1 per cent of the households *i.e.* over 200 million are not indebted at all. Eighty-eight per cent of the indebted categories are headed by small/marginal farmers with holding less than 2 hectares (Throat, 2005). Therefore to finance this category of the poor, there is an obligation to create opportunities where credit can be used in a meaningful way.

## Status of women

The Human Development Report in 1995 quoted that out of 1.3 billion poor people are living in developing countries, 70 per cent are women. Poverty among rural women is growing faster than rural men. Women in India form 89 per cent of the informal and unrecognized sector. Women make up for one third of the World's population by virtue of an accident of birth, perform two thirds of World's work, receive the one tenth of its income and own less than one hundredth of its property. In India, women produce 30 per cent of the food commodities consumed by the country but earn only 10 per cent of income and own 10 per cent of the property or wealth of the country. Therefore there is an urgent need to organize rural women in small groups to empower them socially, economically and politically. The process of economic development would be incomplete and lopsided unless women are fully involved in it. Emancipation of women is an essential pre-requisite for economic development and social progress of the nation.

## Empowerment of women

In recent years, empowerment of women has been recognized as a central issue in determining the status of women. Empowerment is an active process of enabling women to realize their full identity and power in all spheres of life. Women empowerment concept was introduced at the international women's conference in 1985 at Nairobi. Empowerment of the deprived begins with their ability to voice their opinion through the process of consensual, political dialogue, backed up by access to education. Women's empowerment and their full participation as the basis of equality in all spheres of society are fundamental for the achievement of equality, development and peace. The empowerment process encompasses several mutually reinforcing components but begins with and is supported by economic independence which implies access to and control over production resources.

The role played by Self Help Groups in the field of empowering women particularly in the rural areas is being recognized. In India, there is a silent revolution made by the SHGs to uplift the economic condition and empowerment of women. The SHGs are characterized in empowerment of women through focusing attention on women below the poverty line to provide self employment by imparting training in different activities and improving the available local skills improves the status of women in the family as well as in the society, creates better awareness to health, education and environment among rural people. Promotes and ensures the human rights of women and at all stages of their life. It offers not only economic opportunities but also a change to learn new skills, make wider social contacts and experience. It creates an environment through positive economic and social policies for full development of women to enable them to realize their full potential. Thus the SHGs certainly play an important role in women empowerment. Since the overall empowerment of women is crucially dependent on economic empowerment, these SHGs could generate income and employment to build their empowerment.

All round development of women has been one of the focal points of planning process in India. The first five year plan (1951-56) envisaged number of welfare measures for women. Establishment of Central Social Welfare Board (CSWB), organization of Mahila Mandals or Women's clubs and the community development programmes were a few steps in this direction. In the second five year plan (1956-61), the empowerment of women was closely linked with the overall approach of intensive agricultural development programmes. The third and fourth five year plans (1961-66 and 1969-74) supported female education as major welfare measure. Similarly, the fourth five year plan (1969-74) continued emphasis on women's education. The fifth five-year plan (1974-79) emphasized training of women, who were in need of income and protection. In 1976, women's Welfare and Development Bureau was setup under the ministry of social welfare. The sixth five year plan (1980-85) saw a



definite shift from welfare to development. The seventh plan (1985-90) emphasized the need for gender equality and empowerment. The eighth five year plan (1992-97) focused on empowering women, especially at the grassroots level, through Panchayati Raj Institutions. The ninth five-year plan (1995-2000) adopted a strategy of women's component plan, under which not less than 30 per cent of funds/benefits were earmarked for women specific programmes. The tenth plan (2002-07) approach aims at empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action and ensuring survival, protection and development of women and children through rights based approach.

#### Microfinance

Microfinance (MF) has become, in recent years, a fulcrum for development initiatives for the poor, particularly in the Third World Countries. The need for rural credit in India has been recognized even before independence by the erstwhile British Government as early as 1793 when it issued regulations for Taccavi loans to farmers. The cooperative credit societies act passed in 1904 provides necessary legislative support to the financing of agriculture. Till late fifties, cooperatives have been the major institutional source for all agricultural loans. The last four decades witnessed a rapid growth of banking network in India under the guidance and initiative of the Reserve Bank of India (RBI). In 1952 the All India Credit Survey Committee came out with the objectives of production and productivity, the stance of policy towards rural credit was to ensure provision of sufficient and timely credit at reasonable rates of interest to as large a segment of the rural population as possible. The strategy rested on three pillars : expansion of the institutional structure, directed lending to disadvantaged borrowers and at lower interest rates. The chosen institutional vehicles for the task were cooperatives, Commercial Banks and Regional Rural Banks (RRBs). Between 1950-69 emphasis was on the cooperatives, RRBs in 1970s, National Bank for Agriculture and Rural Development (NABARD) in 1980s and Local Area Banks in late 1990s. Financial deepening occurred but the development impact of rural finance was blunted. In 1991, that is, on the eve of reform, the rural credit delivery system was in poor shape.

Among the total cultivar households of 89.35 million the coverage by formal sources banks, microfinance institutions Self Help Groups (SHGs) is only 27 per cent and this coverage shows a distinct bias towards households with larger farm holdings.

The stance of policy and effort has been to find ways and means to increase the flow of institutional credit to the indebted poor, reduce the procedural and documentation hassles which characterise lending to such poor and ensure that affordable credit is reached to them at the appropriate time in adequate measure. If the category of the poor have to be financed, then there is an obligation to create opportunities in which they can use the credit in a meaningful way and it can be best done by creation of production and employment opportunities in the real sector through public investment. Among the variety of interventions in reaching the excluded is the SHG bank linkage model of NABARD, is an outstanding example of an innovation leveraging on community based structures and existing banking institutions.

The task force on micro finance defined microfinance as "Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve living standards". A large number of institutions, both in the formal and non-formal sectors, are today providing a variety of financial services using different delivery mechanisms. The task force defines microfinance institutions (MFIs) as those which provide thrift, credit and other financial services and products of very small amounts mainly to the poor in rural, semi-urban areas for enabling them to raise their income level and improve living standards". The institutions like NGOs, federations of SHGs, Mutually Aided Cooperative Societies (MACS), state and National cooperatives which provide specified financial services targeted to the poor, may be classified as Microfinance Institutions (MFIs).

Micro financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-à-vis rural development.

#### International initiative

Mohammed Yunus, popularly known as father of micro-credit system, started a research project in Bangladesh in 1979 and came out with ideas of micro-credit and that resulted in the establishment of Grameen Bank in 1983. In 1984, the federal minister of economic cooperation and the agency of technical cooperation of the Federal Republic of Germany undertook series of studies that resulted in a new policy of self-help group (SHGs)

as financial intermediation between rural poor and financial institutions. In 1986, the participation of Asia and Pacific Regional Agriculturist Credit Association (APRACA) decided on a coordinated programme for promotion of linkage between banks and SHGs for rural savings mobilization and credit delivery to the rural poor. In 1989, the central bank of Indonesia with the involvement of Self Help Promoting Institution (SHPI) started a pilot project entitled "Linking banks and SHGs". In 1995 the world summit for social development was held at Copenhagen. It emphasized the easy access to credit for small producers, landless farmers and other low-income individuals particularly women. In 1997, the world micro credit summit in Washington announced a global target of ensuring delivery of credit to 100 million of the world's poorest families, especially the women of those families by 2005.

#### Indian initiative

The first effort was taken up by NABARD in 1986-87 when it was supported and funded as an action research project on "Saving and credit management of self help groups" of Mysore Resettlement and Development agency MYRADA. In 1991-92 NABARD launched a pilot project to provide micro credit by linking SHGs with bank. In 1999, Reserve bank of India (RBI) had setup a micro-credit cell to make it easier to micro-credit providers to pursue institutional development process.

#### SHG bank linkage programme

The programme started as an action research project in 1989. Positive field level findings led, in 1992, to the setting up of a pilot project. The project was designed as a "Partnership Model" between three agencies viz., the SHGs, banks and Non-governmental Organizations (NGOs).

- SHGs were to facilitate collective decision making by the poor and provide 'doorstep banking'.
- Banks as wholesalers of credit were to provide the resources
- NGOs were to act as agencies to organise the poor, build their capacities and facilitate process of empowering them.

The concentration of SHG linkage with banks (about 67%), is found in the southern states. Bank linkages seem to be high in Andhra Pradesh i.e. 36 per cent, followed by Tamil Nadu and union territory of Pondicherry i.e. 4 per cent and followed by Karnataka which holds the third position. But they differ in their average bank loan availed by every SHG with Tamil Nadu being the leading state (Tables 1.1 and 1.2). This mission was setup by NABARD for making available MF services to the very poor envisages coverage of one third of the rural poor of the country, i.e. a population of about 100 million rural poor through one million SHGs by the year 2010. There are three main models of SHG-bank linkage as follows,

- Model-I: SHGs formed by NGO and linked to bank. Here the banks directly provide loans to SHG with recommendation of the NGO. In this model NGO acts as facilitators.
- Model II: NGO forms SHGs and perform financial intermediation role as a lender to SHGs after sourcing loans from bank.
- Model III: Bank SHG association, wherein the bank assumes to play the role of NGOs and ensure linkage with SHGs.

#### Impact of SHGs

SHGs are a viable organized setup to disburse micro credit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Of the total SHGs formed, more than 6 million have been linked with 35,294 bank branches of 560 banks in 563 districts across 30 states of the Indian Union. Cumulatively, they have so far accessed credit of Rs.6.86 billion. About 120 million poor, of which around a third belonging in the SC/ST category, have gained access to the formal banking system through the programme. It has reduced the incidence of poverty through increase in income and helped the poor to build assets and thereby reduce their vulnerability. It has enabled the households that have access to it to spend more on education than non-client households. It has empowered women by enhancing their contribution to household income. Increasing the value of their assets and generally by giving them better control over decisions that affect their lives. It has contributed to a reduced dependency on informal moneylenders and other non-institutional sources.

The SHGs empower women and train them to take active part in the socio-economic progress of the nation and make them sensitised, self-made and self disciplined. The SHG enhances the earning capacity of women between 20 to 30 per cent. It ensures social security and economic independences which in turn uplifts their status in the economic front.

**Table 1.1 SHG bank linkage programme: the present performance – 31<sup>st</sup> March 2005**

Sl. No.	Particulars	Cumulative as on 31 <sup>st</sup> March 2005
1	Number of SHGs linked	1,618,456
2	Percentage of women groups	90
3	Number of participating banks	573
	i. Commercial banks	47
	ii. Regional rural banks	196
	iii. Co-operative banks	330
4	Participating bank branches	41,082
5	Number of states/UTs	31
6	Number of districts covered	572
7	Number of partners	4323
8	Bank loan Rs. in billion	68.98
9	*Refinance Rs. in billion	30.92
10	Number of poor households assisted (in million)	24.25
11	Average loan/SHG Rs.	42,621
12	Average loan/family Rs.	3,044
13	Model wise linkage (cumulative) (%)	
	i. SHGs formed and financed by banks	21
	ii. SHGs formed by other agencies like NGOs	72
	iii. SHGs financed by banks using	7

Source: NABARD

Provisional data

\*Refinance refers to the liquidity support provided by NABARD to formal banking institutions for extending credit support to SHGs

Women development project in Tamil Nadu

The Tamil Nadu Women's Development Project started in the year 1991-92 on experimental basis with estimated funding from International Fund for Agricultural Development (IFAD). It was taken up as a model for future growth under the state budget.

**Table 1.2 Progress of SHGs – Bank linkage programme in India and Tamil Nadu**

Year	India		Tamil Nadu	
	No. of SHGs	Bank loan (in million)	No. of SHGs	Bank loan (in million)
1992-93	255	3	22	2.239
1993-94	620	7	34	4.247
1994-95	2,122	24	203	20.994
1995-96	4,757	61	205	33.468
1996-97	8,598	118	408	59.520
1997-98	14,317	238	444	217.740
1998-99	32,995	571	2,633	558.93
1999-2000	1,14,775	1,930	7,715	1,958.237
2000-01	2,63,825	4,809	16,926	5,37.523
2000-02	4,61,478	10,263	27,539	10,463.598
Total	9,03,742	18,034	56,129	18,456.501
Compound growth rate	119%	146%	124%	154%

This project known as Mahalir Thittam, is implemented with support of Non-governmental Organizations (NGOs) and banks. The main objectives of the Tamil Nadu Women Development Project (Mahalir Thittam) were as follows.

- Focus on empowerment of women
- To build capacity of women to enable them to participate in the main stream activities
- To promote entrepreneurship among women
- To identify trades and industries which can be taken up women and giving them training in the chosen fields.
- To undertake marketing activities for products manufactured by women and women organizations.
- To form self help groups of poor women both in rural and urban areas, develop skills; facilitate credit linkages for eventual economic empowerments.

The project built partnership with NGOs, banks, government agencies and departments have made substantial impact on the lives of thousands of poor and disadvantaged women. It is a project mainly for the empowerment of women. Tamil Nadu is a state with more than 2 lakh SHGs with membership of more than 30 lakhs. These includes 1.2 lakh SHG's directly covered by the Tamil Nadu Women Development Corporation (TNWDC), which has led to women's empowerment through successful fostering of saving through SHGs.

Effective intervention through process oriented empowerment programmes for women have been found to be successful in improving their status in family and society, while

giving a feeling of self worth and esteem, the aim of the present study is to assess the impact of the SHGs on socio-economic empowerment of the rural women.

### **1.1 OBJECTIVES OF THE STUDY**

Keeping the above mentioned facts, different objectives were framed for the study. The overall objective of the study is to assess the impact of microfinance on empowerment of women. The specific objectives of the study are

- (i) To study the structure, purpose and functioning of self help groups
- (ii) To study the major income generating activities of Self help groups
- (iii) To analyse the impact of Self help groups on socio-economic empowerment of members
- (iv) To know institutional linkages of Self help groups
- (v) To identify the constraints and suggest the suitable policy measures

### **1.2 HYPOTHESES**

- (i) The Self help groups are taking up various economic activities
- (ii) Self help groups play an active role in the socio-economic empowerment of women
- (iii) Self help groups are having links with various institutions
- (iv) Self help group members face a number of constraints

### **1.3. LIMITATIONS OF THE STUDY**

1. The study relied on the respondent's memory to gather information pertaining to certain variables under study though utmost care was taken while collecting data, possibility of some errors cannot be ruled out.
2. The study was confined to the study area selected, so generalizations made by present study may not be directly applicable to other areas.

## II. REVIEW OF LITERATURE

In this chapter an attempt has been made to critically review the literature of the past research work relevant to the present study and is presented under the following headings

- 2.1 Income generating activities of the Self help Groups
- 2.2 Institutional linkages of Self Help Groups
- 2.3 Socio-economic characteristics of Self Help Group members
- 2.4 Impact of Self Help Groups on Socio- economic empowerment of members
- 2.5 Constraints faced by the members

### 2.1 INCOME GENERATING ACTIVITIES OF THE SHGs

Puhazhendhi and Jayaraman (1999) reported that the SHG members taking up more than one activity increased from about 30 per cent during pre-group formation to about 53 per cent during post-group formation situation. They undertook supplementary activities such as animal husbandry, poultry etc and non-farm activities like petty shop, kirani shop, flower selling business *etc.*

Dadhich (2001) reported that a large number of women had taken up subsidiary occupations like manufacturing of pickles, dairy, grocery shops and diversification of agricultural activities.

Dwaraknath (2001) reported that women had income generating opportunities through traditional and modern occupations such as spinning and weaving industry, agricultural activities, animal husbandry, hosiery, brass items, candle, cane items, carpets, chappals, chilli powder, khadi leather items, plastic items *etc.*

Puyalavannan (2001) conducted a study of CRUSADE (center for rural systems and development) an NGO in Thiruvalluvar district in Tamilnadu. He found that CRUSADE encouraged 100 members to take up income generating activities. Women members were granted loans up to 3000 for enterprises such as small business, goat rearing, fish vending, dairying, agricultural inputs *etc.*

Samar and Raman (2001) studied the working of SHGs in Tirupati of Andhra Pradesh and he found that dominant occupations of members are in maintaining tiffin stalls, tailoring, selling vegetables, silk thread making, *etc.*

Singh (2001) stated that the main activity of a SHGs is to take up income generating activity and that each group is expected to concentrate on income generating activity.

Balakrishnan (2002) reported that the women under the micro credit schemes were engaged in small business activities such as making and sale of idlies, sale of flowers, vegetables and running of tea stalls.

Jha (2004) reported that there are Mahila self-help groups, Stree shakti group and self-help money banks existing for women. The women are involved in rural development and entrepreneurship development. For example in vegetable and fruit preservation, mushroom cultivation, bee-keeping and production of cereal and miller-based agro-based product as ready-made food, the role of women is much more than of the men.

Thejaswini *et al.* (2004) reported that the SHGs in Mysore district of Karnataka were practicing the enterprises such as tailoring, leaf plate making, pottery, agarbatti and bamboo works.

Tripathy (2004) reported that the most viable economic activities in the country were cotton coir rope making, coconut coir rope making, coconut leaf thatching, pickle manufacture, group leaf plate making, spices production, honey and food processing, agarbatti making *etc.*

Bharathi (2005) reported that majority of the SHG members were involved in entrepreneurial activities like vermicelli making (40.0%), rava making (20.8%), chilling pounding (16.7%) followed by tailoring, papad making *etc.*

Devalatha (2005) reported that the type of income generating activities taken up by the women were dairy, tailoring activities, agarbatti making, food item preparation, vermicomposting, grocery shop, selling of clothes, goat rearing, kirani shop, candle making, bakery items *etc.*

Ganesan (2005) reported that the SHGs were running micro enterprises which include paper cups and paper plates out of biomass, tailoring, screen-printing, mat making, sculptures and other ornamental activity like greeting cards, knitting plastic wire baskets making dolls and spoon using locally available coconut shells as raw material. They also prepare household products like pickles, appalam, phenyl *etc.*

Kamaraju (2005) studied the SHGs in Thanjavur district which is an agro-based area and that the groups were collectively involved in milk farming, cattle farming, appalam making, vadagam and pickle making activities.

Anonymous (2006) reported that women of self help group of Kancheepuram district with help of Horticulture department started production of vegetables, jasmine and curry leaves.

Dasaratharamaiah (2006) studied the income generation activities through the (DWCRA) Development of Women and Children in Rural areas and found that Ram lamb rearing was undertaken by 8 per cent beneficiaries vegetable vending by 26 per cent, basket making 20.67 per cent, milk vending by 29.33 and 4.67 per cent petty trade, 1.33 per cent beneficiaries undertook leaves making and 10 per cent of beneficiaries undertook the fruit vending activity.

Gangaiah *et al.* (2006) studied the role of SHGs in the development of women in rural areas and reported that they were involved in activities like dairying, flower vending, tailoring, idly shop and cloth business.

## 2.2 INSTITUTIONAL LINKAGES OF SHGs

Puhazhendhi and Jayaram (1999) found that the in formal groups of rural poor with active intervention of NGOs adequately supported by training significantly improved women's participation both from economic and social aspects.

Nanda (1999) conducted impact studies of self help and found that the most outstanding impact of the linkage programme could be the socio-economic empowerment of the poor more particularly the women.

Gurumoorthy (2000) reported that the SHGs are being linked with banks for the internal credit under the projects of rural development. The appraisal consists of bank managers, rural development officers, NGOs, project implementation units visit the groups for providing financial assistance to the respective entrepreneurial activities.

Barik and Vannan (2001) reported that the project of linking SHGs with banks has gained momentum in India from 1992. And he reported that three broad, models have emerged, model-I: Bank-SHG, member formed 14 per cent, model-II: bank (facilitating agency) SHG-members, formed 70 per cent and model-III: Bank-NGO-MFI-SHG-members formed 16 per cent of SHGs linked during the 1999-2000.

Namboodiri and Shiyani (2001) reported that the SHGs that are promoted by the NGOs had a better saving performance compared to that of SHPI. However, the repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.

Pankaj (2001) reported that the SHG-bank linkage programme launched by NABARD in 1992 is a landmark in the field of micro financing in India. This programme aims to organize SHGs 10 to 20 persons from the economically homogenous strata regularly same the amounts from their earnings.

Satish (2001) reported that the NGOs due to the nearness to the people and flexibility of operations seem to be better equipped to undertake SHG formation. And linking SHGs to bank helps in overcoming the problem of high transaction costs to banks in providing credit to the poor.

Kothal *et al.* (2003) stated that there could be four different 'models' of linkage between SHGs and banks. Acceptance of a particular model depends on the perception of the bank and the strength of the SHGs and the NGO. The programme of SHGs organized by various NGOs and banks in different part of the country is reported to be highly satisfactory.

Kala (2004) reported that the linking of the Self Help Groups (SHGs) with formal rural banking started after the launching of the pilot scheme by NABARD in February 1992 and that linkage of SHGs is possible only if the SHGs have successfully collected savings, made loans and recovered them for six months.

Loganathan (2004) studied the SHGs and bank linkages programme and reported that commercial banks account for 50 per cent linkage followed by RRBs and co-operative banks. And that southern states show a remarkable performance with 67 per cent share in the programme.

Selvachandra (2004) stated that SHG and its linkage with banks is an important vehicle to promote microfinance in India. This programme helps to promote financial transactions between formal banking systems with the informal SHGs as clients.

Asokan (2005) reported that among the three models of linkages introduced, the second model *i.e.*, SHG formed by NGOs and formal agencies but directly financed by bank is the best model. And he stated that the role of NGOs is very important to form SHGs.

Mandal (2005) stated that it is evident and acknowledged by almost all that NGO or bank led groups are more stable and successful in all respects.

Bhagwati (2006) stated that the micro-credit advanced through the mechanism of Self-Help Groups linked to bank credit is associated with higher level of loan recoveries and that tree linkage project has facilitated socio-economic empowerment of weaker sections including women folk.

Joseph and Easwaran (2006) stated that in all parts of the country, self help groups are organized by governmental and non-governmental organizations (NGOs). The government, banks and non-governmental organizations facilitate them by providing revolving fund, organizational and training, credit *etc.*

Subbiah and Navaneetha (2006) reported that there are three models under the SHG-bank linkage programme. about 72% of the SHGs are formed by NGOs/government agencies and the like financed by banks. they stated that the programme has been advantageous not only to members of SHG but also to the banks.

## 2.3 SOCIO-ECONOMIC CHARACTERISTICS OF SHG-MEMBERS

### 2.3.1 Age

Kumaran (1997) conducted study in the rural areas of Tirupati block of Andhra Pradesh and reported that, the mean age among the SHG members varied from 22 to 31 years.

Kumaran (1997) conducted a case study of Self-Help Groups in Andhra Pradesh and reported that the average age among the members varies from 22 to 41 years.

Prasad (1998) in the study conducted at Salem district of Tamil Nadu found that majority of women 60 per cent were in age group of 25-45 years, of whom 40 per cent were in the age group of 30-40 years and 40 per cent were between 26-30.

Puhazhendhi and Jayaraman (1999) reported that 62 per cent of members in the informal groups belonged to the age group below 40 years.

Ganesamurthy *et al.* (2000) conducted a study of SHG in Erode and reported that 48.98 per cent of members belonged to the age group of 15-30 per cent and 40.82 per cent belonged to 30-45 years and 10.2 per cent belonged to old age *i.e.* 45-60 per cent.

Dwarakanath (2001) reported that 58 per cent of women involved in the production are in the age group of 19-35 years and more than 81 per cent of the members are in the middle age of 19-50 years.

Prita (2001) reported that the socio-economic profile of the members revealed that 68.70 per cent were middle aged while 73.28 per cent were married.

Samar and Raman (2001) conducted a study of the SHGs in Tirupati (Andhra Pradesh) and found that 33 per cent of the members had no formal education, about 28 per cent had completed the elementary education, 18 per cent of them up to 10<sup>th</sup> standard, 17 per cent of members had reached to middle level and only about 4 per cent of the members had reached more than higher secondary level.

Sharada (2001) conducted a study on empowerment of rural women in SHGs in Prakasam district of Andhra Pradesh. She reported that 60 per cent of the members were very young.

Banerjee (2002) in his study conducted in Tamil Nadu reported that members in the age group of above 40 years participated actively in the group activities. Groups that were more than 3 years old had 42 per cent of the members of age above 40 years.

Rao (2005) conducted study of women dairy co-operative societies which are involved in promoting SHGs. He reported that average age of respondents is 30 years.

Joseph and Easwaran (2006) reported that 53.85 percent SHG members in mizoram, belonged to an age group of 40-60 years, followed by 30.77 per cent falling below 40 years and 15.38 per cent falling above 60 years. The mean age of members was found to be 48 years.

Gangaiah (2006) reported that 67.3 per cent of the selected women members belonged to the age group of 26-40 years and 11.9 per cent of them to the age group upto 25 years.

### 2.3.2 Education

Hemalatha (1995) conducted study in Haryana and found that majority of women taking up pottery activity were illiterate, Sirki making women's education ranged from illiteracy to primary level and bakery unit were illiterate.



Kumaran (1997) reported that the 76 per cent of the members were illiterate and the remaining 24 per cent constitute literate who can read and write.

Ganesamurthy *et al* (2000) reported that 53.06 per cent of the members completed the school education and the remaining 46.94 per cent of them were illiterate.

Suriakanthi (2000) conducted research at Gandhigram of Dindigul district of Tamil Nadu and she found that 95 per cent of members and 75 per cent of the office bearers were illiterate.

Prita (2001) reported that the socio-economic profile of the members revealed that the illiterates comprised of 70.23 per cent.

Raveendran (2002) reported that 63.3 per cent of group leaders in Tamil Nadu were illiterates whereas in Kerala 58.3 percent got high school education.

Savitha (2004) conducted study in Mysore district and found that a higher percentage of women (39%) were illiterates and women with high school education was 21 per cent.

Rao (2005) reported that the respondents of all women dairy cooperatives had an average 2 years of formal education of which 50 per cent of them were illiterates.

Joseph and Easwaran (2006) reported that 51.28 per cent of the members belonged to secondary education followed by 33.33 per cent, with primary education and 7.69 per cent each of literate and HSC and above status. The mean years of education was computed to be 6.4 years.

### 2.3.3 Family type

Prita (2001) reported that nuclear families pre documented with 87.02 per cent while large families with more than 4 members per family was marginally higher at 53.44 per cent.

Savitha (2004) reported that 73 per cent of the households had nuclear family while 27 per cent belonged to joint family.

## 2.4 IMPACT OF SHGs ON SOCIO-ECONOMIC EMPOWERMENT OF MEMBERS

### 2.4.1 Economic impact

Puhazhendhi and Jayaraman (1999) in their study to document and evaluate the performance of informal groups in Chitradurga district of Karnataka and Periyar district of Tamil Nadu. And found that members taking up more than one activity increase from about 30 per cent during pre-group formation to 53 per cent during post group formation situation. They also reported that the average annual net income per member during pre-group formation ranged from Rs.6,763 to Rs.9,157 while the average net income per member during post-group formation had ranged from Rs.10,531 and Rs.12,762. The increase in net incremental income was reported to be 68 per cent of new groups whereas, it was 100 per cent in stabilizing and stabilized groups.

Puhazhendhi (2000) observed that estimated average annual net family income of member during the post linkage period for all the groups was Rs.4,391, which was more than two times than that of the pre-linkage period. The estimated net incremental income was Rs.2,424 for all the groups and it was relatively more in good performance groups (Rs.2,967) than average and poor performance groups (Rs.1,650) and (Rs.1,299) respectively. He also reported that average ratio of Debt Service Liability (DSL) to Net Incremental Income (NII) worked out to be 0.60 and it was 0.53 and 0.81 respectively in good and average performance groups.

Puhazhendhi and Satyasai (2000) found that about 59 per cent of the sample households registered average net income per household in pre and post group formation situation was Rs.20,177 and Rs.26,889 respectively. The increase in net income was 40 per cent to the tune of Rs.6,172 *i.e.* 33 per cent of the pre-group formation income. They also observed that 93 per cent of the incremental income was on account of increase in the average net income per household having economic activity between the pre and post SHG situation and remaining seven per cent was on account of more number.

Dwarakanath (2001) reported that the DWCRA programme helped the rural women to earn an additional monthly income ranging from Rs.250-Rs.2000 depending on entrepreneurial activities taken up by them.

Samar and Raman (2001) reported that on an average, the SHGs have reported Rs.226 as income with maximum reaching Rs.3,314 for some SHG. Certain SHGs showed a loss in net income per member, the remaining SHGs registered positive net income per member ranging from Rs.12.90 to Rs.533.94/-. To assess the impact of SHGs on the income

levels of members, two regression models were specified to find out the major determinants of a) SHG - net income per member, b) Average monthly income and found out that resources generated in current year, average educational levels, loan provided in current year, percentage share of SHG's expenditure in the total income of SHGs and age of SHGs showed expected signs.

Savitha (2004) reported that economic empowerment was high for agricultural labourers (53.33%) followed by small farmers (26.67%) and landless farmers (6.67%)

Sentil and Sekar (2004) reported that income generation through SHGs was satisfactory since most of the SHG members gained additional income and employment through SHGs.

Asokan (2005) reported that National Institute of Rural Development (NIRD) conducted a study on micro enterprises which are developed by SHGs in Kerala. The characteristics of micro entrepreneurs under SHGs revealed that a high proportion (90%) of them were unemployed prior to joining SHG and tailoring was found to be the most preferred activity (47%). The study also found that the average monthly turnover of micro projects taken by members of SHGs was around Rs.1917 and net profit worked out to be Rs.700 per month. This indicates a high level of profit i.e. 60 per cent of individual units have investment less than Rs.5,000. A study conducted in Trichirapalli rural area found that before starting micro-enterprises their annual income was just 4,800 and after engaging in micro enterprises their annual income was increased to the tune of Rs.50,879.

Ganesh (2005) reported that in Akola district of Maharashtra an SHG formed under SGSY in record time of one and half years, all the families belonging to BPL status have uplifted to 'Owner of Brick Kiln' status. Their net profit per 1000 bricks amount to Rs.550/- to Rs.650/- approximately. And their turnover has increased to more than Rs.3.5 lakhs.

NABARD (2005) studied the impact of SHGs on economic empowerment of its member in Ballir district, Uttar Pradesh. And reported that there was an increase of the monthly income of each of the families by at least Rs.700/month and this increase was solely due to the business that they were able to do by virtue of taking loan after the activities of SHG started.

Rao (2005) reported that the highest average annual household income (Rs.45,600) is from among respondents of papads and pickles and lowest (Rs.38,600) from respondents of chalk making activity. And the micro enterprises roughly provided 117-mandays/respondent which was a great contribution.

Dasaratharamaiah *et al.* (2006) reported that 10.0 per cent of beneficiaries had income between Rs.7,201 and above, 20.67 per cent have income between Rs.4,801 to 7,200 and 31.33 per cent have income Rs. 3,601 to 4,800 and 38.00 per cent have income below Rs.3,600 per annum after implementation of DWCRA. And it was found that there are no persons without any income. And it was also found that 50 per cent of beneficiaries have less than 100 mandays of employment, 21.67 per cent of the beneficiaries have employment between 101 to 180 mandays, 20.00 per cent of the beneficiaries have employment between 181 to 240 mandays as against 8.33 per cent of the beneficiaries who have employment between 241 and above mandays of employment per annum.

Gangaiah *et al.* (2006) conducted study on impact of SHGs on income and employment generation. They reported that on an average the loans received generated 184 person days of employment per household. Non-farm activities generated higher number of person days of employment. Idly shop, cloth business and tailoring generated 300 each and 240 person days of employment. They also found that SHGs had a favourable impact in generation of income in the village selected. The average income generated was Rs.19,578/-. Income generated in the selected activities shows that it varies from Rs.5000 per annum in case of idly shop to Rs.26,541 in the case of agriculture.

Joseph and Easwaran (2006) conducted a study to identify the constraints in functioning of SHGs and its impact on the members. And it was found that 51.28 per cent of respondents had income between Rs.25,000 to Rs.50,000. Majority of respondents had assets worth below Rs.1 lakh and more than one-half of the respondents as a whole (51.28%) had assets below Rs.1 lakh. They also studied the perceived impact of SHGs on Tribal development and found that majority of respondents reported high level of socio-economic impact of SHGs on tribal development. When studied the relationship between the composition and impact of SHGs. The perceived impact of SHG was found to be significantly associated with three variables duration of membership, members participation and perceived group cohesion.

### 2.4.2 Social impact

Puhazhendhi and Jayaraman (1999) reported the impact of microfinance on social front. They observed that 95 per cent of group members were illiterate during pre-group formation and only 35 per cent of them were able to sign as result of group participation and 65 per cent of them were able to sign during post group formation. The literacy level of the family members also showed significant improvement where 55 per cent of them had graduated to the school level during post group formation stage. The result of the study reported that about 67 per cent of the sample household had effected improvements in their houses with additional rooms. Whereas about 20 per cent of them improved sanitation facilities in their houses. About 3 per cent of the members had replaced the thatched grass roof to local tiles. Regarding consumption of food items, 32 per cent of them were able to afford vegetables and 30 per cent of the members were holding food stock to manage during the lean season. Radio was owned by five per cent of the members, which improved the perception of the members to a greater extent. Savitha (2004) conducted study on women empowerment decision making in agriculture by Stree Shakthi Groups in Mysore district and reported that the distribution of women according to social empowerment showed that majority had medium social empowerment and 26.67 per cent had high empowerment.

Puhazhendhi (2000) in his study in Tamil Nadu observed that only 38 per cent of the members were able to sign during the pre-linkage period but as a result of group formation the literate members increased considerably and 85 per cent of them learnt to sign after the group formation. About 27 per cent of the members had educated their children upto the school level during the post linkage period. The study revealed that the members regularly started eating wheat and rice, after group activities which were earlier consumed by them during festivals.

Anonymous (2006) reported that a Self Help Group of Kanehupurum district in Tamil Nadu from 50 cents of land on vegetables earned an income of Rs.75,000 per annum. And from jasmine cultivation an annual income of Rs.1,00,000/-.

Dolli (2006) conducted a study on sustainability of natural resources management in watershed development project and found that the members of SHG in KAWAD project improved income (60%), self employment opportunities (66%), awareness (66%) and social contact (60%) were expressed as major benefits while in KWDP awareness (53%), social contacts (53%), improved income (53%) and self employment opportunities (40%) were found to be major benefits.

## 2.5 CONSTRAINTS FACED

Hemalatha (1995) found from his study that 50 per cent of women felt difficulties in repayment because of uncertain income though the group leaders did not agree with it.

Puhazhendhi and Jayaraman (1999) attributed non-cooperation of individual members with group activities as well as personality clash between office bearers and group members to the disintegration of groups. Lack of follow up action by the field staff of NGOs and also played a major role in disintegration.

Lakshmi (2000) reported that the major constraints into effective and beneficial credit programming for women on a larger scale are lack of banking data disaggregating by gender and lack of an adequate analytical framework for integrating women into credit analysis. The policy concern for increasing access to credit and generating a sustained favorable impact on their socio-economics uplift can be transformed into practical reality only by achieving such integration. Prita (2001) studied the performance of Self Help Groups in Dharwad district and found that the major constraints faced by the members were difficulties in diversification/starting of activities (41.67%), misunderstanding amongst SHG members (38.17%), lack of space for storage of materials (28.24%) and inadequate availability of raw material at the right time (16.03%).

Namboodiri and Shiyani (2001) reported that the limited opportunity for income generating activities and loan portfolio dominated by consumption loan as major constraints.

Sharada (2001) reported that majority of women perceived the problem of lack of training and education i.e. 71.7 per cent.

Senthil and Sekar (2004) stated that political interference in the selection of beneficiaries under peoples plan, lack of timely credit facilities, lack of adequate credit, lack of adequate farm women oriented schemes and delay in operation of development programmes were the major constraints perceived by the SHG members.

Thejaswini *et al.* (2004) reported that majority of the respondents indicated that lack of training (85%), financial constraints (82%), poor quality of raw material (81%), high cost of

production (77%), lack of quality aspects (73%), marketing problems (65%), lack of storage and warehousing facilities as the major constraints.

Darlingselvi (2005) reported that from the study conducted in Kanyakumari district that the members came across certain difficulties in marketing their products in time.

Rao (2005) reported that though problems varied across activities, social taboos as also lack of communication skills came out to be major factors. Lack of transportation, competition from established brands and lack of capital were voiced by women.

Joseph and Easwaran (2006) identified the perceived constraints in the functioning of SHGs and found that lack of government attention was first and foremost problem *i.e.* 39 per cent. High rate of interest was felt by 33.43 per cent of members, followed by in sufficiency of loan for income generation, inability to repay the loan *etc.*

### III. METHODOLOGY

This chapter describes the general characteristics of the study area, the sources and nature of data, the survey method, the sampling procedure adopted, the variables of the study and the analytical tools and techniques employed in analyzing the data.

The methodology followed has been presented under the following heads,

- 3.1 Description of the study area
- 3.2 Sampling procedure adopted
- 3.3 Nature and sources of the data
- 3.4 Variables of the study and their measurements
- 3.5 Analytical techniques employed

#### 3.1 DESCRIPTION OF THE STUDY AREA

It provides the background for analysis, interpretation and discussion of the results and helps in drawing meaningful inferences. Hence, information regarding the geographical location, demography, land use pattern, financial institutions and other features are highlighted.

##### Location

Dindigul district was carved out of the composite Madurai district and became a separate entity since 15.9.1985. It is spread over an area of 6266.64 sq.km. It is located between 10°05' North 10°9' latitude and 77°30' and 17°20' east longitude. The district comprises three revenue divisions, seven taluks and fourteen Panchayat unions.

##### Population

The total population of the district is 19.2 lakhs as per 2001 census, out of which 9.6 lakh were male population and 9.5 lakhs were female population accounting for 50.3 per cent and 49.65 per cent respectively. It comprises of 64.9 per cent of rural population and 35.0 per cent of urban population. The density of population (per sq.km) is 306. The literacy rate of the district is 61.45 per cent (Table 3.1).

##### Distribution of population

The distribution of population among workers and non-workers in the district is furnished in the Table 3.2. It is observed that the workers accounted for 50.62 per cent of the total population and the non-workers accounted for the remaining 49.38 per cent. Among the workers female workers constitute 20.18 per cent.

##### Land use pattern

The land use pattern of the study area during 2003-04 is furnished in Table 3.3.

The geographical area of the district is 6,26,664 hectares. The share of net sown area was 37.94 per cent, followed by forest area about 22.1 per cent and other fallows and constituted 17.65 per cent. The current follows, cultivable waste, permanent pastures and other grazing land constituted 2.5 per cent, 1.40 per cent, 1.10 per cent respectively.

##### Financial institutions

The district has 106 nationalized banks and 67 private banks and their advances were 92247.57 lakh rupees and 59342.15 lakh rupees, respectively.

##### Cooperatives

There are totally 368 societies of which were 192 Primary Agricultural Co-operative Bank (PACBs), 3 co-op marketing societies and 6 Primary Agricultural Rural Development Banks.

##### Development programs of the district

Various development programmes are implemented in the district, the major credit linked programmes under implementation in the district are Swarnajayanthi Gram Swarozgar Yojna (SGSY) and Mahalir Thittam for development of women.

##### Swarnajayanthi Gram Swarozgar Yojana (SGSY)

The scheme was launched from 1<sup>st</sup> April 1999. This programme covers all aspects of self-employment such as organization of the poor into self help groups, training, credit, technology, infrastructure, input and marketing. The centre and state government funds the programme in the ratio of 75:25. This programme was based on a group (community) approach to rural development where the rural poor were organized into SHGs and took up viable economic activities on their own on a sustained basis with the support from government subsidy and bank credit.

Tamil Nadu Women Development Project (Mahalir Membattu Thittam)

**Table 3.1. Demographic features**

Sl. No.	Particulars	Population (numbers)
1	Total population	1923014
	a. Male	968137 (50.35)
	b. Female	954877 (49.65)
	c. Rural	1249762 (64.99)
	d. Urban	673252 (35.01)
2	Density/sq.km.	306
3	Literates	1181746 (61.45)

Source: District Statistical Handbook 2003-04

This project is indeed the jewel in the crown. Originally programmed as an agriculture and land-based project in 1989, the year of launch, it evolved into a movement for economic empowerment of women, through formation and careful nurturing of self help groups with the help of non-governmental organizations. It is implemented by the Tamil Nadu Women Development Corporation Ltd. The corporation works in close partnership with 320 NGOs.

Dindigul district has 16 NGOs of which three are in Kodaikanal. The growth rate of SHGs in Dindigul district has a positive trend and they have made a silent revolution for the economic empowerment of poor rural women.

Kodaikanal taluk

Kodaikanal is one of the three revenue divisions and one of the seven revenue taluks of the district. It is a popular summer resort located at an altitude of 2133 meters in the Western Ghats and is called the "Princess of Hill Stations". It has a total geographical area of 652.71 sq.km, with total population of 1,00,645. The overall literacy rate is 66.36 per cent with male literacy at 56.91 per cent and female literacy at 43.08 per cent.

The average rainfall is 165 cm and heavy rain occurs during October-December. The temperature ranges between 19.8°C maximum to 11.3°C minimum during summers and 17.3°C maximum to minimum 8.3°C during winters.

## **3.2 SAMPLING PROCEDURE ADOPTED**

### **3.2.1 Selection of district**

Dindigul district of Tamil Nadu state was selected for the study as it is an important district which implements the Tamil Nadu women development project which comes under the Tamil Nadu Women for Development Corporation Ltd". The growth rate of SHGs in Dindigul district has a positive trend. It is also observed that two third of SHGs were formed during the

**Table 3.2. Distribution of population**

Sl. No.	Particulars	Number
I	Total workers	973332 (50.62)
1	Male workers	585146 (30.42)
2	Female workers	388186 (20.18)
3	Rural workers	699276 (36.36)
4	Urban workers	274056 (14.25)
5	Cultivars	183218 (9.52)
6	Agricultural labourers	313195 (16.28)
7	Household industry	25180 (1.30)
8	Other workers	320300 (16.65)
9	Marginal workers	131439 (6.83)
II	Non-workers	949682 (49.38)
III	Total population	1923014 (100)

Figures in parentheses indicate percentage to total population

Source: District Statistical Handbook 2003-04.

year 2003. The important reasons which contributed towards this tremendous increase were that the government departments and NGOs had created awareness in the minds of rural women and provided necessary supports for forming such groups.

**Table 3.3 Land utilization pattern in the district (2003-04)**

Sl. No.	Classification	Area in hectares
1	Forest	138923 (22.1)
2	Baren and uncultivable waste	36210 (5.77)
3	Land put to non-agricultural uses	65099 (10.38)
4	Cultivable waste	8835 (1.40)
5	Permanent pastures and other grazing land	6946 (1.10)
6	Land under miscellaneous tree crops and groves not included in net area sown	6539 (1.04)
7	Current fallows	15717 (2.50)
8	Other fallows	110625 (17.65)
9	Net area sown	237770 (37.94)
10	Total geographical area	626664 (100)

Source: District Statistical Handbook 2003-04

### 3.2.2 Selection of taluk

The Dindigul district has three revenue divisions and seven taluks, out of which Kodaikanal which is one of the three revenue divisions and one of the seven taluks which was purposefully selected as it gives opportunity for women to do business activities as it is an important tourist center.

### 3.2.3 Selection of villages

Based on the highest number of self help groups operating in six villages were selected purposively from the taluk for the study, the details of which are given in the Table 3.4 (Fig. 1).

### 3.2.4 Selection of Self help groups



Five SHGs were selected from each village. The SHGs which carried out income generating activities were purposively selected. Thus a total of 30 groups from 6 villages were selected.

### 3.2.5 Selection of the members

Three members from each self-help group were selected randomly for the data collection. Thus the total sample size was 90.

## 3.3 NATURE AND SOURCES OF DATA

For evaluating the objectives of the study the required primary data was collected through personal interview method with the help of a structured schedule. The data relating to general information about the members, their material possession, investment pattern, loan availed from SHG, income position of beneficiary, consumption pattern, generation of employment, opinion and constraints of SHGs were collected from the members of the SHGs. For collecting group data, apart from referring their books and registers, office bearers were interviewed for some of the factors like writing of group records, structure and functioning of SHGs etc.

**Table 3.4 Sample for the study**

Taluka	Villages	SHGs	Members
Kodaikanal	Kodaikanal	5	15
	Vilpatty	5	15
	Mannavanur	5	15
	Poondi	5	15
	Addukom	5	15
	Cookal	5	15
Total			90

## 3.4 VARIABLES FOR THE STUDY AND THEIR MEASUREMENT

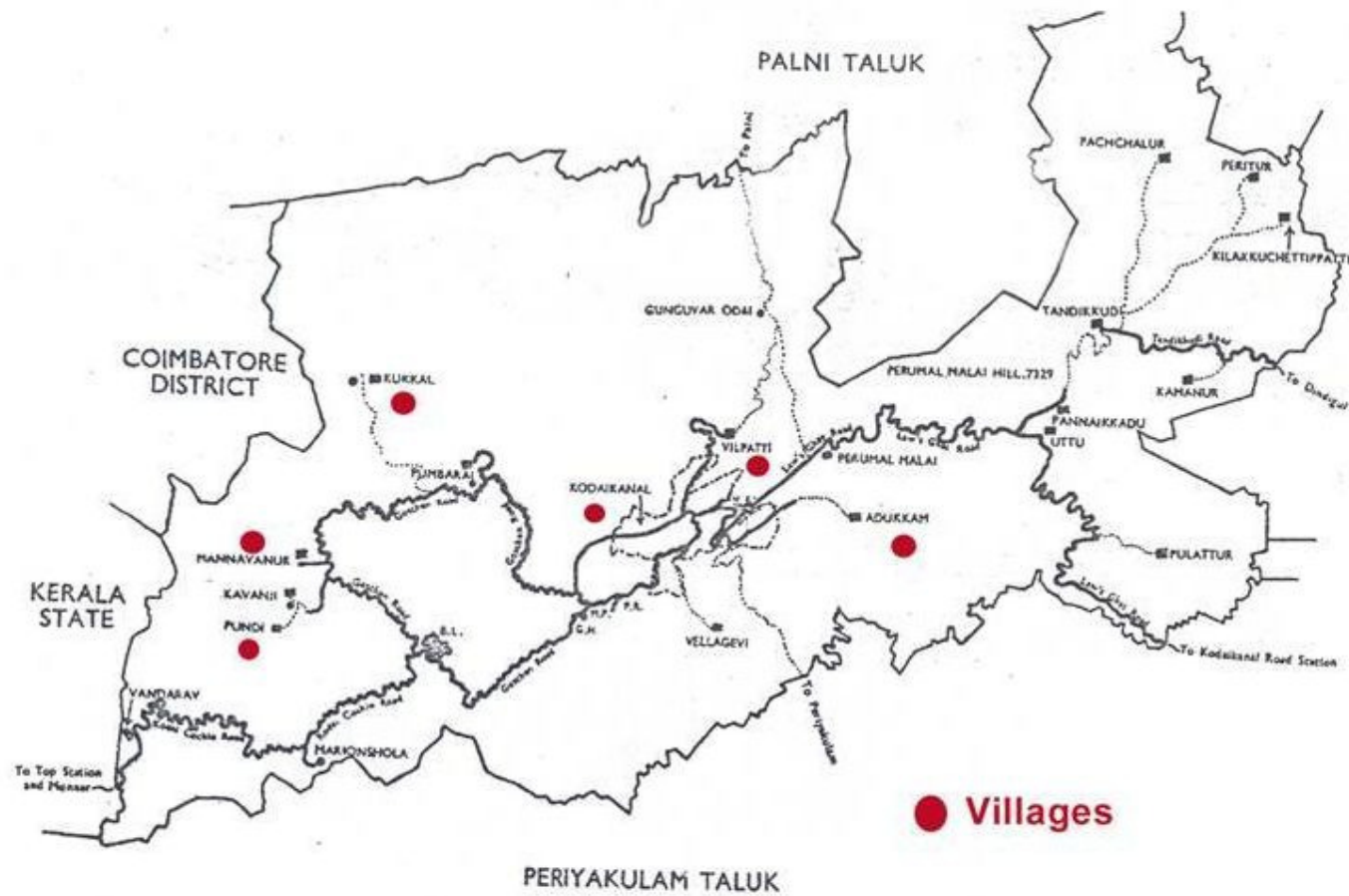
### a. Age:

Age was measured as the number of calendar years reported to have been completed by the respondent at the time of interview. The respondents were categorized in two groups based on their age.

Category	Scores
Young (18-35)	1
Middle (36-50)	2

### b. Marital status:

The marital status of the respondents were classified into married, unmarried and widow and scores were assigned



**Fig. 1. Map of Kodaikanal taluk showing the study area**

Fig 1. Map of Kodainal taluk showing the study area

Category	Score
Married	1
Unmarried	2
Widow	3

**c. Education:**

It refers to the number of years of formal schooling, successfully completed by the respondents. The respondents were categorized into the following categories.

Category	Scores
Illiterate (do not know to read and write)	0
Primary school (1-4)	1
Middle school (5-7)	2
High school (8-10)	3
College	4

**d. Family type:**

It refers to the classification of family as nuclear and joint family. The respondents were categorized accordingly and expressed in number and percentage.

- Nuclear family represents family with single couple and unmarried children.
- Joint family indicates family with more than a couple and married children living together.

Similar classification was followed by Narasalagi (1990) and Sankaragoudar (1991).

Category	Age
Joint	1
Nuclear	2

**e. Caste:**

Caste was operationalized as the caste to which one belongs at the time of birth. Categorization of the variable was done as shown below

Forward caste  
Backward caste  
Most backward caste  
Scheduled caste  
Scheduled Tribe

**f. Annual income:**

The annual income of the respondent was worked out by taking into account income from income generating activities of SHGs and other subsidiary occupations per year. Categorization of annual income was done as follows.

Category	Annual income (Rs.)
Low income	Less than (mean – SD)
Medium income	Between (mean $\pm$ SD)
High income	More than (mean + SD)

**g. Material possession/assets:**

It includes the various assets of the respondents like the live stock assets and the durable assets.

Category	Annual assets (Rs./year)
Low asset position	Less than (mean – SD)
Medium asset position	Between (mean $\pm$ SD)
High asset position	More than (mean + SD)

**h. Investment pattern of the beneficiary:**

It shows the purpose of the funds availed by the beneficiaries whether they are owned funds or borrowed funds, Borrowed funds included the ones borrowed from Banks as well as money lenders.

Category	Annual investment (Rs./year)
Low investment	Less than (mean – SD)
Medium investment	Between (mean $\pm$ SD)
High investment	More than (mean + SD)

**i. Load availed from the SHG:**

The loans availed from the SHG; the interest rates, average loan availed per member is recorded.

**j. Consumption pattern:**

The pattern of consumption of beneficiaries is recorded. This includes the amount spent (Rs.)/year on food, clothing, religion ceremonies and marriages *etc.*

Category	Annual consumption (Rs./year)
Low consumption	Less than (mean – SD)
Medium consumption	Between (mean ± SD)
High consumption	More than (mean + SD)

**k. Generation of employment :**

It refers to the days of employment generated through the various sources like crop enterprise, dairy, poultry, group activity and self-employment activities.

Category	Employment in mandays
Low employment	Less than (mean – SD)
Medium employment	Between (mean ± SD)
High employment	More than (mean + SD)

**l. Savings**

It includes savings of the members in SHGs, banks, post-office and friends, relatives has been considered.

Category	Savings (Rs./year)
Low savings	Less than (mean – SD)
Medium savings	Between (mean ± SD)
High savings	More than (mean + SD)

**m. Income generating activities:**

In the present study it refers to the various activities taken up by SHGs and it's members in order to increase their income. The kinds of income generating activities were listed by getting response from beneficiaries and frequencies and percentages were calculated.

**n. Opinion of beneficiaries:**

In the present study opinion about the functioning of SHGs and about the Bank/NGO has been considered. The respondents were asked to give their opinion on a 3 point continuum scale i.e., Yes, partly and No.

Category	Score
Yes	3
Partly	2
No	1

**o. Empowerment of women:**

It is divided into social empowerment and economic empowerment. It refers to the extent of empowerment the beneficiaries have gained through impact of the SHGs on the social as well as economic conditions. The level of empowerment in each case was measured by asking the respondents to give their opinion on three point continuum scale. It was quantified using the scoring pattern.

Category	Score
Increased	3
Decreased	2
Remained same	1

The impact of the SHG on the members empowerment was assessed using the above scoring pattern. The impact index was obtained by using the formula.

$$\text{Impact Index (\%)} = \frac{\text{Obtained score}}{\text{Maximum obtainable score}} \times 100$$

### 3.5 ANALYTICAL TECHNIQUES EMPLOYED

For the purpose of fulfilling the objectives of the study, data were analysed by tabular presentation method where frequencies and percentages were used, mean and standard deviations were used to categorize the sample. To find out the impact of SHGs on the beneficiaries the paired t-Test was done, which is a statistical test for difference between before and after joining the SHG.

$$\text{Paired t test} = \frac{|d_i - 0|}{\sqrt{Sd^2/n}}$$

$$d_i = (x_{1i} - x_{2i})$$

$$Sd^2 = \frac{1}{n-1} \left\{ \sum d_i^2 - \frac{(\sum d_i)^2}{n} \right\}$$

Multiple linear regression analysis was done to identify the factors which contributed to the income of the members.

When the numbers of variables which explain the dependent variables are more than one, multiple linear regression analysis can be used. Here the model is

$$Y = \alpha + \beta_1 \alpha_1 + \beta_2 \alpha_2 + \dots + \beta_p \alpha_p + E$$

Where Y is the dependent variable and  $\alpha_i$ 's are independent variables with  $\beta_i$ 's as the partial regression coefficients of  $\alpha_i$ 's on Y.

In the multiple linear regression analysis, the estimates of coefficients ( $\beta_i$ 's and  $\alpha$ ) are to be computed using the method of least squares. The final relation can be presented in matrix form as follows.

$$\begin{pmatrix} b_1 \\ b_2 \\ b_3 \\ \vdots \\ \vdots \\ b_p \end{pmatrix} = \begin{pmatrix} \sum x_1^2 & \sum x_1 x_2 & \sum x_1 x_3 & \dots & \sum x_1 x_p \\ \sum x_2 x_1 & \sum x_2^2 & \sum x_2 x_3 & \dots & \sum x_2 x_p \\ \sum x_3 x_1 & \sum x_3 x_2 & \sum x_3^2 & \dots & \sum x_3 x_p \\ \vdots & \vdots & \vdots & \ddots & \vdots \\ \sum x_p x_1 & \sum x_p x_2 & \sum x_p x_3 & \dots & \sum x_p^2 \end{pmatrix} \begin{pmatrix} \sum x_1 Y \\ \sum x_2 Y \\ \sum x_3 Y \\ \vdots \\ \vdots \\ \sum x_p Y \end{pmatrix}$$

Where,

$$X_i = (x_i - \bar{x}) \text{ and}$$

$$Y_i = (y_i - \bar{y})$$

$$\alpha = \bar{y} - (b_1 \bar{x}_1 + b_2 \bar{x}_2 + \dots + b_p \bar{x}_p)$$

For selecting the variables to be included in the model, different methods like backward, forward and step wise procedures are available and step wise procedure is the most efficient procedure since it accounts the various interactions of the variables that exist in the model (Draper and Smith, 1966). In this study step wise procedure was used and the details are given.

The significance of the model is tested based on F test. Partial regression coefficients are also tested for their significant difference from zero, using 't' test at 5 per cent level of significance.

Multiple coefficient of determination ( $R^2$ ) is also calculated as:

$$R^2 = \frac{\text{Regression sum of squares}}{\text{Total sum of squares}}$$

$$= \frac{\sum_{i=1}^p b_i \sum_{j=1}^n X_{ij} Y_j}{\sum_{j=1}^n Y_j^2}$$

#### Step-wise regression

In multiple regressions, when a number of variables are involved, many of them will not be contributed much to the dependent variable. So elimination of those variables has to be done and there are different methods available now. In the method of backward regression, after entering all the variables, which contribute least, are eliminated one by one. In forward method, variables are included one by one in each step according to the significance of contribution. Step- wise regression procedure is an improvement over these two methods, so as to eliminate the drawbacks of these methods, like the lack of consideration of change in the effect of a variable in presence or absence of other variables.

The improvement of step-wise regression involves re-examination of the variables incorporated into the model in the previous stages. The variable which may have been the best single variable to enter at an early stage may be superfluous at a later stage because of the relation between it and the other variables already there in the regression. To check on

this, the partial F criterion for each variable in the regression at any stage of calculation is evaluated and compared with a pre-selected percentage point of the appropriate F distribution. This provides a judgement on the contribution made by each variable entered, irrespective of actual point of entry into the model, any variable that provides a non-significant contribution is removed from the model. This process is continued till no more variables will be admitted to the equation and no more are rejected. Steps followed in this procedure as given by Draper and Smith (1966) are as follows.

Step I: Step wise procedure starts with the simple correlation matrix and enters into regression, the X variable most highly correlated with the response.

Step II: Using partial correlation coefficients obtained in the last step, select next variable whose partial correlation with the response is highest to enter regression.

Step III: In this step, the contribution of the first entered variable is examined, if the second variable has been entered first. This method selects the next variable to enter, the one most highly partially correlated with response, given that the selected two are already there in the equation. This procedure is continued until no variable is rejected or accepted.

## IV. RESULTS

In consistence with the objectives of the study, the necessary data collected from different sources were analysed and interpreted. The results obtained are presented in this chapter under the following heads.

- 4.1 General characteristics of the members of Self Help Groups
- 4.2 Structural and functional characteristics of Self Help Groups
- 4.3 Income generating activities of the Self Help groups
- 4.4 Impact of Self help groups
- 4.5 Institutional linkages of the self help groups
- 4.6 Opinion of the members about Self Help Group and Non Governmental Organizations/Bank
- 4.7 Problems as perceived by the Self Help Group members

### 4.1 GENERAL CHARACTERISTICS OF THE MEMBERS OF SELF HELP GROUPS

The information on socio-economic characteristics of rural women of self help groups like age, marital status, educational qualification, family type, caste are presented in the Table 4.1.

#### 4.1.1 Age

It is evident from the table that majority of the SHG members (57.8 per cent) were middle aged and 42.2 per cent of the members belonged to the young age group.

#### 4.1.2 Marital status

It is evident that 88.89 per cent of the SHG members were married, 7.78 per cent of the members were unmarried and 3.33 per cent of the members were widows.

#### 4.1.3 Educational qualification

The educational level of the members show that 37.7 per cent of them had completed their college education followed by 33.3 per cent had high school education, 17.7 per cent of the members had middle school education, 6.6 per cent with primary school education and 4.4 per cent were illiterates.

#### 4.1.4 Family type

It was noticed from Table 1 that 91.2 per cent of the members belonged to nuclear family and 8.8 per cent of members belonged to the joint family type.

#### 4.1.5 Caste

Majority of the respondents belonged to the backward caste category which formed 51.11 per cent followed by 38.89 per cent to scheduled caste category, 6.67 per cent belonged to most backward category and 3.33 per cent to general merit category.

### 4.2 STRUCTURAL AND FUNCTIONAL CHARACTERISTICS OF SELF HELP GROUPS

The various characteristics with respect to the structure and functioning of the SHGs are presented in the Table 4.2.

Among the sample size of 30 SHGs, 63.4 per cent of them were above 4 years of age, 16.6 per cent were 2-4 years of age and 20.0 per cent of them were 2 years and below. It was observed that 46.6 per cent of the SHGs had membership of 13-15 members followed by 33.3 per cent of them with more than 15 members and 20 per cent with 10-12 members.

It was observed that with respect to frequency of meeting 96.6 per cent of the groups conducted weekly meetings while 3.3 per cent of groups conducted fortnightly meeting and 93.4 per cent of the groups had attendance of above 75 per cent and 6.6 per cent had attendance of 50-75 per cent (Plate 1).

In 76.6 per cent of the groups the records were moderately maintained and 23.3 per cent of the groups had maintained the records very well.

With respect to contact with banks majority of the groups (46.6%) had contact with Indian bank followed by Central bank of India (16.8%), SBI (10%) PACB (1.0%), PNB (10%) and Canara Bank (6.6%). Majority of the groups (86.6%) were linked to the NGO-DMI, followed by NGO-Gandhigram (6.6%) and only 6.6 per cent of SHGs were functioning independently.

**Table 4.1 General characteristics of the respondents**

n=90

Sl. No.	Category	Respondents	
		Frequency	Percentage
1.	Age		
	a. Young (18-35 years)	38	42.22
	b. Middle (36-50 years)	52	57.78
2.	Marital status		
	a. Married	80	88.89
	b. Unmarried	7	7.78
	c. Widow	3	3.33
3.	Educational qualification		
	a. Illiterate	4	4.47
	b. Primary school (1-4)	6	6.66
	c. Middle school (5-7)	16	17.77
	d. High school (8-10)	30	33.33
	e. College	34	37.77
4.	Family type		
	a. Joint family	8	8.88
	b. Nuclear family	82	91.12
5.	Caste		
	a. SC	35	38.89
	b. ST	0	0.00
	c. MBC	6	6.67
	d. BC	46	51.11
	e. GM	3	3.33



With regard to writing of group records in all the groups (100%) of the records were written by one of the members. No groups either hired persons to write or got help from NGO staff. In 70 per cent of the groups majority of the members had experience in bank transactions and in 20 per cent of the groups only some of them transacted and only in 10 per cent of groups all members transacted.

In 73.4 per cent of the groups all the members contributed their individual savings on the fixed day. And in 20 per cent of groups the members contributed as and when possible and only 6.6 per cent of groups had members who skipped their contribution of individual savings.

In 73.4 per cent of groups repayment of loan to bank was regular and 23.3 per cent of the groups reported irregularity in payment and only 3.3 per cent of groups reported default. In 53.3 per cent of the groups the conflicts rarely occurred and 43.3 per cent of groups had no conflicts. And in only 3.3 per cent of the groups conflicts arose frequently.

#### **4.2.1 Loan availed and savings of the members**

The amount of loan availed and the savings of members in SHGs is presented in Table 4.3.

The total loan availed from the sample SHG members since inception was Rs.1,77,500 and the average amount to each member was Rs.1972.2 The loan availed from bank was Rs.13,06,524 and average amount for each member was Rs.14,517.

The savings (Rs/year) of the members in the SHG was Rs.1,19,920 and the average savings amount of each member was Rs.1,332.4.

#### **4.2.2 Factors motivating the members to join SHG**

It is observed from the Table 4.4 that NGO intervention was the major motivating factor which made members to join SHGs (93.33% of the members) followed by the intention to start income generating activity (58.8%), SHG as a good means to save money (52.22%), to gain social status by being part of the group (46.6%), emulation of other SHGs (42.22%) and initiation by other agencies serving as mode (6.66%).

### **4.3 INCOME GENERATING ACTIVITIES OF THE SHGS**

The income generating activities undertaken by the SHGs are given in the Table 4.5 where eighteen activities were identified. Among them shop keeping was the major activity carried out by 27.78 per cent of the members followed by Dairying (17.78%), dry flower (10.00%), fair price shop (6.67%), Tailoring (5.56%), eucalyptus oil sales (4.44%), Telescope, Bakery, Sambar powder making and product (Agri.) Sales (3.33%), fancy shop, Nursery, Handy work, Doll making and fertilizer shop (2.22% each), poultry, textile sales and provisional shop (1.11% each). Therefore, the major activities were shop keeping and dairying (Plate 2, 3 and 4).

### **4.4 IMPACT OF SHGs**

#### **4.4.1 Impact of SHGs on economic indicators of the members**

Impact of SHGs on income, assets, employment, investment, consumption and savings of the members after they joined the SHGs were found using per cent change and paired t-test for before and after joining SHG and are presented in Tables 4.6, 4.7, 4.8 and 4.9.

##### **4.4.1.1 Impact on income and employment of the members**

The changes in income and employment of the members are presented in Table 4.6 (Fig. 2).

##### **i. Income**

It was observed that the number of members with high income increased from 34 per cent before joining SHGs to 48.8 per cent after joining SHGs and in medium income group members increased from 22 per cent to 33.4 per cent. And in case of low income group there was decrease from 34 per cent to 17.8 per cent. The total percentage change in income from before joining to after joining, was 45.9 per cent. The t-value calculated was 12.65 which is significant at 1 per cent level (Table 4.9).

##### **ii. Employment**

It is observed that the percentage of members under high employment category (no. of days) increased from 33.4 per cent before joining SHG to 95.5 per cent after joining SHG and members under medium employment category decreased from 20 per cent to 4.4 per cent. Majority of the members (95.6%) fell under the high employment category after joining

**Table 4.2 Structural and functional characteristics of SHG**

n=30

Sl. No.	Characteristics	Frequency	Percentage
1.	Age of the SHG 2 years 4 years > 4 years	6 5 19	20.0 16.6 63.4
2.	Membership of SHG 10-12 13-15 >15	6 14 10	20.0 46.6 33.4
3.	Frequency of group meeting Weekly Fortnightly Monthly	29 1 -	96.6 3.4 -
4.	Attendance of the group >75% 50-75% 25-50%	28 2 -	93.4 6.6 -
5.	Record maintenance Very well maintained Moderately maintained Not maintained	7 23 -	23.4 76.6 -
6.	Banks Canara bank Indian bank SBI PACB PNB CBI	2 14 3 3 3 5	6.6 46.6 10.0 10.0 10.0 16.8
7.	NGO linkage DMI Gandhigram Independent	26 2 2	86.7 6.7 6.6
8.	Writing of group records By one of the members By hired person from village By NGO staff	30 - -	100 - -
9.	Bank transactions All members transact Majority of them transacted Some of them transacted	3 21 6	10.0 70.0 20.0
10.	Contribution of individual saving All contribute on the fixed day Contribute as and when possible Some members skip	22 6 2	73.4 20.0 6.6
11.	Repayment of loan to bank Regular Irregular Defaulter	22 7 1	73.4 23.3 3.3
12.	Conflicts in the group Frequently Rarely No conflicts	1 16 13	3.3 53.4 43.3

the SHG. The total percentage change in employment days was 112.48. The t-value calculated was 16.3 and it is significant at 1 per cent level. (Table 4.9).

#### 4.4.1.2 Impact on asset position and consumption pattern of the members



Plate 1. Women in group meetings

The changes in asset position and consumption pattern of the members are presented in Table 4.7 and Fig. 3.

#### i. Assets

It can be seen from the Table that the members of high asset category increased from 23 per cent before joining SHG to 65.6 per cent after joining SHG. There was subsequent decrease in percentage of medium and low asset category members from 22 per cent to 16.6 per cent and from 45 per cent to 17.8 per cent respectively. The total percentage change in the assets position from before joining SHG to after joining SHG was 53.43 per cent. The t-value calculated was 9.42 and it was significant at 1 per cent. (Table 4.9).

#### ii. Consumption

It is observed from the table that there was an increase from 18 per cent of members before joining SHG to 43.4 per cent after joining SHG in high consumption pattern category. Subsequently there was a decrease in the percentage of members in both medium and low consumption category from 30 per cent to 27.8 per cent and 42 per cent to 28.8 per cent respectively. The total percentage change in consumption was found to be 25.85 per cent. The t-value calculated was 7.98 and it was significant at 1 per cent level.

#### 4.4.1.3 Impact on investment and savings of the members

The change in the investment and savings pattern of the members from before joining SHG to after joining SHG is presented in Table 4.8 (Fig. 4).

#### i. Investment

It can be observed from the Table that the percentage of members in high investment category increased from 27.8 per cent before joining SHG to 35.6 per cent after joining SHG. Medium category showed a decrease of members from 27.8 per cent to 24.4 per cent. In the low investment category the percentage of members decreased from 44.4 per cent to 40 per cent after joining SHG. The total percentage change in the investment was 20.09 per cent. The t-value calculated was 3.80 and it is significant at 1 per cent level. (Table 4.9).

#### ii. Savings

It can be observed from the table that the percentage of members under high saving category increased from 28.9 per cent to 90 per cent. And in case of low and medium savings category the percentage of members before joining SHG was 28 and 36 per cent respectively. After joining SHG none of the members belonged to either low or medium savings category. The total percentage change in savings of the members was calculated as 264.7. The t-value calculated was 9.69 and it was significant at 1 per cent level (Table 4.9).

#### 4.4.2 Factors influencing the income of the SHG members

The step-wise regression is done to study the factors influencing the income level of the SHG members. It is studied using regression analysis where income of members was regressed on several causal factors such as investment, savings, asset position, consumption employment days, age of members, education level and caste. In the step-wise regression the insignificant variables were eliminated in each step until all the variables have become significant. Among all the independent variables, the eliminated variables included consumption of members, years/age of the SHG, age of the members, education level of the members and caste of the members. The factors which significantly contributed to the income level of the SHG members were investment, savings, employment days and asset position of the members. The results of the step-wise regression are presented in Table 4.10.

It could be seen from the table that the income level was positively influenced by all the causal factors. As the investment and savings of the members increased the income level also increased considerably. Similarly when there was an increase in the employment days there was a subsequent increase in the income of the members. The increase in the assets position of the members also increased the income level of the members in the SHG. All the values were significant at 1 per cent level. The  $R^2$  value was found to be 0.84, which testified to the adequacy of the model.

#### 4.4.3 Impact of SHGs on empowerment of the members

##### 1. Social empowerment

The Table 4.11 and Fig. 5 shows the impact of SHG on the social empowerment of the SHG members. The impact is measured through scores and their index developed for contributing social factors before and after joining the SHG. Among them communication ability followed by decision making, treatment of family members, leisure time profitably used,



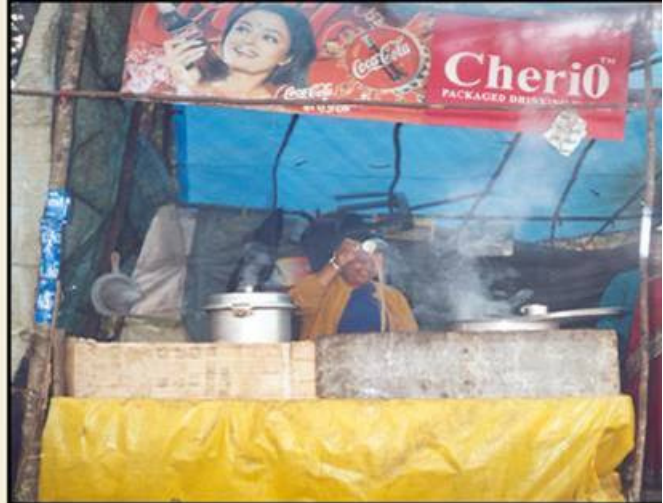


Plate 2. Income generating activities undertaken by SHGs (Shop Keeping)





**Plate 3. Income generating activities undertaken by SHGs (Dry flower, tailoring and doll making)**

**Table 4.3 Details of loan availed and savings of the sample members**  
(n= 90) (in Rs.)

Sl. No.	Particulars	Total amount	Average amount per member
1.	Loan		
	(i) SHG (since inception)	1,77,500	1972.2
	(ii) Bank	13,06,524	14,517
2.	Savings/year		
	(i) SHG	1,19,920	1332.4

**Table 4.4 Factors motivating the members to join SHG**  
(n = 90)

Sl. No.	Factors	Frequency (no of members)	Percentage
1	NGO intervention	84	93.33
2	Emulation of other SHG	38	42.22
3	Initiation by other agencies	6	6.66
4	SHG is a good means to save money	47	52.22
5	The intention to start income generating activity	53	58.88
6	To gain social status by being a part of the group	42	16.66

**Table 4.5 Income generating activities undertaken by the SHGs**

(n =90)

Sl. No.	Activity	Number of members	Percentage
1	Shop keeping	25	27.78
2	Dairy	16	17.78
3	Dry flower	9	10.00
4	Fair price shop	6	6.67
5	Tailoring	5	5.57
6	Eucalyptus oil sales	4	4.45
7	Telescope	3	3.33
8	Bakery	3	3.33
9	Sambar powder making	3	3.33
10	Product sales	3	3.33
11	Fancy shop	2	2.22
12	Nursery	2	2.22
13	Handy work	2	2.22
14	Doll making	2	2.22
15	Fertilizer shop	2	2.22
16	Poultry	1	1.11
17	Textile sales	1	1.11
18	Provisional shop	1	1.11
	Total	90	100.00

self image and involvement in social issues had scores ranging from 150-170 before joining SHG which had been increased to scores ranging from 230-260 after joining SHG. Their respective indexes also showed an increase with highest in case of treatment of family followed by decision making, leisure time profitably used and self image. Extension participation, awareness to government policies, participation in organizations, literacy and leadership quality also showed remarkable increase in their scores and indexes after joining the SHG. The overall index calculated was 47.70 before joining SHG which increased to 78.31 after joining the SHG. The gain in index was highest in involvement in social issues followed by treatment of family members. The overall gain in index was 30.61.





Plate 4. Income generating activities undertaken by SHGs (Fancy shops)





**Plate 5. Income generating activities undertaken by SHGs (Eucalyptus oil sales, provisional shops, poultry and dairying)**





Plate 6. Income generating activities undertaken by SHGs (binocular for view, bakery, sambar powder making and fair price shops)

**Table 4.6 Impact of SHG on income and employment of the members**

n=90

Sl. No	Categories	Before		After	
		F	%	F	%
Income (Rs.)					
1	Low	34	37.8	16	17.7
2	Medium	22	24.4	30	33.4
3	High	34	37.8	44	48.8
	Mean	18824.6			
	S.D.	12426.71			
Employment (mandays)					
1	Low	40	44.4	0	0
2	Medium	20	22.2	4	4.4
3	High	30	33.4	95.6	95.5
	Mean	154.12			
	S.D.	87.45			

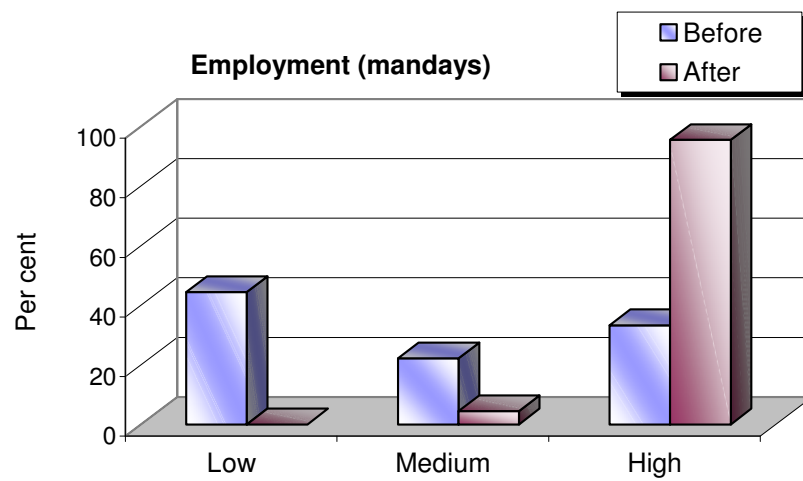
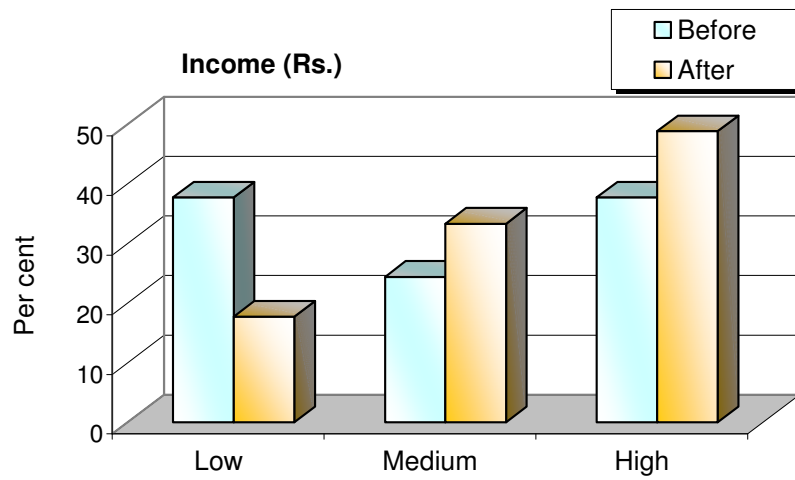
F – Frequency – number of members

**2. Economic empowerment**

The Table 4.12 and Fig. 6 depicts the impact of SHG on the economic empowerment of women members. The index for the contributing factors such as immovable assets increased from 59.63 before joining SHG to 98.89 after joining SHG, followed by acquisition of skill from 70.37 to 97.04, women's income from 37.78 to 95.56, access to credit from 48.52 to 94.81, saving/month from 41.11 to 93.33, purchase of gold from 59.26 to 91.11, material possession increased from 48.89 to 82.22, food consumption pattern increased from 52.59 to 78.89 and access/control over financial resources/households increased from 35.19 to 73.33. The overall index of economic empowerment of women increased from 50.37 before joining SHG to 89.46 after joining SHG. The gain index was highest in case women's own income. The overall gain in index was 39.09.

**4.5 INSTITUTIONAL LINKAGES OF SHG****4.5.1 Linkages**

The Table 4.13 shows that the SHGs had linkages with NGOs, Banks, Agriculture offices, Panchayat and input agencies and marketing organizations. The table shows the number of times the institutions were visited in a month by the members. It is evident that



**Fig. 2. Impact on income and employment of the members**

**Fig 2. Impact on income and employment of the members**

**Table 4.7 Impact on asset position and consumption of the members**

(n =90)

Sl. No	Categories	Before		After	
		F	%	F	%
Assets (Rs.)					
1	Low	45	50.0	16	17.8
2	Medium	22	24.4	15	16.6
3	High	23	25.6	59	65.6
	Mean	7838.13			
	S.D.	3795.26			
Consumption (Rs.)					
1	Low	42	46.6	26	28.8
2	Medium	30	33.4	25	27.8
3	High	18	20.0	39	43.4
	Mean	15930.58			
	S.D.	6059.26			

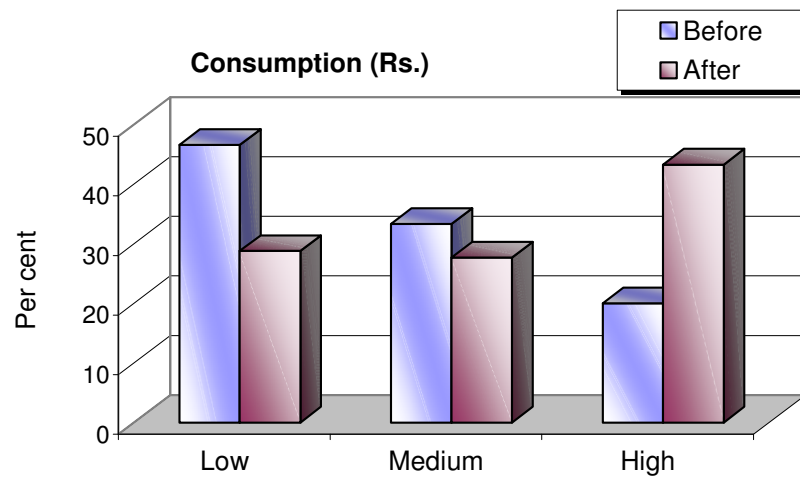
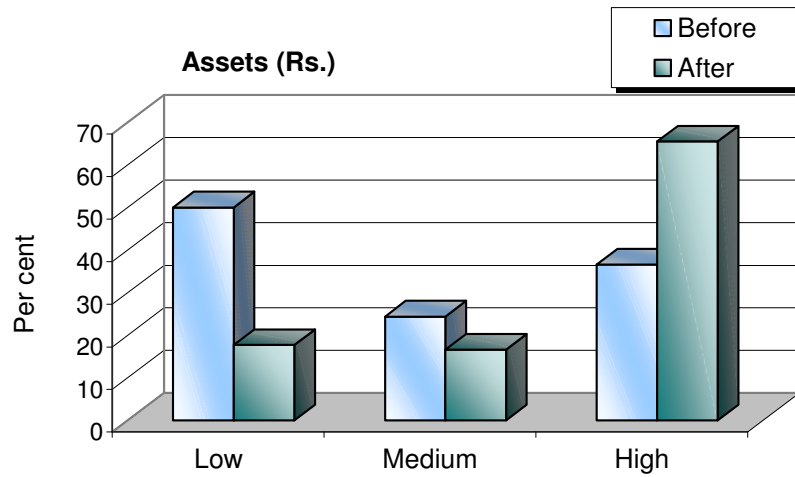
F – Frequency – number of members

NGOs were visited more than 7 times by 47.7 per cent of members, followed by 45.56 per cent who visited 5-7 time in a month. Bank was visited by 86.67 per cent of members 5-7 times a month. Agriculture office was visited by 50 per cent of the members 2-4 times a month. About 72.2 per cent of members visited different organizations for input purchase and marketing which was 5-7 times a month.

#### 4.5.2. Purpose of the visit

About 94.4 per cent of the members visited the organizations to avail loans, followed by 68.89 per cent to get information, 32.22 per cent for training and 23.3 per cent to take part in programmes. The respondents 67.78 per cent also opined that they don't go for training followed by 76.67 per cent who don't go to take part in programmes (Table 4.13a).

Regarding response from the organisations it was found that 61.1 per cent of the members opined as good, followed 26.67 per cent as very good, 7.78 per cent as average response and 4.4 per cent as poor response (Table 4.13b).



**Fig. 3. Impact on asset position and consumption of the members**

**Fig 3. Impact on asset position and consumption of the members**

**Table 4.8 Impact of SHG on investment and savings of the members**  
(n =90)

Sl. No	Categories	Before		After	
		F	%	F	%
Investments (Rs.)					
1	Low	40	44.4	36	40
2	Medium	25	27.8	22	24.4
3	High	25	27.8	32	35.6
	Mean	12088.34			
	S.D.	9784.01			
Savings (Rs.)					
1	Low	28	31.1	0	0
2	Medium	36	40.0	0	0
3	High	26	28.9	90	100
	Mean	365.27			
	S.D.	198.10			

F – Frequency – number of members

#### 4.5.3 SHG linkage models

The Table 4.14 shows that majority of the SHGs *i.e.*, 93.34 per cent of them were of the model-I and 6.66 per cent of them were of model III and none of the SHGs were of the Model II.

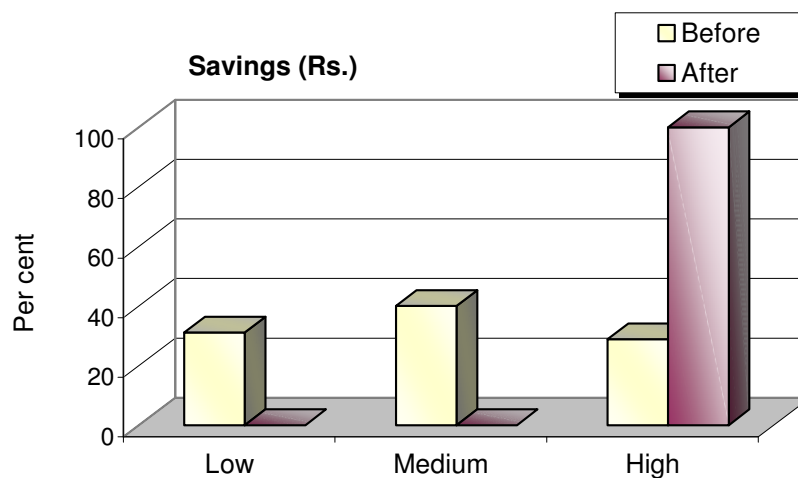
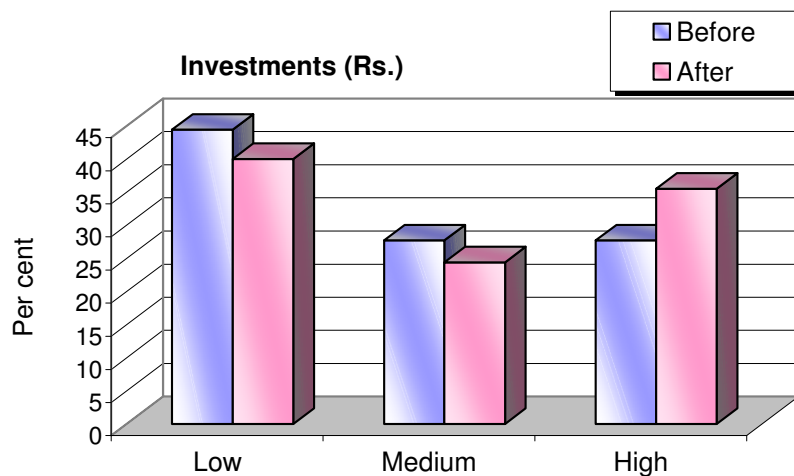
### 4.6 OPINION OF THE MEMBERS ABOUT SELF HELP GROUP AND NON GOVERNMENTAL ORGANIZATIONS/BANK

#### 4.6.1 Opinion of beneficiaries about bank/NGO

The opinions categorized as 'Yes' 'Partly' and 'No' with their frequency and percentages are given in the Table 4.15.

Among the opinions, ease to get loan collectively was opined as yes by majority of the members (84.44%). Easy repayment (64.44%), rate of interest lower than SHG loan (45.56%), adequacy of loan to perform the activities (81.11%), availability of technical guidance (45.56%), better supervision by the staff (50.55%) and clear guidance about the





**Fig. 4. Impact on investment and savings of the members**

**Fig 4. Impact on investment and savings of the members**

scheme by bank/NGO (52.22%) were the opinions given by majority of the members as partly true.

#### 4.6.2 Opinion of beneficiaries about SHG

The opinions of the members with respect to SHG are give in Table 4.16.

It can be observed that 81.11 per cent of the members opined as 'Yes' with respect to timeliness and convenience to get credit from SHG. About 68 per cent opined that the repayment terms are partly easy. The scheme as beneficial was opined yes by 58.89 per cent of members, no exploitation in money lending was opined as yes by 71.1 per cent of the

**Table 4.9. Impact of SHG on different parameters**

Sl. No.	Parameters	Before		After		% change	t-value
		Mean	SD	Mean	SD		
1	Income (Rs.)	18824.62	12426.71	27483.42	14286.4	45.99	12.65**
2	Investment (Rs.)	12088.34	9784.01	14516.93	11528.12	20.09	3.8**
3	Assets (Rs.)	7838.73	3795.26	11946.97	5361.84	53.43	9.42**
4	Consumption (Rs.)	15496.18	6403.11	18768.86	7642.91	25.85	7.98**
5	Employment (mandays)	154.12	87.45	327.48	83.31	112.48	16.33**
6	Savings (Rs.)	365.27	198.107	1332.44	952.76	264.7	9.6**

\*\* Significant at 1% level

**Table 4.10. Factors influencing the income level of the SHG members (step-wise regression)**

Sl. No.	Variable	Notation	R	Standard error	Coefficient	t-value	F value	R <sup>2</sup> value
1	Constant	Intercept	-	2706.073	-5523.54	2.041*		
2	Investment (Rs.)	X <sub>1</sub>	0.827 <sup>a</sup>	0.095	0.50	5.264**		
3	Savings (Rs.)	X <sub>2</sub>	0.892 <sup>b</sup>	0.891	4.92	5.534**		
4	Employment (mandays)	X <sub>3</sub>	0.911 <sup>c</sup>	10.490	40.37	3.849**	111.184**	0.84
5	Assets (Rs.)	X <sub>4</sub>	0.916 <sup>d</sup>	0.163	0.377	2.308*		

\*\* Significant at 1% level

\* Significant at 5% level

Model =  $Y = -5523.54 + 0.50 x_1 + 4.92 x_2 + 40.37 x_3 + 0.37 x_4$

Y = Dependent variable = Income

a = Predictors (constant), investment

b = Predictors (constant), investment, savings

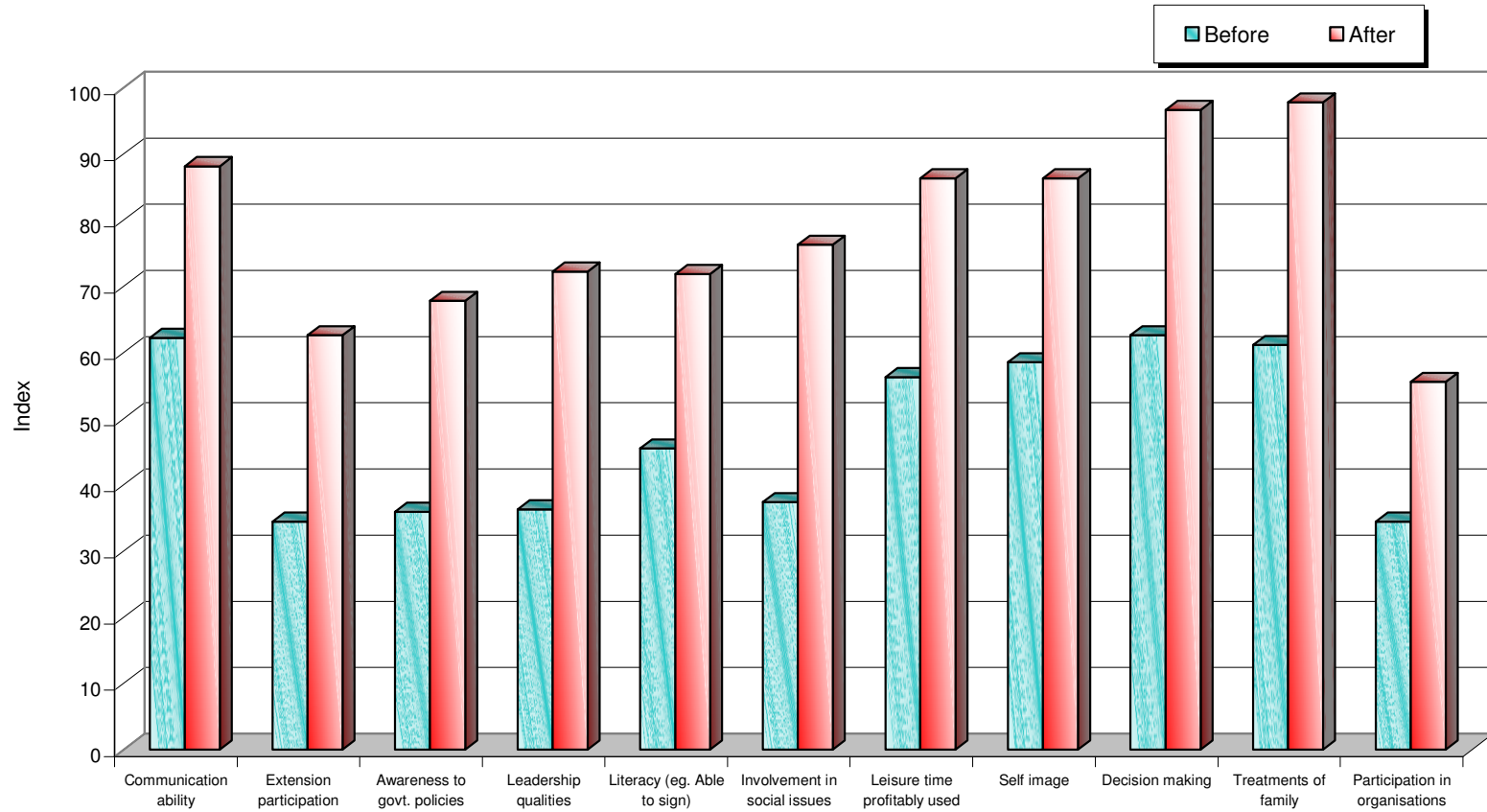
c = Predictors (constant), investment, savings, employment

d = Predictors (constant), investment, savings, employment, assets

**Table 4.11 Impact of SHG on social empowerment of women**

n=90

Sl. No.	Variables	Before		After		Gain index
		Scores	Index	Scores	Index	
1	Communication ability	168	62.22	238	88.15	26.00
2	Extension participation	93	34.44	169	62.59	28.15
3	Awareness to government policies	97	35.93	183	67.78	31.85
4	Leadership qualities	98	36.30	195	72.22	35.92
5	Literacy (eg. Able to sign)	123	45.55	194	71.85	26.35
6	Involvement in social issues	101	37.40	206	76.30	38.89
7	Leisure time profitably used	152	56.30	233	86.30	30.00
8	Self image	158	58.52	233	86.30	27.78
9	Decision making	169	62.59	261	96.67	34.08
10	Treatments of family	165	61.11	264	97.78	36.67
11	Participation in organisations	93	34.44	150	55.56	21.12
	Overall index	47.70		78.31		30.61



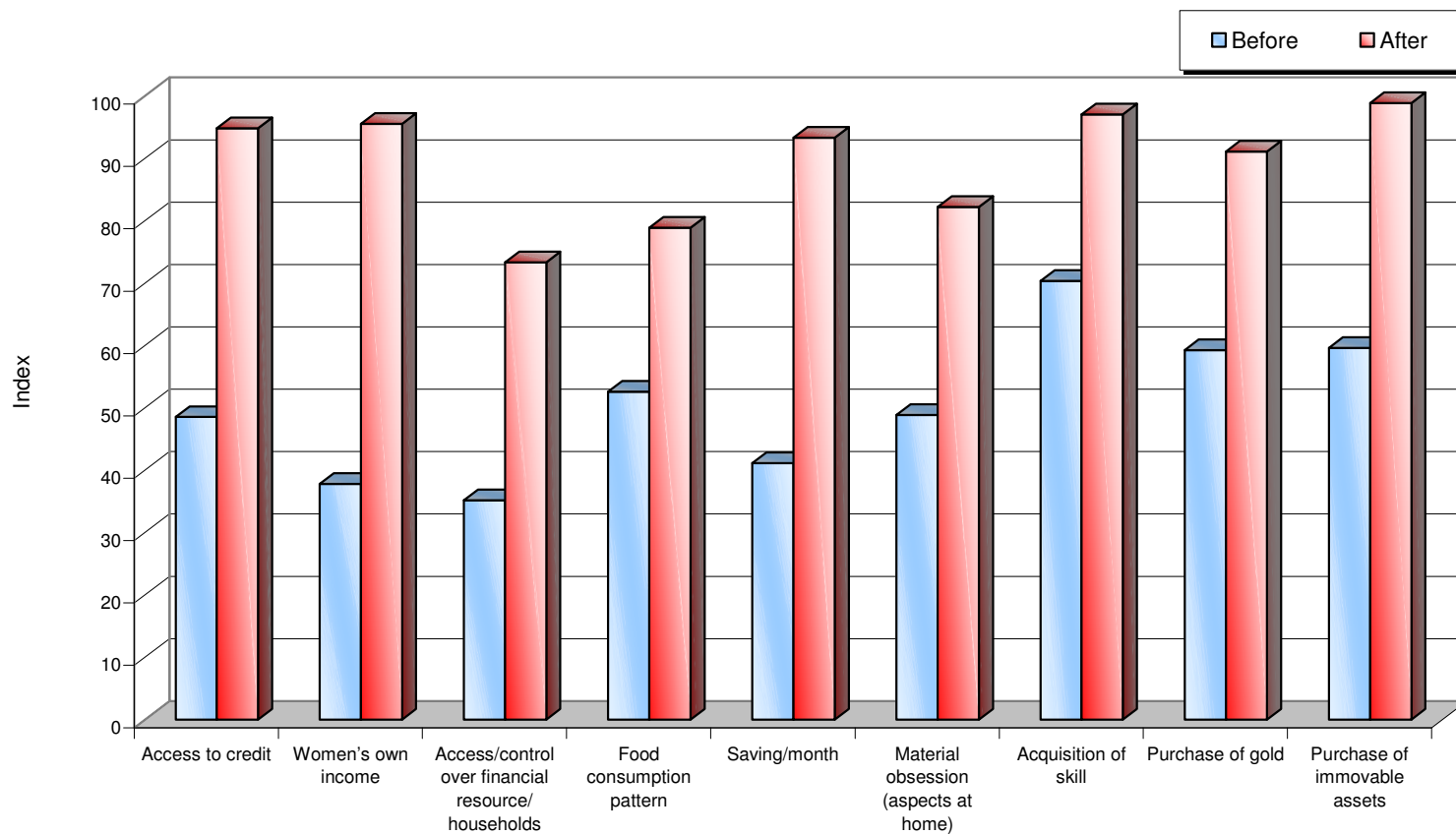
**Fig. 5. Impact of SHG on social empowerment of women**

**Fig 5. Impact of SHG on social empowerment of women**

**Table 4.12 Impact of SHG on economic empowerment of women**

n=90

Sl. No.	Variable	Before		After		Gain index
		Scores	Index	Scores	Index	
1	Access to credit	131	48.52	256	94.81	46.29
2	Women's own income	102	37.78	258	95.56	57.78
3	Access/control over financial resource/ households	95	35.19	198	73.33	38.14
4	Food consumption pattern	142	52.59	213	78.89	26.30
5	Saving/month	111	41.11	252	93.33	52.22
6	Material obsession (aspects at home)	132	48.89	222	82.22	33.33
7	Acquisition of skill	190	70.37	262	97.04	26.67
8	Purchase of gold	160	59.26	246	91.11	31.85
9	Purchase of immovable assets	161	59.63	267	98.89	39.26
	Overall index	50.37		89.46		39.09



**Fig. 6. Impact of SHG on economic empowerment of women**

**Fig 6. Impact of SHG on economic empowerment of women**

**Table 4.13 Institutional Linkages of Self Help Group**

Sl. No.	Linkages	No. of times visited in a month							
		Nil		2-4 times		5- 7 times		>7 times	
		F	%	F	%	F	%	F	%
1	NGOs	0	0	6	6.67	41	45.56	43	47.78
2	Bank	0	0	4	4.44	78	86.67	8	8.89
3	Agriculture office	41	45.56	45	50.00	4	4.44	0	0.00
4	Panchayat	16	17.78	30	33.33	31	34.44	13	14.44
5	Input agencies and marketing organizations	0	0	20	22.22	65	72.22	5	5.56

F = Frequency – number of members

**Table 4.13a Purpose of the visit to the organizations**

n=90

Sl. No.	Purpose of the visit	Yes	
		Frequency (no. of members)	%
1	To avail loans	85	94.44
2	Training	29	32.22
3	Getting information	62	68.89
4	Take part in programmes	21	23.33



**Table 4.13b Response from the organizations**

Sl. No.	Response	Frequency (no. of members)	Percentage
1	Very good	24	26.67
2	Good	55	61.11
3	Average	7	7.78
4	Poor	4	4.44

**Table 4.14 SHG linkage models**

Sl. No.	Linkage model	Frequency	Percentage
1	Model I (SHGs formed by NGO and linked to bank)	28	93.34
2	Model II (NGO forms SHGs and perform financial intermediation role as a lender)	0	0
3	Model III (Bank SHG association)	2	6.66

**Table 4.15 Opinion of beneficiaries about banks/NGO**

n=90

Sl. No.	Opinions	Yes		Partly		No	
		F	%	F	%	F	%
1	It is easy to get loan collectively	76	84.44	14	15.56	0	0
2	Easy for repayment due to collective responsibility	32	35.56	58	64.44	0	0
3	Rate of interest is lower than SHG loan	21	23.33	41	45.56	28	31.11
4	Amount sanctioned by the bank is adequate to perform the activities	16	17.78	73	81.11	1	1.11
5	Availability of technical guidance	32	35.56	41	45.56	17	18.88
6	Better supervision by the bank/NGO staff avoids misutilization of loan	44	48.89	45	50.00	1	1.11
7	Bank/NGO staff gives clear guidance about the scheme	38	42.22	47	52.22	5	5.56

F = Frequency – number of members

members, interest rate charged in SHGs as low was opined by 94.44 per cent of the members, the procedure in advancing of loan in SHGs as easy was opined as partly true by 81.11 per cent of the members. About 82 per cent of the members opined that SHG had increased their social participation and 60 per cent of the members were in agreement with the opinion that it had helped in the over all development of the family. About 90 per cent of the members opined that they were very much like to continue as members of SHG.

## 4.7 PROBLEMS AS PERCEIVED BY THE SELF HELP GROUP MEMBERS

### 4.7.1 Problems perceived by the beneficiaries

The problems as perceived by the beneficiaries were recorded and presented in Table 4.17. It indicates that among the social problems about 51.11 per cent of them felt conflict among the groups was a moderate problem, problem of caste system in the village was opined as not severe by 92.22 per cent of the members.

Among the economic problems availability of loan on time was opined as a moderate problem by 41.11 per cent of the members, improper savings or procedure involved in savings of members was found to be a moderate problem by 81.11 per cent of the members, profit earned is not sufficient was a moderate problem as opined by 34.44 per cent of the members and problem of raw material procurement was found to be moderate problem as opined by 56.67 per cent of the members.

Among the marketing problems, distance from local market or town (41.11%), non availability of transport facilities (35.58%) were the major problems, proper institutional help not provided was found as a moderate problem by 37.78 per cent of the members.

Among the personal problems, lack of training or skill up gradation (64.44%) followed by other household activities (61.11%), education levels of the members (54.44%), age of members (41.11%), lack of encouragement or support from family members (34.44%) and distance between members and place of economic activity (13.33%) were found as moderate problems. The government rules/restriction was reported as a moderate problem by 83.33 per cent of the members.

**Table 4.16 Opinion of beneficiaries about SHG**

n=90

Sl. No.	Opinion of respondents	Yes		Partly		No	
		F	%	F	%	F	%
1	Timely and convenient to get credit	73	81.11	15	16.67	2	2.22
2	Repayment terms are easy	26	28.2	60	66.67	4	4.44
3	The scheme is beneficial	53	58.89	31	34.44	6	6.67
4	No exploitation in money lending	3	3.33	23	25.56	64	71.11
5	Lower interest rate	85	94.45	3	3.33	2	2.22
6	Easy procedure in advancing	10	11.11	73	81.11	7	7.78
7	Increased social participation	74	82.22	2	2.22	14	15.56
8	Helps in overall development of family	54	60.00	3	3.33	33	36.67
9	Willingness to continue as members of SHG?	80	88.89	9	10.00	1	1.11

F = Frequency – number of members

**Table 4.17 Problems faced by the SHG members**

n=90

Sl. No.	Problems	Frequency			Percentage		
		High	Moderate	Low	High	Moderate	Low
1	Social problems						
	1. Caste system in the village	2	5	83	2.22	5.56	92.22
	2. Conflict among the groups	3	46	41	3.33	51.11	45.56
2	Economic problems						
	1. Loan availability (timely)	3	37	50	3.33	41.11	55.56
	2. Improper savings or procedure	3	73	14	3.33	81.11	15.56
	3. Profit is not sufficient	6	31	53	6.67	34.44	58.89
	4. Problem in raw material procurement	23	51	18	25.56	56.67	17.78
3	Marketing problems						
	1. Facilities not available	32	38	22	35.56	40.00	24.44
	2. Distance from local market or town or transportation problem	37	32	21	41.11	35.56	23.33
	3. Proper institutional help not provided	3	34	53	3.33	37.78	58.89
4	Personal problems						
	1. Other household activities	11	55	24	12.22	61.11	26.67
	2. education levels of the members	19	49	22	21.12	54.44	24.44
	3. Age of the members	5	37	48	5.56	41.11	53.33
	4. Distance between members or place of economic activity	1	12	77	1.11	13.33	85.56
	5. Lack of training or skill up gradation	17	58	15	18.89	64.44	16.67
	6. Lack of encouragement or support from family members	11	31	48	12.22	34.44	53.34
5	Problems any other						
	Government rules/ restrictions	10	75	5	11.11	83.33	5.56

## V. DISCUSSION

The results presented in the previous chapter are discussed in this chapter. The discussions are presented under the following heads.

5.1 General characteristics of the Self Help Group members

5.2 Structural and functional characteristics of the Self Help Groups

5.3 Income generating activities of the Self Help Groups

5.4 Impact of Self Help Groups

5.5 Institutional linkages of the Self Help Groups

5.6 Opinion of the members about Self Help Groups and Non-government Organizations

5.7 Problems as perceived by the Self Help Group members

### 5.1 GENERAL CHARACTERISTICS OF THE SELF HELP GROUP MEMBERS

General characteristics including the socio-economic conditions of the SHG members are presented in Table 4.1.

#### 5.1.1 Age

Majority of the members (57.8%) belonged to middle aged and 42.2 per cent of the members belonged to the young age group. Age is an important variable with which social status is associated. The women of middle age are more efficient and responsible than their younger counter parts. They aspire to earn more from subsidiary occupation might be the reason to find majority of the members in middle aged group. The results are in line with the findings of Dwarakanath (2001) and Joseph and Easwaran (2006).

#### 5.1.2 Marital status

Marital status of the women indicates that 88.89 per cent of the members were married as most of women belonged to the age group of middle aged (36-50 years). Women tend to leave their village (home town) once they are married and as SHG is a long-term activity and leaving the group in between could affect its progress. The result is in line with Kumaran (1997) and Sarada (2001). About 3.33 per cent of members were widows and the SHG movement could thereby make them self reliant and self-sufficient.

#### 5.1.3 Education qualification

Education plays a vital role in development and is a major component of empowerment of the weak. Table 1 shows that 37.7 per cent of the members had education above high school *i.e.* college level and 33.33 per cent of the members had high school education, 17.7 per cent had middle school education while only 6.6 per cent of the members were with primary school education and only 4.4 per cent of the members were illiterate. The findings are in line with Ganesamurthy *et al.* (2000) but contrary to Kumaran (1997) and Suriakanthi (2000). Majority of the members were educated, the reasons might be due to the education facilities available. Schools are located in the villages and near by. Educated women are an asset to the groups as they take care of the maintenance of all records and documents of the group.

#### 5.1.4 Family type

It was noticed that 91.2 per cent of the members belonged to nuclear family and only 8.8 per cent belonged to joint family type. The predominance of nuclear families might be due to urbanization, realization of advantages of nuclear families and nuclear families is a common feature even in rural areas and the study area is no exception to this. The results are similar to Savitha (2004) and Bharathi (2005).

#### 5.1.5 Caste

Majority of the members belonged to the backward caste category (37.1%) followed by scheduled caste category (38.89%) who are the economically oppressed class. SHGs encourage and aim at improvement of their living status and encourage persons living below poverty line to join SHG and it might be the reason why their enrolment in SHGs in the study area is more.

### 5.2 STRUCTURAL AND FUNCTIONAL CHARACTERISTICS OF THE SHGs

The characteristics with respect to structure and functioning are studied which indicate the performance of the SHGs (Table 4.2).

It is observed that majority of the SHGs (63.4%) were above 4 years of age, 16.6 per cent were 2-4 years of age and 20 per cent were below 2 years age. The SHG is a long term activity. The process of formation involves a number of steps and dealing with rural women is often accompanied with a number of barriers and difficulties, which have to be solved before indulging into the next steps. The groups of the present study were selected based on the income generating activity and therefore age of the group is an important factor which stabilizes the activity of the group and therefore majority of the groups are above 4 years of age.

With respect to membership of SHG majority of the groups had 13-15 members and 33 per cent of them with more than 15 members and 20 per cent with 10-12 members. This is in conformity with the definition of Self Help Groups and its norms.

It was observed that with respect to frequency of meeting 96.6 per cent of them conducted weekly meetings which is indispensable to maintain frequent contacts with members, to discuss about the activities, carryout transactions and contribution of their savings. And 3.3 per cent had fortnightly meetings due to inconvenience in gathering. And nearly 93.4 per cent of the groups had attendance above 75 per cent and only 6.6 per cent had attendance between 50-75 per cent, the reason might be due to the feeling of belongingness, interest to develop the group and also due to the governing rules agreed upon. The results gain support from Rao and Padmaja (1998) and Arunkumar (2004).

In 76.6 per cent of the groups the records were moderately maintained and 23.3 per cent of groups maintained their records very well. Majority of the members had completed their high school education and also had the guidance and training from the NGOs. The contact of the groups with banks and NGO show that they had linkages according to the SHG-Bank linkage programme and there are number of banking facilities in the study area.

With respect to writing of group records, in all the groups (100%) were written by one of the members, because of the presence of educated persons in the group and some of members had been trained by NGO staff to write their records, which may be because of good rapport the SHG members have with NGO staff. With respect to transactions with banks in majority of the groups (70%) had experience in bank transaction but not all members, some members were reluctant even after joining SHG to visit banks. In 20 per cent of the groups only some of them transacted, probably because of group decision to extend the responsibility to few active members and only in 10 per cent of groups all members transacted reflecting upon the transparency in group dealings.

The results are in confirmation with Puhazhendi (2000) and Arunkumar (2004).

In 73.4 per cent of the groups all members contributed their saving on the fixed day which shows that they follow the norms of the SHGs and maintain punctuality. In 20 per cent of the groups the members contributed as and when possible this may be due to irregular income or other needs. And only 6.6 per cent skipped, which might be due to type of income generating activity. In 73.4 per cent of groups repayment of loan to bank was regular it might be due to the surplus generated through income generating activities, the group pressure, need to maintain worthiness with banks and NGO intervention and their timely guidance. The results are in line with Puhazhendi (2000) and Arunkumar (2004). Only 23.3 percent of groups reported irregularity in payment and 3.33 per cent of groups reported default, which might be due to conflicts and irregularity in income. Default might be due to member's irresponsibility in repayment and conflicts. In 53.3 per cent of the groups the conflicts rarely occurred and 43.3 per cent had no conflicts. The heterogeneity in attitude of members towards certain issues like sanctioning of loan, interest rates *etc.* might lead to conflicts. Occasional conflicts reflects upon the dynamism of the group.

#### **5.2.1 Loan availed and savings of members**

The average loan availed from the SHG since inception was Rs.1,972/- and average loan availed from the bank was Rs.14,517/-. With regard to savings the average savings in SHG was Rs.1,332/- per year. The results in confirmation with Arunkumar (2004).

#### **5.2.2 Factors motivating the members to join SHG**

Majority of the members (93.33%) opined NGO intervention as the major motivating factor. Majority of the SHGs (93.33%) were linked to the NGOs which is the major reason. Similar finding was reported by Arunkumar (2004). This was followed by the members intention to start income generating activities which needs investment. About 52 per cent of the members opined that they joined SHG as it is a good means to save money and it might be because their money can be saved in smaller amount/ thrifts on weekly basis. Emulation of

other SHG and to gain social status was also opined as factors, which motivated 42.2 per cent and 46.6 per cent of the members respectively.

### 5.3 INCOME GENERATING ACTIVITIES OF THE SELF HELP GROUPS

The results presented in Table 4.5 show that for majority of the members (27.78%) major income generating activity was shop keeping as the major income of area was from the tourists visiting the place and shops located at the important visiting spots had provided more opportunities to the members. Dairying was undertaken by 17.78 per cent of the members, as these members were also involved in agricultural activities. Dry flower making was undertaken by 10 per cent of the members as it is an activity which can be done by women efficiently and flowers are available in the locality. Tailoring activity was undertaken by 5.56 percent of the members had undergone short courses on stitching and earned from their neighborhood. About 4.4 per cent of the members were involved in eucalyptus oil sales as leaves can be collected from the forest areas or purchased at a lesser cost. Bakery, sambar powder making, telescope for use and product sales (Amway) were undertaken by 3.3 per cent each of the members. Fancy shops, nursery, handy work, doll making and fertilizer shop were taken by 2.22 per cent each of the members. Poultry rearing, provisional shop and textile sales were undertaken by 1.11 per cent each of the members respectively. The diversification in activities is noticed as the members belonged to different villages and available resources and opportunities varied.

### 5.4 IMPACT OF SHGs

#### 5.4.1 Impact of SHGs on economic indicators of the members

The results of impact analysis of SHGs with respect to income assets, employment, investment, consumption and savings of the members are presented in the Tables 4.6, 4.7, 4.8 and 4.9. To study the changes in these from before joining SHG to after joining SHG percentage change and paired t-test were used.

##### 5.4.1.1 Impact on income and employment of the members

Impact on income and employment of the members is presented in Table 4.6.

##### (i) Income

It could be observed from the Table 4.6 that before joining SHG 34 percent of the members belonged to low-income group which was reduced to 17.7 per cent after joining SHG. There was increase from 22 per cent to 33.4 per cent in members belonging to medium income group after joining SHG. In case of high income group there was an increase in the members from 34 per cent to 48.8 per cent after joining the SHG. The total percentage change in income of members after joining SHG was 45.99 per cent. Therefore a positive shift in the income level of the members after joining the SHG was observed. The members after joining SHG could expand their activities by increasing their investments through the loans obtained at lower rate of interest. There was no exploitation in money lending. There was upgradation of skills of the members through training. There was proper utilization of money by the members. All these led to increase in the income of the members. Some members before joining SHG were not involved in any income generating activities but after joining, by encouragement of NGO and other successful SHGs, financial support, ease to get and repay loan collectively and training they have started income generating activities. Most of the members who were involved in on farm activities. After joining the SHGs started dairying, which has given them additional income. These might be the reasons for the increase in the income of the members after joining the SHGs. The t-value was significant at 1 per cent level which shown that there was significant difference in the income of members after joining the SHGs. The results are similar to Puhazhendi (2000), Puhazhendi and Jayaraman (1999) and Asokan (2005).

##### (ii) Employment

It is observed that 44 per cent of women who were under the low employment category before joining the SHGs had been shifted to higher employment category after joining the SHGs. About 95.6 per cent of the members belonged to the high employment category after joining the SHGs. The total percentage change in the employment was 112.48 and the t-value was significant at 1 per cent level which showed that there was significant difference in employment before and after joining the SHGs. Easy access to credit provided opportunities for undertaking income generating activities by the respondents. This could have resulted in the increase in the employment opportunities at the household level. Therefore, SHGs have helped the members generate more employment in on as well as off-



farm activities, probably through self-employment activities and by availing of micro-finance in post-SHG situation. The results are in confirmation with Dasaratharamaiah *et al.* (2006) and Gangaiah *et al.* (2006).

#### 5.4.1.2 Impact of asset position and consumption pattern of the members

The change in asset position and consumption pattern of the members from before joining SHG to after joining SHG are presented by categorizing the members into low, medium and high category. Percentage change in assets and consumption was calculated and paired t-test was applied to find if there was significant change in the asset position and consumption pattern of the members.

##### (i) Asset position

The composition of assets would be a measure of the economic strength of the SHG members. In this study assets means assets other than land and buildings, they were excluded from the analysis, as the changes in them cannot be expected from microfinance interventions over a short span of time. It could be observed that 50.00 per cent of the members who were in the low asset category before joining SHG had reduced to 17.8 per cent after joining the SHG. The members in the high assets category increased to 65.6 per cent after joining the SHG. The total percentage change was 53.3 per cent and the t-value calculated was significant at 1 per cent level, which indicated that there was a significant difference in the asset position of the SHG members before and after joining SHG.

The asset position of the members could influence the activities like investments; repayment of loans and it also could influence the decision-making behaviour of the respondents in terms of adoption of innovative ideas and practices. Before joining SHG the members did not have opportunities to save money or either earn an additional income which kept their asset position low. But after joining SHG they had opportunity to save, get additional income and through the savings and profit obtained they could afford to purchase some consumer durables, livestock and other household assets, through which the women would have access/control over household assets.

##### (ii) Consumption

It could be observed that 46.6 per cent of the women who were under low consumption category before joining SHG had decreased to 28.8 per cent after joining SHG. And the members in high consumption category increased from 18 per cent to 43.4 per cent after joining SHG. The total percentage change in consumption of the member was 25.8 the t-value calculated was 7.98 and it was found to be significant at 1 per cent level. The participation of households in SHG activities had significantly contributed to the increase in their income and there by raised their level of living and one of the important indicators of the level of living has been the consumption expenditure. The results were in line with Puhazhendhi and Jayaraman (1999) and Gangaiah *et al.* (2006).

#### 5.4.1.3 Impact on investment and savings of the members

The change in investment and savings before joining SHG and after joining SHG are given in the Table 4.8. They are categorized as low, medium and high category.

##### (i) Investment

It is observed that 27.8 per cent of the members who were in high category before joining SHG had increased to 35.6 per cent after joining the SHG. And there was a slight decrease from 44.4 per cent of members in low category before joining the SHG to 40 per cent after joining SHG. The total percentage change was 20.09 and the t-value calculated was significant at 1 per cent level. The positive change in the investment after joining SHG is because the members had started income generating activities as they got opportunity through SHG to avail loan and to invest in income generating activities.

##### (ii) Savings

It is observed that members in the high savings category had increased from 28.9 per cent before joining SHG to 90 per cent after joining SHG. There were no members in the low and medium savings category after joining SHG. The total percentage change in savings was 264.7 and the t-value calculated was significant at 1 per cent level, which denoted that there was significant difference in the savings. The results are in line with Puhazhendhi and Jayaraman (1999).

The concept of micro finance rests on the premise that members will develop the habit of thrift/saving mostly through organized sectors when compared to the situation before they became the members of the SHG. Through the savings the poor can avail credit from the SHGs for consumption or for emergency purpose, which many a times cannot be catered by formal credit system. The poor are caught in poverty trap due to inadequate savings leading

to low capital formation resulting in stagnant real income levels. To break out of their cycle, the SHGs make available investable capital to the poor as credit without seeking collateral security. Therefore SHGs around thrift and credit services emerged as one of the effective methods for empowerment of women.

#### 5.4.2 Factors influencing the income of the SHG members

To study the factors influencing the income of the SHG members the step-wise regression (multiple linear regression) model was used and the insignificant variables were eliminated in each step until all the variables have become significant. The results are presented in Table 4.10 and are discussed below.

The dependent variable is the SHG members annual income. The independent variables which were found to contribute significantly to the income of the members were investment, savings (Rs./year), employment (mandays) and asset position (in Rs.) of the members. It can be observed that the income of the members was positively influenced by the independent variables. The variables investment, savings and employment were positively significant at 1 per cent level of significance. Another influencing variable assets were positively significant at 5 per cent level of significance.

The estimate of the investment of the members showed that the income of the SHG member is increased by rupee 0.50 for every one rupee increase in the investment. The estimate of savings indicated that an increase of one rupee in the savings of the SHG member increases the income of the members by rupees 4.92. The estimate of employment indicated that an increase in the employment of the members by one day increases the income by Rs.40.37. The estimate of assets showed that one rupee increase in the value of assets of the member's results in an increase in member's income by less than one rupee. From the results obtained it is observed that all the variables included were positively influencing the income of the members. The 'F' value was significant at 1 per cent level indicating the significant difference among the factors influencing the income of the members. The  $R^2$  value was 0.84 which indicated that the explanatory variables included in the regression function explained 84 per cent of variations in income generation of the members. The results were in consensus with Samar and Raman (2001) with slight variations.

#### 5.4.3 Impact of SHGs on empowerment of the members

##### (i) Social empowerment

The Table 4.11 indicates the impact of SHG on the social empowerment of members. Majority of the members had to increase their communication ability, self-image, decision-making power, and leadership qualities after joining SHG. This could be observed from the increase in the index. The members had opined that leisure time was profitably used after joining SHG, as members were involved in income generating activities and participated in social issues. The literacy level also increased as the women learnt to sign and manage their accounts in the group. The extension participation, awareness to government policies, involvement in social issues and participation in organizations by the members had increased after they joined the SHG. And the overall index for social empowerment was 47.70 per cent before joining the SHG and it has increased to 78.31 per cent after joining the SHG. The increase is noticed because of the participation in income generating activities, contact with banks and higher officials, attending training programmes, involvement in government schemes and social issues through the SHGs.

##### (ii) Economic empowerment

The Table 4.12 indicates the economic empowerment of women after joining SHG. The index for women's own income before joining SHG was only 37.7, which increased to 95.50 after joining SHG, which showed higher change. Other factors like access to credit, control over financial resources, saving/month. Acquisition of skill, purchases of gold and immovable assets had impact index more than increased when compared to before joining the SHG. The overall index showed that the index before joining the SHG was 50.37 which was increased to 89.46 per cent after joining the SHG.

The aggregate measure of the overall impact of microfinance, encompasses social as well as economic aspect. Impact index indicates the increase in socio-economic empowerment of the women. It could be inferred that the SHGs in general had succeeded in gaining the socio-economic status of the members, by making microfinance, which is much needed available to the women. Thus it could be inferred that the women empowerment was enhanced through SHGs.

### 5.5 INSTITUTIONAL LINKAGES OF SHG

### 5.5.1 Linkages

It can be observed from the Table 4.13 that self help groups have linkages with NGOs, banks, agriculture office, panchayat, input agencies and marketing organizations. With respect to linkage with NGOs 47.7 per cent of the members had visited more than 7 times a month and 45.5 per cent of the members visited 5-7 times a month. Among the different organizations NGO was the organization which was visited frequently. As majority of the SHGs were formed by NGOs intervention, the present finding is justifiable. NGOs staff also had constant contact with groups and conducted monthly meetings. The members approached NGOs to clear doubts regarding procedural problems in availing loan, for training, to get information regarding government schemes, subsidies and loans. Nearly 86.67 per cent visited banks 5-7 times a month. The members visited bank to avail loan, enquire about loan availability, to repay the loan amount. About 50 per cent of the members visited the agriculture office 2-4 times a month as the members were involved in agricultural activities and contacted the office to get information. And 45.5 per cent of the members did not visit agriculture office as they were not involved in on-farm activities, they were involved in off-farm income generating activities. About 34.4 per cent of the member visited the panchayat 5-7 times a month and it might be because some of the women were involved in politics and were panchayat members. Some women visited panchayat office to get information about government policies and schemes to be implemented in the village as guided and informed by the NGOs. About 72.2 per cent of the members had visited input agencies and marketing organizations 5-7 times a month. It is because all the members were involved in income generating activities especially shop and fancy shops *etc.* had to visit these organizations to buy the items needed for their sale and also for marketing of the products. Among the organizations visited NGOs were one which was visited by majority of the members. The results are in line with Arunkumar (2004).

### 5.5.2 Purpose of visit

It was observed in Table 4.13a that 94.4 per cent of the members visited the organizations to avail loans. It is because NGOs had banks were frequently visited which helped the members to avail loan and start income-generating activities. And 68.8 per cent of the members visited the organizations to get information it might be with respect to loans, income generating activities *etc.* A small (32.2) percent of the members visited to take part in programmes. It shows that the members were not interested in training and hesitated to go to other far places for training and to take part in programmes.

With respect to the responses received by the members from the organizations it was opined as good by 61.1 per cent of the members and as very good by 26.6 per cent of the members. Only 7.7 per cent of the member opined as average response and 4.4 per cent opined as poor response. The response from the organizations was opined as good by majority of the members, because the NGOs and banks were the major institutions visited by members and these have linkages with the SHGs under bank linkage programme (Table 4.13b).

### 5.5.3 SHG linkage models

The Table 4.14 shows that majority of the SHGs (93.3%) were of model-I and 6.6 per cent of the SHG were of model-III and none of the SHGs were of model-II. It shows that majority of SHGs were started by intervention of NGOs and linked to banks which come under the model-I. It is in conformity with the findings of NABARD.

## 5.6 OPINION OF THE MEMBERS ABOUT SELF HELP GROUPS AND NON-GOVERNMENT ORGANIZATIONS

### 5.6.1 Opinion of beneficiaries about bank/NGO

The Table 4.15 presents the opinions of the respondents towards the bank/NGO. Majority of the members opined as yes with respect to ease in getting loan collectively. Nearly 64.4 per cent of the members opined that repayment were easy due to collective responsibility. The percentage of members who opined 'no' was 31.1 and partly yes was 4.55 per cent and as yes was 23.3 which shows that there was not much difference in them.

With respect to the adequacy of amount of loan sanctioned by the bank to perform the activities, 81.1 per cent of the members opined as partly. It is because 45.5 per cent opined as 'partly' and 10.89 per cent of members opined as 'no', 50.5 per cent of the members opined as 'partly' with respect better supervision by bank/NGO which will avoid misutilization of loan. It is because the SHGs were formed by NGO intervention and had availed loans from the banks and their supervision avoids misutilization of the loan. about

52.2 per cent of the members opined that Bank/NGO staff partly gave clear guidance about the scheme and 42.2 per cent of the members opined that bank/NGO gave clear guidance. The NGO and bank were initiators for starting income generating activities and formation of SHGs and their clear guidance is very much needed.

#### **5.6.2 Opinion of beneficiaries about SHG**

Opinion of the members with respect to SHG is given in Table 4.16. 81.1 per cent of the members opined that SHG provided timely and convenient credit to the members. About 67.7 per cent of the members opined that the repayment terms were easy. The SHGs are informal groups and did not have very strict rules, based on the members income they were allowed to repay, 58.8 per cent of the members opined that the scheme was beneficial. The scheme is beneficial to members in a number of ways as it increases social and economic empowerment of women, 71.1 per cent of the members opined that there was no exploitation in money lending, as the members themselves were involved in lending activities.

About 94.4 per cent of the members opined that the interest rate was lower in the SHGs. The interest rate compared to interest rates of money lenders and other informal sources from which members previously availed was less, 81.1 per cent of the members opined that the procedure in advance was easy in the SHGs. It was also found to be significant as the SHGs were guided by the NGO staff and training were given to the animators and few members which helped them, 82.2 per cent of the members opined that SHGs had increased their social participation as they were involved in social issues participated in meeting and programmes conducted for the social development of the people, 60 per cent of the members opined that SHGs had helped in the over all development of the family. It is because through the income generating activities they undertook there was increase in income earned which were used by women in better consumption and increase in assets/household assets.

Majority of the members (89%) opined that they were willing to continue as members of SHG. It indicates that the members were highly benefited by SHG.

### **5.7 PROBLEMS AS PERCEIVED BY THE SELF HELP GROUP MEMBERS**

#### **5.7.1 Problems as perceived by the members**

The Table 4.17 indicates the problems faced by the members. It can be observed that caste system in village was not a severe problem. It might be because almost all the members were of the members of the same group belonged to the same caste. About 51 per cent of the members opined conflict among the groups as moderate problem. Conflicts might have risen due to few defaulters. Among the economic problems, non-availability of loan on time, improper savings or procedure involved, profit earned not sufficient and raw material procurement were found to be moderate problems. Loan availability is based on their savings and the members prompt repayment, where some members come short of these, they face the problem in loan availability. Profit earned is not sufficient and the problem of raw material procurement might be based on particular income-generating activity the members have undertaken. The distance from local market or town and non-availability of transportation facilities was opined as moderate problem by majority of the members. It is because some villages were located far from the town or local market. Proper institutional help not provided was found as moderate problem and it might be because they were located far from the local market. Proper institutional help not provided was found as moderate problem it might be they were located far from the NGOs and banks.

Among the personal problems, lack of training or skill upgradation was a moderate problem as not much training were provided as well the members showed reluctance to go for training to other places. Other household activities was a moderate problem, as it is customary that only women have to work in household activity. Thus, they are burdened with dual responsibilities. Education level was opined as a moderate problem as education/literacy of the members were needed in maintaining the records and accounts correctly and for procedural formalities in availing loan.

Age of the members and lack of encouragement from family members were opined as moderate problems. It might be because as age increases the innovativeness and enthusiasm decreases and in the groups when it comes to taking group decisions all members might not react similarly due to age difference. Encouragement from family members is needed to carry on the activities and lack of encouragement might be due to time of SHG meetings and other procedures which consumes more time and some women are

restricted to go for skill upgradation or training to other places. The distance between members and place of economic activity were found as moderate problems. The government rules/restrictions was opined as a moderate problem by majority of the members. It is because few shops were removed due to government restrictions and finding the right place with government sanction was found difficult by the members which had caused them losses in their activity.

## VI. SUMMARY AND POLICY IMPLICATIONS

This chapter gives the summary of the findings of the present study and the policy implications emerging from it.

In India majority of the people live in rural areas and are engaged in agriculture earning a subsistence wage. Development, which had been focused on them, seems to have just passed by them. Finance is one of the most crucial inputs for economic activity, growth and development. But as the rural backward areas lack infrastructure, entrepreneurship and opportunities the rural people become victims of exploitation and ignorance. The transaction cost of investment by the financial institutions and credit risk are high and the return on capital by the borrowers, investors are not attractive. Therefore, to finance these rural areas, there is an obligation to create opportunities where credit can be used in a meaningful way.

Out of the 1.3 billion poor people living in developing countries, 70 per cent are women. Poverty among rural women is growing faster than rural men. Women in India form 89 per cent of the informal and unrecognized sector. Women produce 30 per cent of the food commodities consumed by the country but earn only 10 per cent of income and own 10 per cent of the property or wealth of the country. Therefore, there is an urgent need to organize rural women in small groups to empower them socially, economically and politically.

In recent years, empowerment of women has been recognized as a central issue in determining the status of women. The role played by Self Help Groups in the field of empowering women particularly in the rural areas is being recognized. In India, there is a silent revolution by SHGs to uplift the economic condition and empowerment of women. Microfinance (MF) has become in recent years, a fulcrum for development initiation for the poor, particularly in the Third World Countries. Micro financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-à-vis rural development.

The SHG bank linkage programme started as an action research project in 1989. The project was designed as a "partnership model" between three agencies viz., the SHGs, banks and non-governmental organizations (NGOs). The concentration of SHG linkage with banks (about 67%) is found in the Southern states. The SHGs have reduced the incidence of poverty through increase in income and helped the poor to build assets and thereby reduce their vulnerability. It has empowered women by enhancing their contribution to household income.

The Tamil Nadu Women's Development Project was started in the year 1991-92. It is known as 'Mahalir Thitam', which is implemented with the support of non-governmental organizations (NGOs) and banks. The project helps in women's empowerment through successful fostering of saving through SHGs, which is promoted by Tamil Nadu Women Development Corporation (TNWDC). In this background the present study was undertaken with the overall objective of studying the impact of SHGs on the socio-economic empowerment of its members with the following specific objectives.

1. To study the structure, purpose and functioning of self help groups
2. To study the major income generating activities of Self help groups
3. To analyze the impact of Self help groups on socio-economic empowerment of members
4. To know the institutional linkages of Self help groups
5. To identify the constraints and suggest the suitable policy measures

The study was conducted in 2005-06 in Tamil Nadu state. The state stands second in the number of SHGs. Kodaikanal taluk of Dindigul district was purposively selected for the study. From the taluk, six villages were selected based on the highest number of SHGs operating in the villages. Five SHGs which carried out income generating activities were randomly selected and from these selected SHGs three members each were randomly selected.

For evaluating the specific objectives of the study, primary data was collected from the 90 members, 15 members from each village. The data was collected through personal interview method.

The collected data was analyzed by tabular analysis where frequency and percentages were used. Mean and standard deviations were used to categorize the variables. To find out if the impact of the SHGs on the members was significant, paired t-test was

applied. Multiple Linear step-wise regression was used to find out the factors influencing the income level of the SHG members.

### Major findings of the study

Majority of the members (57.8%) belonged to the middle-aged group and 88.89 per cent of the members were married.

Thirty seven per cent of the members had completed college education and thirty three per cent of the members had completed high school education.

With respect to family type 91.2 per cent of the members belonged to nuclear family and 51.1 per cent of the members belonged to backward caste and 38.89 per cent of the members belonged to scheduled caste category.

Majority of the SHGs (63.4%) were above 4 years of age and about 46.6 per cent of SHGs had membership of 13-15 members. About 96.6 per cent of the groups conducted weekly meetings and 93.4 per cent of the groups had attendance of above 75 per cent.

About 76.6 per cent of the groups had maintained their records moderately and in all the groups records were written by one of the members.

All the groups had been linked to the banks and 93.2 per cent of the groups had linkages with NGO and bank and only 6.6 per cent were functioning independently. In 70 per cent of the groups majority of the members had experience in bank transactions.

In 73.4 per cent of the groups, all the members contributed their individual savings on the fixed day and in 73.4 per cent of the groups repayment of loan to bank was regular. In 53.3 per cent of the groups the conflicts rarely occurred and 43.3 per cent of groups had no conflicts at all.

The average amount of loan availed by a member from the SHG since inception was Rs.1,972.20/-. The average amount of loan availed from the bank was Rs.14,517/-. The average amount of savings of the members was Rs.1,332.4/- per year.

The major factors which motivated the members to join the SHG were NGO intervention (93.3%) followed by an intention to start income generating activity (58.8%).

Majority of the members were involved in shop keeping followed by dairying and dry flower making.

The total per cent change of income of the members from before joining SHGs to after joining SHGs was 45.99 per cent and was significant.

There was significant percentage change in employment days of the members after joining SHGs. The percentage change was 112.48.

The asset position of the members also showed significant change which was 53.43 percent.

The total percentage change in the consumption was 25.85 per cent and it was significant. There was significant change in the investment of the members which was calculated as 20.09 per cent. The percentage change in the savings was 264.7 per cent and the change in savings was significant.

The multiple regression analysis carried out to study the factors influencing the changes in the income of the SHG members showed that investment, saving, employment and assets were the factors which influenced the income of the members significantly. All these factors enhanced the income of the members. The contribution of these variables was 84 per cent.

Regarding the impact of the SHGs on empowerment it is observed that the index of social empowerment increased from 47.70 to 78.31 per cent after joining the SHGs. The economic empowerment index increased from 50.37 to 89.46 per cent after joining the SHGs.

Linkages of SHGs were better with NGOs and banks (93.4%). Therefore, the model-I of SHG bank linkage programme the major one. About 94.4 per cent members visited the organizations to avail loan. About 61.1 per cent of the members opined that the response from the organization was good.

Majority of the members (84.4%) opined that bank/NGO made it easy to get loan collectively and 64.4 per cent opined that repayment was easy. About 81.1 per cent of the members opined that SHG provided timely and convenient credit to the members.

Among social problems, 51.1 per cent of them felt conflict among the groups as a moderate problem. Among the economic problems, improper savings was found to be a moderate problem by 81.1 per cent of the members. Among the marketing problems, the distance from the local market or town was opined as moderate problem by 41.1 per cent of the members. Lack of training or skill upgradation was also found to be a moderate problem.

Government rules and regulations were stated as a moderate problem by 83.33 per cent of the members.

## **POLICY IMPLICATIONS**

The implications based on the findings of the current study are as follows.

The SHGs by encouraging members to take up income generating activities have helped in increasing the employment opportunities. Hence, encouragement and support by the government to establish SHGs will certainly solve the problem of rural unemployment.

The SHGs linkages show that majority of them have been linked to banks and NGOs but there is need to increase the SHGs access to the supply chain, linkages to markets and appropriate technologies.

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 for the betterment of poor particularly the women folk.

The training or skill up gradation of the members is essential to successfully run the SHGs. Skill development of women will enable them to take up enterprises and thereby contribute more to their family income. The training programmes should be organized in near by places which are convenient to the members.



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## APPENDIX

### SCHEDULE FOR BENEFICIARIES

#### I. General Information:

1. Name of the Respondent: \_\_\_\_\_ Age: \_\_\_\_\_ Years \_\_\_\_\_
2. Education \_\_\_\_\_ Village \_\_\_\_\_ Taluk \_\_\_\_\_ District \_\_\_\_\_
3. Family type: Joint/Nuclear \_\_\_\_\_ Caste: SC/ST/OBC/GM/others \_\_\_\_\_
4. Main Occupation \_\_\_\_\_ Income Rs. \_\_\_\_\_
5. Subsidiary occupation \_\_\_\_\_ Income Rs. \_\_\_\_\_
6. Since how many years you are member of SHG: \_\_\_\_\_ Years
7. Affiliated to SHG (specify linkage): NGO/Banks/Both \_\_\_\_\_
8. Name of the SHG: \_\_\_\_\_
9. Contribution amount to SHG Rs. Day/week/fortnight/month/others (specify) \_\_\_\_\_
10. Loan taken from SHG since inception Rs. \_\_\_\_\_, Rate if interest \_\_\_\_\_ %
11. Loan taken from bank for group activity Rs. \_\_\_\_\_, Rate if interest \_\_\_\_\_ %

#### II. Material Possession

Particulars	Before SHG			After SHG		
	No.	Year of purchase	Present Value(RS)	No.	Year of purchase	Present value (RS)
Conventional implements						
Plough						
Harrow						
Clod crusher						
Seed drill						
Seed cum fertilizer drill						
Roller						
Sprayer						
Bullock cart						
Livestock assets						
Bullock						
Cow						
Buffalo						
Sheep						

Particulars	Before SHG			After SHG		
	No.	Year of purchase	Present Value(RS)	No.	Year of purchase	Present value (RS)
Goat						
Poultry birds-layer						
Broilers						
Other assets						
Radio						
Tape recorder						
Television						
Bicycle						
Furniture						
Watch						
Gold						
Silver						

#### IV. Investment pattern of the beneficiary

Before SHG						After SHG					
Purpose	Owned funds	Borrowed funds				Purpose	Owned funds	Borrowed funds			
		CBs	Coops	RRBs	Money lenders			CBs	Coops	RRBs	Money lenders


1. Whether the amount borrowed from SHG was adequate to perform the activity you have chosen? Yes/ No
2. If no, which stage of the activity suffered? Specify: \_\_\_\_\_
3. The extent of increase in mount needed Rs. \_\_\_\_\_

#### V. Loan matrix of the beneficiary availed from the SHG:

Sl.No	Year	Amount	Interest / Year (%)	Fin e paid	Repayment Schedule**	Generation of Income	Total repayment t	Mode of repayment t

\*\* Daily/weekly/fortnightly/monthly/others specify.

#### VI. Income position of the beneficiary

Sl. No	Before SHG		After SHG	
	Occupation	Amount (Rs)	Occupation	Amount (Rs)

\* Position as during the year just before joining the SHG

#### VII. Consumption pattern

Items	Amount Spent (Rs.)/Year	
	Before SHG	After SHG
1. Food		
2. Clothing		
3. Religion ceremonies and marriages, etc		
4. Health		
5. Education		

#### VIII. Savings

Particulars	Rs./year	
	Before SHG	After SHG
1. SHG		
2. Banks		
3. Post-office		
4. Friends and relatives		
5. Total		

#### IX. Generation of Employment

Source	Mandays/ Year	
	Before SHG	After SHG
1. Crop enterprise		
2. Dairy		
3. Sericulture		
4. Poultry		
5. Fishery		
6. Group activity		
7. Self employment activities (specify)		

## X. Opinion of beneficiaries

### a. About SHG

1. Timely and convenient to get credit      Yes/Partly/No
2. Repayment terms
3. Benefits of the scheme
4. Exploitation by moneylenders
5. Lower interest rate
6. Easy procedure in advance
7. Increased social participation
8. Helped in overall development of family
9. Are you willing to continue as member of SHG?

### b. About bank / NGO

1. It is easy to get the loan collectively      Yes/ partly / No
2. Easy for repayment due to collective responsibility
3. Rate for interest is lower than SHG loan
4. Amount sanctioned by bank is adequate to  
Perform the activities
5. Availability of technical guidance
6. Better supervision by the bank/NGO staff avoids  
misutilization of loan
7. Subsidy amount paid
8. Bank/NGO staff gives clear guidance about the scheme

## XI. Social-empowerment:

- Increased/decreased/remained same
- i. Communication Abilities
  - ii. Extension Participation
  - iii. Awareness to govt Policies
  - iv. Participation in organization  
(Village Panchayat, co-op society Mahila Mandal)
  - v. Leadership qualities.
  - vi. Improved your literacy  
(Eg) able to sign
  - vii. Involvement in social issues
  - viii. Leisure time profitably used
  - ix. Self image in family
  - x. Decision making
  - xi. Treatment of family

## Economic Empowerment:

1. Access to credit
2. Women's own income
3. Access/control of our financial resources & house holds
4. Food consumption pattern
5. Saving/ month
6. Material possession  
(Aspects at home)
7. Acquisition of skills
8. Purchase of gold
9. Purchase of immovable assets

## XII. Linkages of self help group:

Sl. No	Linkages	No of times visited in a month		
		2-5	5-7	> 7/time
1.	NGOs Bank (specify) Agriculture office BDO staff Zilla panchayat Panchayat Others (specify) (Input & marketing)			

2. Purpose of the visit: Yes/No

1. To avail loans
2. Training
3. Getting information
4. Take part in programmes

3. Response from the organizations

a) Very Good                      b) Good                      c) Average                      d) Poor

XIII. Constraints faced by members High/Moderate/Low

- i) Social problems
  - a) Caste system in the village
  - b) Conflict among the group members
  - c)
- ii) Economic constraints
  - a) Loan availability (timely, amount, repayment period, interest rate)
  - b) Improper savings or procedure, loan repayment of members
  - c) Profit is not sufficient
  - d) Problem in raw material procurement or training or skill needed
- iii) Marketing problems
  - a) Facilities not available
  - b) Distance from local market or town is near or transportation problem
  - c) Proper institutional help not provided
- iv) Personal problems
  - a) Other household activities
  - b) Education levels of the members
  - c) Age of members
  - d) Distance between members or place of economic activity
  - e) Lack of training or skill up gradation
  - f) Lack of encouragement or support from family members
- iv) Problems any others
  - a)
  - b)

## Profile of SHGs

### I. General information

1. Name of SHG. \_\_\_\_\_
2. Village \_\_\_\_\_ Taluk \_\_\_\_\_ District \_\_\_\_\_ Year of Start \_\_\_\_\_
3. Type of linkage: Bank. NGO/NGO and Bank
4. Number of members: Female \_\_\_\_\_ Total \_\_\_\_\_
5. Frequency of meeting: Weekly/Fortnightly/Monthly/As Required/Every...
6. Quorum required \_\_\_\_\_
7. Code of conduct: None /Written / Informal
8. Rules and regulations of the SHG: None / Written / Years Of Formation
9. First loan availed by SHG after \_\_\_\_\_ Months / Year Of Formation
10. Loan period \_\_\_\_\_ Months to \_\_\_\_\_ Months
11. Procedure involved in getting the loan by SHG (mention)

### II. Establishment of SHG

1. Motivation for starting the SHG  
Spontaneous / Emulation of others SHGs / Initiation by others agencies

Name of the agency initiating / serving as mode (mention).

### III. Functional characteristics

Frequency of group meeting

Weekly

Fortnightly

Monthly

Attendance of the group

>75%

50-75%

25-50%

Record maintenance

Very well maintained

Moderately maintained

Not maintained

Writing of group records

By one of the members

By hired person from village

By NGO staff

Bank transactions

All members transact

Majority of them transacted

Some of them transacted

Contribution of individual saving

All contribute on the fixed day

Contribute as and when possible

Some members skip

Repayment of loan to bank

Regular

Irregular

Defaulter

Conflicts in the group

Frequently

Rarely

No conflicts



# WOMEN EMPOWERMENT THROUGH MICROFINANCE IN DINDIGUL DISTRICT OF TAMIL NADU – AN ECONOMIC ANALYSIS

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## ABSTRACT

This study was undertaken to assess the empowerment of women through microfinance. The study was conducted in Kodaikanal taluk of Dindigul district. From the taluk, Six villages were selected based on highest number of SHGs. From each of the selected villages, five groups were selected based on income generating activity. And from each of the groups three members were selected. Thus a total of 90 members from 30 groups formed the sample size. To assess the impact of SHGs on the women empowerment paired t-test, impact index and multiple linear regression analysis were done.

Findings of the study revealed that majority of the members were middle aged, married, educated from nuclear family belonging to backward class. The average amount of loan from SHG since inception was Rs.1972.20 per member and from bank was Rs.14,517 per member and savings per year was Rs.1,332.40 per member. The major factor motivating the members to joining SHG was NGOs intervention. About 93.34% of the groups belonged to model-I which were formed by NGOs and linked to banks. A number of income generating activities were undertaken by the SHGs.

The percentage change in income (45.99%), investment (20.09%), assets (53.43%), consumption (25.85%), employment days (112.48%) and savings (264.70%) of the members after joining the SHG was calculated. The t-value calculated for the above were found to be significant and assets at 1% level. Investment, savings employment and assets were the major factors influencing the income level of the SHG members. The  $R^2$  value was 0.84 which indicated that explanatory variables explained 84% of variation in income generation of the members. The gain index of social empowerment was 30.61 and economic empowerment was 39.09. Majority of members (84.44%) opined that banks/NGO made it easy to get loan collectively and SHGs charged lower interest rate with timely credit.