

**MICROFINANCE AND WOMEN EMPOWERMENT IN  
THE CONTEXT OF SELF-HELP GROUPS  
IN AIZAWL DISTRICT**

**A thesis submitted to the Department of Economics,  
Mizoram University for the award of the Degree of  
Doctor of Philosophy**

**Submitted by  
K. Angela Lalhmingsangi**

**DEPARTMENT OF ECONOMICS  
SCHOOL OF ECONOMICS, MANAGEMENT, AND  
INFORMATION SCIENCES  
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AIZAWL, MIZORAM  
2015**

**Prof.Lianzela**  
**Department of Economics**  
**Mizoram University**  
**Tanhril, Aizawl-796009**  
**0389-2330709 (O), 09862324657 (M)**

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## **CERTIFICATE**

This is to certify that the thesis entitled “**Microfinance and Women Empowerment in the context of Self-Help Groups in Aizawl District**” by Ms. K. Angela Lalhmingangi was carried out under my supervision.

She has fulfilled all the requirements laid down in the Ph.D regulations of the Mizoram University. The thesis is purely a result of investigation done by her in the subject. No part of the thesis was ever submitted to any other University/Institutions for any research degree prior to this date.

**(Prof. LIANZELA)**  
Supervisor

MIZORAM UNIVERSITY  
APRIL, 2015

**DECLARATION**

I, K. Angela Lalhmingsangi, hereby declare that the subject matter of this thesis is the record of work done by me, that the contents of this thesis did not form basis of the award of any previous degree to me or to the best of my knowledge to anybody else, and that the thesis has not been submitted by me for any research degree in any other University/Institute.

This is being submitted to the Mizoram University for the degree of Doctor of Philosophy in Economics.

**(K. ANGELA LALHMINGSANGI)**

**(Prof. VANLALCHHAWNNA)**

Head of Department

**(Prof. LIANZELA)**

Supervisor

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Place : Aizawl

**(K. ANGELA LALHMINGSANGI)**

Date :

Research Scholar

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## **LIST OF ABBREVIATIONS**

APMAS	Andhra Pradesh Mahila Abhivruddi Society
ARDC	Agricultural Refinance and Development Corporation
ARWIND	Assistance to rural women in Non-Farm Development
ATM	Automatic Teller Machine
ATMA	Agriculture Technology Management Agency
BC	Business correspondent
BF	Business Facilitator
BPL	Below Poverty Line
CD	Credit -Deposit
CBs	Commercial Banks
CBS	Core Banking Solution
CMF	Centre For Microfinance
CSO	Central Statistical Organizations
DEWTA	Development of Women through Area Programme
DRDA	District Rural Development Agency
DWRCA	Development of Women and Children in Rural Areas
FI	Financial Inclusions
GCC	General Purpose Credit card
GDP	Gross Domestic Product

GOI	Government of India
GSDP	Gross State Domestic Product
HDI	Human Development Index
IFAD	International Fund for Agricultural development
IFMR	Institute of Financial Management and Research
IRDP	Integrated Rural Development Programme
IRVs	Individual Rural Volunteers
JLG	Joint Liability Group
KCC	Kisan Credit Card
KVKs	Krishi Vikas Kendras
KYC	Know your Customers
LSC	Land Settlement Certificate
LWE	Left Wing Extremist
MAHIMA	Assistance for Marketing of Non-Farm Products of Rural Women
MCAB	Mizoram Cooperative Apex Bank Ltd.
MFDEF	Microfinance Development and Equity Fund
MFI	Micro finance Institutions
MHIP	Mizo Hmeichhe Insuihkhawm Pawl
MOU	Memorandum of understanding
MRB	Mizoram Rural Bank
MT	Metric ton

MYRADA	Mysore Resettlement and Development Agency
NABARD	National Bank for Agriculture and Rural Development
NBFI	Non-Banking Financial Institutions
NEDFI	National Equity development Fund of India
NER	North Eastern Region
NERLP	North East Rural Livelihood Project
NGOs	Non- Governmental Organisations
NLUP	New Land Use Policy
NPA	Non Performing Assets
NRFIP	National Rural Financial Plan
NRLM	National Rural Livelihood Mission
OD	Other Deposits
PACS	Primary Agricultural Credit Societies
PAIP	Personal Accident Insurance Policies
PRA	Participatory Rural Appraisal
PRIs	Panchayati-raj Institutions
RMK	Rashtriya Mahila Kosh
RADP	Rural Agricultural Development Programme
RO	Regional Office
RRA	Rapid Rural Appraisal
RRB	Regional Rural Bank



SBI	State Bank of India
SCB	State Cooperative Banks
SEWA	Self Employed Women association
SEZ	Special Economic Zone
SGDP	State Gross Domestic Product
SGSY	Swarnajayanti Grameen Swarozgar Yojana
SHGs	Self Help Group
SHG-BLP	Self help groups- Bank Linkages Programme
SHPI	Self Help Promoting Institution
SIDBI	Small Industries Development Bank of India
SLBC	State Level Banker's Committee
UNDP	United Nations Development Programme
VC	Village Council
WSHG	Women Self Help Group

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# CHAPTER - 1

## INTRODUCTION

### 1.1 Microfinance and Women Empowerment : An Overview

Microfinance has been an accepted idea for over two decades as a pathway to emerge out of poverty. In India too, microfinance (beginning with microcredit) took roots with the Self Help Group - Bank Linkage Programme (SHG-BLP) started by National Bank for Agriculture and Rural Development (NABARD) in 1992. The ideas of Mohammed Yunus, popularly known as the Father of Micro Credit System, were given shape in this programme. Through SHG-BLP, a mechanism of the poor getting very small loans was unveiled. The SHG-BLP has become one of the largest microfinance initiatives in the world.

The role of microfinance or more specifically, microcredit spearheaded by the Self Help Group (SHG) movement in women empowerment is by now a well –established fact. Liberating rural women from their traditional confinements to homesteads, participation in microfinance programmes contributes to social change as well as empowering women by strengthening their economic roles. For many Microfinance Institutions (MFIs), women have become preferred clients as their income benefits their families through improved nutrition, health, education and well being; they also have higher repayment rates and women work better in the group lending programmes that makes reaching the poor efficient. Access to the basic financial products such as savings and loans enable women to take up new economic activities or expand existing ones for higher income. The control over income and assets strengthens women's ability to negotiate change in gender relations within the household and wider community.

There have been numerous success stories of the poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs in the country. The tremendous impact on the social status of the poor rural women becoming bread earners of their households through the instrument of SHGs has been highly commended by many independent researchers. Many incredible success story of SHG-BLP has shaken the age old perception that poor are “not bankable”. In fact, many developmental efforts of Government and Non-Governmental Organizations (NGOs) now rely on SHG-BLP for their effective delivery. Even internationally, Indian experience of SHG-BLP has been recognized as the largest and most successful microcredit initiative in the world.

Thus, besides being a popular poverty alleviation strategy, the empowerment of women has become a key rationale for SHG expansion and replication.

## **1.2 Statement of the Problem**

The way the microfinance sector has grown in India, a huge regional skew has been created, with almost two thirds of the sector being concentrated in the southern region of the country; large parts of the north and the north east remaining highly underserved. Among the regions that remain highly underserved, Northeast is among the least evolved microfinance markets. It is sad to state that when compared to other states in the northeast region, Mizoram is lacking behind in the provision of microfinance products and services.

While in SHG-bank linkages, the states of the Northeast rank among the last 5 states in the country, even the alternate channel of MFIs is only recently become active in the state. In the last few years, the sector has been growing at a brisk pace, particularly supported by initiatives of State government, NABARD, Banks and many

emerging local as well as multi state microfinance institutions. SHG-BLP is slowly picking up in the state

Developing and nurturing SHG movement could pave a way for delivering microfinance product and services to poor household in the State, thereby enhancing livelihood and empowerment of poor, especially women in the state. SHG is not only about accessing finance but about changing behavior and attitude. There is a need to build the sector by developing backward and forward linkages. Livelihood finance is not as simple as giving credit but requires institutional capacity building and also skill development.

About 20.4% of the population in Mizoram is living below poverty line (BPL); however, Mizoram has high literacy rates of 91.58%. If trained properly, the region's women folk can be a huge human resource for the microfinance industry as well as for other sectors. Women in Mizoram are resourceful and hardworking, they could be encouraged to come forward to take up microenterprise and thereby achieve economic empowerment too.

The region is endowed with ample natural resources. If it is developed using the appropriate techniques, technology and marketing support, it could provide livelihood options for many, and the credit needs for these interventions could be supplied through microfinance operations. Due to the abundance of natural resources, there is great potential to develop several industries related to tourism, food processing, bamboo products etc.

The huge demand-supply gap provides ample opportunity for existing as well as new MFIs to expand. It is also an appropriate region for outside players as well as banks to lend to new institutions and increase their own portfolio in this region. As with any

undeveloped region, the investment opportunities are enormous. As compared to the rest of the country, the microfinance movement started late in the region and is confounded by many regional complexities that must be understood, appreciated and incorporated into the policy.

The research therefore, seek to identify the extent of financial inclusion through microfinance in Aizawl district and bring to light whether participation in SHGs have a significant impact on the socio-economic empowerment of women members. Thus, this study would not only reveal the state of microfinance and its impact on women members but also would be instrumental in identifying and developing microfinance product and service need of the state.

### **1.3 Review of Literatures**

Great debate tends to persist as whether provisions of credit for the poor women could change the social equations in which this sub-set of the population live. The proponents of the thesis argued that targeted credit can be used as a mechanism for enhancing poorer women's existing socio-economic conditions and thereby altering the relations between gender and class, to the benefit of the weaker parties. However, on the other side of the fence, critics tend to say that while a marginal increase in income and assets can enhance well-being and economic security, the increase could be too little to affect the pervasively entrenched political and economic relations.

Major studies about the impact of Microcredit programme in Bangladesh concluded that, “women have clearly benefitted from microcredit programmes. Participation in microcredit programmes has enhanced women’s productive means by increasing their access to cash income generation from market oriented activities and by increasing their ownership of non-land assets. These improvements enhance women’s



empowerment within the households, influencing their own and their children's consumption and other measures of welfare" (Zaman 2001, Krishnaraj and Kay 2002, Cheston and Kuhn 2002, Coleman 1999)

A micro study on the women SHGs in North Eastern states, especially in Assam, rejected the myth "women do not have the capacity for saving and enterprise" and revealed that the thrift and credit groups in the mode of SHG intervention helped women to overcome social evils (Ahmed, 1999).

Pitt and Khandker (1995) exploring the impact of female membership of credit programmes found that women's preference carried greater weight (compared to households where either men received loans or in where no loans have been received) in determining decision making outcomes including the value of women's assets, fertility level, education of children and consumption expenditure. Other studies shows that women's increased economic roles leads to change in gender roles and increased status within the households and communities (Sahu and Tripathy 2005, Murthy. R.K, Raju. K and Kamath. A, 2010). Studies also show that there is significant association between the duration of participation in SHG and women's accessibility to health care, hygienic living conditions, food habits, income and social supports (Liya and Joseph, 2010).

Hashemi, Schuler and Riley (1996) explored the impact of credit on a number of indicators of empowerment. They found that women's access to credit was a significant determinant of the magnitude of economic contributions reported by women; their political and legal awareness and their composite empowerment index. The study found that Women's participation in the expanded set of social relationships as a result of membership of credit organizations rather than increase in

their productivity per se were responsible for reductions in domestic violence. Women's groups have emerged as a dynamic, articulate constituency enabling women to work together in collective agency (Krishnaraj and Kay, 2002) self help groups have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization (Putnam, 2000).

Several studies shows the positive impact of microcredit in empowering women, however there are studies that question the degree of empowerment and control over assets which were acquired as a result of loans from SHGs by women. Studies (Goetz and Sen Gupta, 1996; Mayoux, 1998) shows that only minority of women receiving credit from poverty oriented microfinance programmes are controlling their loans; many women are merely 'post-boxes'; passing on the full amount of their loans directly to their husbands, sons or son in law, with little or no access to the income generated and receiving only weekly payments.

Srilakshmi and Bernandaz (2010) observed that there was no significant change in the decision making role of women regarding the schooling of their children, medical treatment for family members, sale of assets and in gender differentiation regarding cleaning of house, fetching water and washing clothes after availing microfinance.

Ackerly (1995) concluded that women's access to the market was the primary route for their empowerment and warn against the likelihood of overwork, fatigue and malnutrition where loans were used to promote women's labor involvement without promoting their market access.

Rajagopalan (2010) observed that the women lack competence in organizational management and long term vision building. Rahman (1999) points out that the

empowering influence of microfinance is not always associated with improvements in women's lives and credit as a debt for the household constitutes a risky strategy. The study found increase in violence and aggressive behavior in the household because of their involvement with the bank.

#### **1.4. Objectives of the Study**

In order to explore and understand the extent of empowerment derived by microfinance beneficiaries especially among women SHG members, the main objectives of the research study were as follows:

1. To draw the profile of women SHG members assisted by Microfinance programme in Aizawl District of Mizoram.
2. To examine the social impact of microfinance on women SHG members in Aizawl District.
3. To examine the economic impact of microfinance on women SHG members in Aizawl District.
4. To examine the overall socio-economic empowerment on women SHG members in the district.
5. To suggest appropriate policy intervention for the effective performance and development of microfinance product and services.

#### **1.5. Hypothesis**

The main hypothesis governing the study was: *“Participation in microfinance programme leads to significant increase in the overall socio-economic empowerment of women SHG members in Aizawl District”*

## **1.6. Research Methodology**

### **1.6.1 Type of Research**

The nature of the research used for the study was exploratory research to understand the actual scenarios of microfinance programme and its impact on the women SHG members participating in such activities at the grass root level. Also, the research aim to test the hypothesis formulated for the proposed study.

### **1.6.2 Sample Size**

The total number of savings linked Self Help Groups in Aizawl District as on 31.03.2011 was 2,854 SHGs as recorded by State Focus Paper (2011-12). The average members in Self Help Group were found to be 10 members; therefore, the population of the study was taken at 28,540 individual SHG members.

With the help of Sample Size determination software, the calculated sample size was found to be 380 SHG members at 95% confidence level and confidence interval of 5.

### **1.6.3 Sampling method**

A multistage sample design was adopted for selecting the sample SHGs and sample SHGs members to be interviewed in the survey. The primary data is collected through structured interview schedule by adopting the following process of multi-stage random sampling.

**First Stage:** Identifying the area of SHGs operating in all the 5 Rural Development Block in Aizawl District viz. Tlangnuam block, Thingsul block, Phullen block, Darlawn block and Aibawk block. List of SHGs were obtained from NGOs facilitating the groups.

**Second stage:** 38 SHGs were selected from each of the 5 Rural Development blocks of Aizawl District by using simple random sampling with replacement under probability sampling method. Thus, in all 190 SHGs were selected.

**Third stage:** From the selected 190SHGs, 2 individual members were again selected by using simple random sampling. Thus, 380 SHG members were covered under the study.

#### **1.6.4 Sources of Data and Data Collection Method**

Both primary and secondary data were used for the study. The primary data were collected through interview schedule from SHG members. Focus group discussion and observation method were used apart from the interview schedule to collect data. The secondary data were collected from various Government departments, NGOs and Banks.

In order to analyze the impact of microfinance intervention on the individual members, the ‘before’ and ‘after’ approach of impact assessment was primarily employed.

A structured questionnaire targeting SHG members was completed using the focus group discussion method, which facilitated the collection of qualitative data from the group, as well as quantitative data from the records maintained by SHGs. The responses on problems faced by the SHGs and their suggestions on improvement of the SHGs’ performance were gathered through discussions. Relevant data were collected through pre-structured questionnaire schedule, covering both qualitative and quantitative aspects of SHGs and their members before and after participation in microfinance programme.

### 1.6.5 Data Analysis

Excel and SPSS, a standard statistical software tool were used for analyzing the data collected. Descriptive statistics were used for summarizing the data. Correlation Analysis and z-test for 2 sample means were employed for analyzing the data.

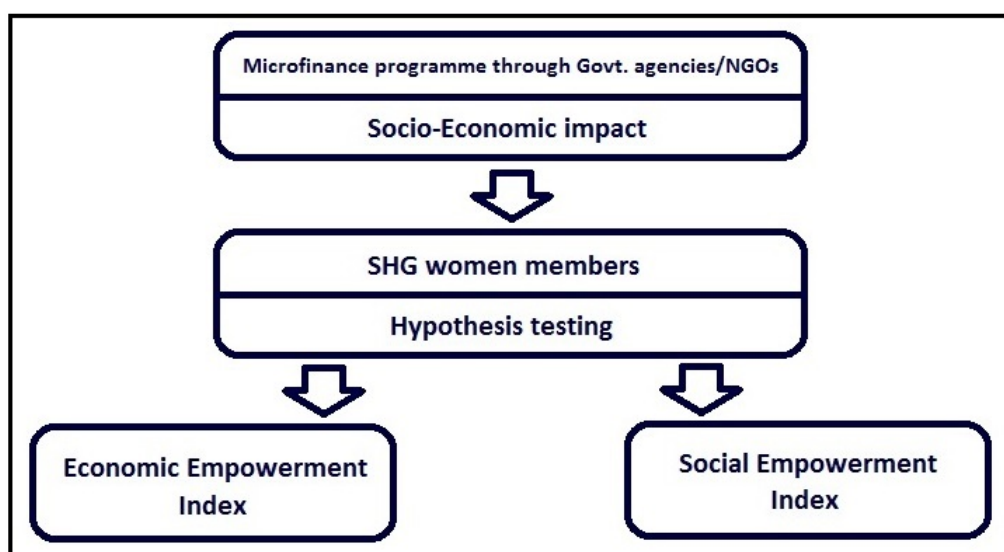
### 1.6.6 Report Presentation

Descriptive style of presentation was used to report the findings of the study. Tabulation, charts and graphs are also used for easy grasping of the findings.

### 1.7 Research Framework

Considering the objectives and scope of study, the research framework was formulated to allow in depth study of the various impact of microfinance programme on SHGs women members. The main hypothesis is thus, formulated to test significant improvement in the socio-economic empowerment index after participation in microfinance programme.

**Figure 1.1: Research Framework Model**



## **1.8 Scope and Limitation of the Study**

The research was confined to only to the women SHGs functioning in Aizawl District. The study did not cover the other districts of Mizoram. For the purpose of impact assessment in the research, the researcher used the “Before Microfinance Intervention” vs. “After Microfinance Intervention” Approach.

Under this approach, the status of the sample units (person/household etc.) before microfinance intervention is compared with that of after microfinance intervention; taking various parameters or variables. This approach is good for assessment of the actual impact; but this method has a limitation. It becomes difficult to get the data (related to various variables) on “before microfinance intervention “from samples, as the impact assessment study is commissioned at the end of the programme.

## **1.9 Chapter Plan**

**Chapter 1 - Introduction:** This chapter gives a brief overview of microfinance and women empowerment in India, statement of the problem, literature review, objective of the study, research methodology and chapter plan.

**Chapter2 - Conceptual review of Microfinance:** This chapter is a snapshot on the concept of microfinance, women empowerment and self help groups. Review of literature on relevant topic is undertaken and the status and progress of microfinance/ financial inclusion in India as a whole, the north east region and Mizoram in particular, is also discussed.

**Chapter 3 - Profile of Self Help Group members:** This chapter describes the socio-demographic characteristics of sample SHG members in terms of age, occupation, marital status, income, housing etc.

**Chapter 4 - Economic impact on Self Help Group members:** This chapter presents the economic impact of participation in microfinance programme in terms of improvement in income, savings, assets etc. mainly by deploying ‘before’ and ‘after’ method of impact assessment. An analysis of combined economic empowerment index is also presented.

**Chapter 5 - Social impact on Self Help Group members:** This chapter deals with the social impact of participation in microfinance programme in terms of improvement in their level of self confidence, mobility, decision making, skill development etc. by deploying ‘before’ and ‘after’ method of impact assessment. An analysis of combined social empowerment index is also presented.

**Chapter 6 - Major Findings and Recommendations:** This chapter presents the chapter-wise summary of the major findings of the study and recommendations on improving Microfinance products and services in Aizawl district were given. Suggestions for future research were also presented.



## **CHAPTER – 2**

### **CONCEPTUAL REVIEW OF MICROFINANCE**

#### **2.1 Introduction**

This chapter gives a brief review on the concept of microfinance, SHG and women empowerment. Review of related literature on the topic is discussed. A brief scenario of the different phases and progress of microfinance/ financial inclusion in India as a whole is given. Also, the progress of microfinance initiative in the north east region and Mizoram in particular, is also presented.

#### **2.2 Microfinance: Definition**

Microfinance can be defined as the provision of financial services to low-income clients, poor households both in urban and rural areas who are generally not bankable. Poor section of the society living in poverty, like everyone else, need a diverse range of financial products and services to sustain their livelihood, productive finance to run their business, build assets position for both production and consumption and to protect themselves against risks and uncertainties. Financial services needed by the poor include working capital loans, consumption credit and savings, pensions, insurance, provident funds, money transfer services etc.

Microfinance enables the poor and excluded section of people in the society who do not have an access to formal banking to build assets, diversify livelihood options and increase income and reduce their vulnerability to economic stress.

In the International year of Microcredit 2005, “Microfinance was referred to as loans, savings, insurance, transfer services and other financial products targeted at low-income clients”. Microfinance thus, means the provision of small-scale financial

products and services to the poor. Therefore, microfinance means all type of financial products and services used and/or required by poor section of the society who mostly do not have access to formal financial institutions and are more accessible to the informal financial market.

The most important microfinance products are microcredit, micro-saving and micro-insurance.

**Microcredit:** Microcredit refers to extending small-scale loan products to very poor people for self employment and livelihood promotion which generate income, allowing them for the sustainability of themselves and their families. Microcredit is defined as “the provision of thrift, credit and other financial services and products of very small amount to the poor in rural areas for enabling them to raise their income levels and improve their living standards”. (Money, Banking and Finance, vol.81)

Definitions differ from country to country, some defining criteria used are:

- Size of loan: Loan size are very small
- Target clients: Self employed, micro entrepreneurs and low income households
- Utilization of loan products: Loan products are provided for income generation, enterprise development and community use(health, education etc.)
- Terms and conditions: most terms and conditions for microcredit loans are flexible, easily understood and location specific.

**Micro-saving:** Micro-saving is referred to as the mobilization of very small savings from people. The demand for micro-saving is due to (i) irregularity of cash flows

among the poor, (ii) small amount of available for saving at a time, (iii) cushion against contingencies like illness, calamities, death of family members, (iv) future investment and (v) uncertainty in the availability of loan at the time of need. The poor do not have natural preference for saving as they always remain in cash crunch or liquid money stress. They save only after realizing their needs. However, they can and do save if motivated and facilitated. Savings by the poor is an important means of bridging the gap between seasonal cash flow and daily expenditure thus, protecting the poor from corrupt moneylenders. Savings also enables reduction of unnecessary consumptions and also increase self esteem of the poor especially women by giving them some kind of economic independence.

**Micro-insurance:** Micro-insurance is the provision of insurance products with low premiums and low caps/coverage, as an economic instrument at the micro level (individual household level, village level or regional level). Micro-insurance can be referred to as financial arrangements to protect poor and low income households against natural and man-made disasters, calamities and shocks through specific structured mechanism for exchange of regular premium payments proportionate to the likelihood and cost of risk involved. Micro-insurance is offered for a wide variety of risks. These include: (i) health risks and (ii) property risks. The micro-insurance products available to address these risks are: (i) life and health insurance including medical insurance, term life insurance, disability insurance, insurance against snake bite etc. (ii) agriculture insurance including crop insurance, livestock insurance, insurance against pisciculture, insurance against mushroom and sericulture, tractor insurance etc. (iii) enterprise insurance including insurance against business enterprise and (iv) property insurance against natural and man-made disasters, calamities etc.

**Microfinance services:** The major microfinance services are: (i) financial intermediation, (ii) social intermediation, (iii) business development services, (iv) social services.

“Financial intermediation” refers to the process of facilitation in the provision of microfinance products. The facilitation is done by intermediaries “microfinance institutions” who can be in any legal entity, for example, NGO, NBFI and Banks etc. Some example of financial intermediation could be SHG-Bank linkages, payment transfer etc.

“Social intermediation” refers to the process in which the social and human capital is built for successful financial intermediation. The facilitation is done by intermediaries ‘microfinance institutions’ who can be in any legal entity. Examples of social intermediation are capacity building of SHGs on accounting, book keeping, conducting meetings etc.

“Business development services” refer to provision of non-financial services which facilitates the development or enterprise development that includes business training and skill development etc. The business development services are provided by MFIs either individually or jointly with a service provider.

“Social services” refers to non financial services which focus on well being of microfinance clients/community as a whole. The social services include health care, education, literacy, women empowerment etc. Social services usually require grants and subsidies for a longer period of time. These subsidies and grants are usually mobilized from government and development agencies. It should be noted that provision of only social services is not microfinance service; rather social service coupled with other financial services can be considered as microfinance service.

### **2.3 Concept of Self-Help Groups (SHGs)**

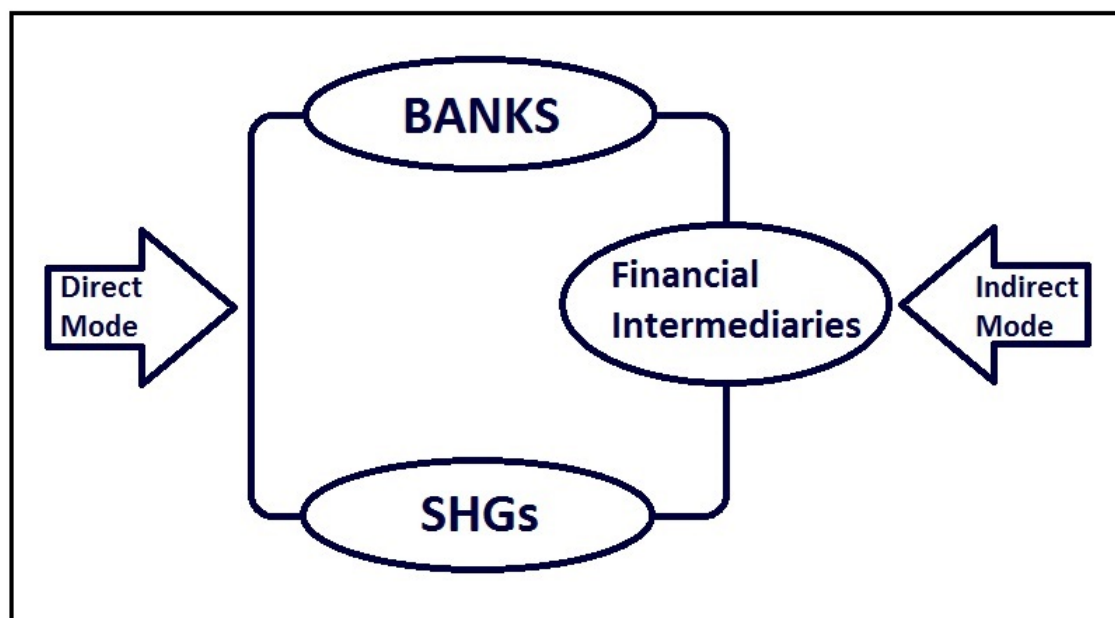
Self-Help Group is a group or association of people having certain degree of homogeneity, may be in caste, class, religion, income, livelihood pattern, place of dwelling, gender etc. SHG have an average size of about 15 members and vary widely from 10-20 members. These members join hands for addressing their common problems and issues. They are encouraged to develop a banking system through their own voluntary saving and credit on regular basis. The members make regular monthly saving where the saving size of each member is fixed and use this pooled saving to make small loans (bearing interest) to their members. Selection of a member eligible for a loan is based on the decision of the group based on certain priorities.

The SHG is facilitated by financial and social intermediaries on priority of needs, setting terms and conditions of SHG operations and book keeping. The continuity of this micro-banking with support from intermediaries gradually builds financial discipline among members. When the SHGs are mature in performing all the necessary operations like saving, credit, group meeting, record keeping; they are linked with the banks and the linked banks are encouraged by the higher banking authority to make loans to the linked SHG subjected to certain terms and conditions.

In principle and practice, the loan sanctioned by the banks to the SHGs amounts to certain multiples of the SHG's accumulated savings. As per the SHG-BLP, the bank does not take any collateral for security rather the bank loans are sanctioned against group peer pressure and social collateral. The loan sanctioning bank charges interest rates as per the market interest rates. The SHG retains the provision of deciding the terms of individual loan disbursement to its own members. The peer pressure among

the members works on the timely repayment of the loan. Apart from thrift and credit functions, the SHG provides social security to its members (NABARD,2009).

**Figure 2.1 : Credit delivery to SHGs under microfinance programme**



### **2.3.1 Issues in SHG: Indian Context**

In India, since time immemorial, the poor village households were traditionally meeting their financial requirements through inappropriate informal and insecure means. However, in recent times, with the government initiative, SHG approach has been widely used as intervention strategy for poverty alleviation, income generation, capacity building and employment programme. The year 1992 to 2002 mark a decade of SHG – Bank linkage Programme in India. SHG Model of microfinance service delivery has not only provided financial products and services to rural poor but also acted as a launching pad for livelihood intervention. Appropriate and adequate capacity building and linking of SHGs to mainstream organizations act as a powerful instrument for empowerment and poverty alleviation in the rural segment especially among women.

Indian SHGs are of three types: (i) women SHGs, (ii) men SHGs and (iii) mixed SHGs. SHGs are commonly formed, organized and facilitated by implementing agencies or intermediary organizations, mostly NGOs. SHGs promoted by NGOs, works as micro-banks or thrift and credit groups. Studies shows SHGs tend to be disorganized after the exit of the implementing agencies (Panda D K, 2009). The reasons behind these tendencies of SHGs to get disorganized are:

- Too much dependence on the intermediaries: SHGs are mostly promoted and maintained by NGOs, starting from group formation to the operations. In almost all SHGs, the meeting, decision making, election of leaders, accounting, book-keeping, bank linkages etc. are done by the implementing NGO staffs. The moment the NGO withdrew their support, the SHGs are found helpless, hence unable to organize and maintain their banking structure.
- Diffusion of mission overtime: SHGs are primarily not formed for microfinance but rather for self-help, women empowerment, capacity building to face social problems etc. So, the rigidity for microfinance is diffused over time in SHG based interventions.
- Economic threshold limit: It is the limit at which the external banking of the SHG stopped i.e. the banking transaction between SHG and SHG linked bank stopped.

- Economic injury limit: It is the limit at which the internal banking of SHG seized to operate. At this point, savings, credit, group meeting etc. are not continued and it's a sure sign that the SHG will die shortly.

**Requirements for sustainability of SHGs:**

- The intermediaries should not be full time supporters rather should act as facilitators.
- Inculcating management principles and practices among the SHG members through various capacity building measures, operations should be left to the members themselves.
- SHG should graduate from members of thrift and credit group to micro-entrepreneurs.
- SHG should federate at the block or district level to carry out their activities at cost effective and sustainable manner, and to increase collective bargaining power in addressing social issues and micro business.
- High degree of cohesion should be maintained among group members so that SHG do not reach the economic threshold limit or the economic injury limit.
- SHG should conceptualize and develop long term goal and should work to achieve their goal in a systematic manner.



- SHGs should develop networking and build linkages with relevant agencies (Government agencies, NGOs, industries, traders etc.)

Concentration of SHGs is not uniform in India with about 50% concentrated in the southern states like Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. In India, women who are mentally very strong and hard working constitute 48% of the total population. In order to tap this valuable human resource that remains underutilized, there is a need to mobilize and empower them.

#### **2.4 Concept of Women Empowerment:**

Empowerment literally means “becoming powerful”, it is often used to describe the process whereby the powerless or disempowered gain a greater share of control of resources and decision making. This is because the most outstanding feature of the term empowerment is that it contains within it the word power. Therefore, empowerment naturally is about power and about changing the balance of power. In every society there are powerful and powerless groups. Power is exercised in social, economic and political relations between individuals and groups. Power itself can be simply defined as control over resources and control of ideology and it is exercised through a series of orders or decision-making capacity.

The concept of women empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one’s goals and act upon them), awareness of gendered power structures, self esteem and self confidence. Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing and encouraging factors (e.g. exposure to

new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills).

In this connection, micro finance with SHGs placed an effective role for promoting women empowerment. The concept of microfinance is yet to spread its wings all over India but at the rate in which it is expanding its branches, very soon it would be reaching at the door steps of the very poor houses. The most successful region from microfinance is the Southern part of India especially Andhra Pradesh and has become example for other states.

#### **2.4.1 Empowering Aspects of Self Help Groups:**

The organizations of women in the form of SHGs have laid the seeds for economic and social empowerment of women. The basic strategy adopted to promote empowerment of women through Self help Groups comprises the following activities:-

- Organizing women SHGs at the village level around savings and rotational credit programmes using their own resources.
- Facilitating regular interaction, exchange of information and exposures within and across these groups to increase their mobility and awareness.
- Linking the SHGs at the hamlet level, with external credit sources such as banks, IFAD, RMK and enabling women members to manage their credit, take decisions and transact business as managers not only as beneficiaries.

- Linking the SHGs with government programmes like SGSY, thus enabling the members to expand their investment capital to carry on income generating activities after undergoing training in respective trades.
- Skill training and leadership building among women and self management of savings and credit functions empower them to undertake tasks with involvement and commitment, to launch community action and group based income generation activities in different sectors, thus empowering them economically and socially.
- Group dynamics among the women empower them to fight against social evils in the community like female infanticide, dowry problem, evils of drinking arrack and corruption.
- It also promotes formation of community based vertical structures at the village level, cluster level and block level, by federating the thrift and credit groups, empower women to form network of group and undertake community based issue with the Government Departments.
- The experience gained in the group meetings has also emboldened women to assert their voices not only in the immediate context of their community but also in the larger democratic bodies. The opportunity given to women in the group meetings has also paved the way for their participation in the local Panchayat election.

## **2.5 Microfinance in India**

Microfinance services in India are provided mainly by two different models viz. SHG-bank linkage model and (Microfinance Institutions) MFI-bank model. The SHG-bank linkage model has emerged as the more dominant model due to its adoption by state-owned formal financial institution, namely, commercial, regional rural and cooperative banks. The MFI-bank model too is gaining importance due to the massive support it gets from banks, especially new generation banks in the private sector and foreign funding agencies.

A series of research studies conducted by NABARD during the early 1980's revealed that despite having a wide network of rural bank branches which implemented a variety of poverty alleviation programmes seeking creation of self-employment opportunities through bank credit for almost two decades, a very large number of the poorest of the poor continued to remain outside the fold of the formal banking system. These studies also showed that the existing banking policies, systems and procedures and deposit and loan products were, perhaps, not suited to meet the most immediate needs of the poor.

It also appeared that what the poor really needed was better access to these services and products, rather than cheap subsidized credit. Thus began a search for alternative policies, systems and procedures, savings and loan products, other complementary services and new delivery mechanisms which would fulfill the requirements of the poorest, especially women members of such households. The emphasis therefore was on improving the access of the poor to microfinance rather than just microcredit.

### 2.5.1 Phases of Microfinance in India

Microfinance is of ancient origin in India. Traders and moneylenders have traditionally provided microcredit to the rural poor but charge exorbitant rates of interest, which led to considerable hardship and impoverishment of borrowers. What we refer to as microfinance today does not include such exploitative practices. In Independent India, institutional credit was perceived as a strategy for rural development and poverty alleviation by enhancing rural production and productivity. Increasing access to credit for the poor and marginalized was emphasized in Indian Plans.

In 1960, India had made one of the largest interventions in rural credit market and it was referred to as Social Banking Phase. Social banking Phase was characterized by broadening the access to credit for poor and marginalized people and to section of people with no access to formal banking in India. The policy direction of the government of India have demonstrated rapid expansion of rural banking network, priority sector lending and large subsidy- oriented credit programmes to serve the marginalized section of the society.

The All India Rural Credit Survey Committee recommended expansion of the cooperative credit system in 1954 to cater to the credit needs of the rural poor. The committee on Cooperative credit proposed strong and stable institutional framework for strengthening of cooperatives in 1960 followed by the “**Lead Bank Scheme**” in 1969, 14 commercial banks were also nationalized during the year with the objective of expanding the outreach of banking in rural areas. The All India Credit Survey Committee in 1969 recommended the adoption of “**Multi Agency Approach**”. It was the first time the government of India accepted the fact that the rural credit needs

could not be met from cooperatives alone and the realization that commercial banks have to play a vital role in meeting rural credit demands. During the 1970s, the major sources of credit to the poor with no access to formal banking were the Government agencies and non-institutional sources like money lenders.

In 1975, the Regional Rural banks (RRBs) were incorporated and “**Agricultural Refinance and Development Corporation**” (ARDC) was set up. By the mid 1970s, the banking sector was operating as a three-tier system, where the first tier consists of the commercial banks, the second tier consisted of RRBs and cooperative banks formed the third tier. During that period 49% of all scheduled commercial banks operated in rural areas.

In the early 1980s, the Government of India had realized the importance and need for rural financial services. Loans available through microcredit schemes were more accessible to the poor people as compared to bank loans. The National Bank for Agriculture and Rural Development was set up in 1982. The concept of microenterprise credit arose which began with a motive to provide loans to poor people, especially women to invest in very small-scale business activities which helped in accumulation of assets and increase in household income.

In 1982, “Development of Women and Children in Rural Areas” (DWCRA) was started as a sub scheme of Integrated Rural Development Programme (IRDP) where revolving fund was provided to women group for income generating activities. In 1988, “Service Area Approach” was adopted and in 1989, market oriented approaches for cooperatives were taken as per the recommendation of the Khusro Committee.

The scaling up of microfinance programme in India was due to the efforts led by the Self-Help Groups movement, where poor households from rural India are organized

into homogenous groups of around 10-20 each, wherein they pooled money which was then lent out to the needy in the group in the form of credits. In the year 1992, a major microfinance programme was initiated by NABARD by initiating the SHG-Bank linkage programme. By the mid 1990s, several mainstream banks began providing credit and savings facilities to SHGs and that had built credible financial discipline.

During early 1990s, the Non-Government Organizations (NGOs) became instrumental in providing financial services to the poor and during the late 1990s; many NGOs transformed themselves into formal financial institutions in order to provide microfinance products like saving, credit, insurance, remittances etc. In the year 1993, “National Credit Fund for Women (Rastriya Mahila Kosh) was formed to provide credit (through NGO intermediaries) to self employed women. The “Small Industries Development Bank of India (SIDBI)” undertook an important step in 1998 by setting up “SIDBI Foundation for Microcredit” with an initial capital of Rs. 100 crores. Microfinance institutions became an integral part of microfinance from the year 2000 when RBI declared that the bank lending to MFIs as a part of priority sector lending.

With the entry of new generation MFIs, apart from credit, all types of microfinance products became the new theme and individual clientele along with clients who are organized in groups (SHGs) became the main focus. The most important contribution of microfinance is societal upliftment and social development which is no longer grant based. This has a far reaching impact on the development of confidence among the poor and their realization to grow according to their own plans rather than being dictated by the grant/assistance provider. A snapshot of the phases of Microfinance in India is shown in table

**Table 2.1 : Phases of Microfinance in India**

<b>Phases</b>	<b>Year</b>	<b>Features</b>
<b>First Phase: Social Banking</b>	1960-1990	<ul style="list-style-type: none"><li>• Nationalization of commercial banks. 14 commercial banks were nationalized in 1969 and 8 commercial banks were nationalized in 1980</li><li>• Lead Bank Scheme was initiated with District Credit Plans.</li><li>• Expansion of the network of rural banking. RRBs were set up in 1976. NABARD was formed in 1982. Cooperative banking was structured and developed. SIDBI was established.</li><li>• Extensive disbursement of subsidized credits.</li></ul>
<b>Second Phase: Financial systems approach</b>	1990-2000	<ul style="list-style-type: none"><li>• NGO-based MFIs were developed to provide microfinance products and services on not-for-profit basis.</li><li>• SHG-Bank linkage programme was initiated and rapidly replicated.</li><li>• Innovative credit lending mechanisms based on “peer pressure” and “moral</li></ul>



		collateral” were developed.
<b>Third Phase: Financial Inclusion</b>	<b>2000 onwards</b>	<ul style="list-style-type: none"> <li>• Microfinance is seen as a business proposition and has been commercialized.</li> <li>• Development of for-profit MFIs like NBFCs and NBFIs.</li> <li>• NGO-MFIs are being legitimized.</li> <li>• Customers’-centric/ client –centric microfinance products and services are given importance.</li> <li>• Policy regulations are increased.</li> </ul>

Source: Panda D.K, 2009

### 2.5.2 Status of Microfinance in India

Microfinance services in India are provided mainly by two different models viz. SHG-bank linkage model and MFI-bank model. The SHG-bank linkage model has emerged as the more dominant model due to its adoption by state-owned formal financial institution, namely, commercial, regional rural and cooperative banks. The MFI-bank model too is gaining importance due to the massive support it gets from banks, especially new generation banks in the private sector and foreign funding agencies.

### **2.5.2.1 SHG-Bank Linkage programmes in India**

As a huge network of state-owned bank branches already existed, NABARD focused not on creating alternative organizations, but on finding ways and means to improve the access of the poor to the existing banking network. Many research studies, done in-house as well as sponsored by professional institutions, and some action research projects funded out of the Research and Development fund of NABARD, led to the development of SHG-bank linkage model as the core strategy that could be used by the banking system in India for increasing its outreach to the poorest of the poor, hitherto bypassed by them.

The strategy involves forming small, cohesive and participative groups of the poor, encouraging them to pool their thrift regularly and using the pooled resources to make small interest-bearing loans to members, in the process learning the nuances of financial discipline. Bank credit then follows. It needs to be emphasized that NABARD views the promotion and bank linking of SHGs not merely as a credit programme but as part of overall arrangement for providing financial services to the poor in a sustainable manner and also an empowerment process for the members of these SHGs. The need for evolving suitable mechanisms for meeting the economic aspirations of the poor was considered necessary.

The financial sector reform in India began with the SHG-Bank linkage programme, initiated by NABARD, based on the realization that the poor can access financial product and services through effective formal models. One of the biggest advantages of the SHG model was the joint liability and peer monitoring of member borrowers. With the help of intermediaries, the SHG as well as the bank reduce the transaction

and monitoring cost of small lending. The SHG-Bank linkage programme in India is now recognized as one of the biggest microfinance programmes in the world.

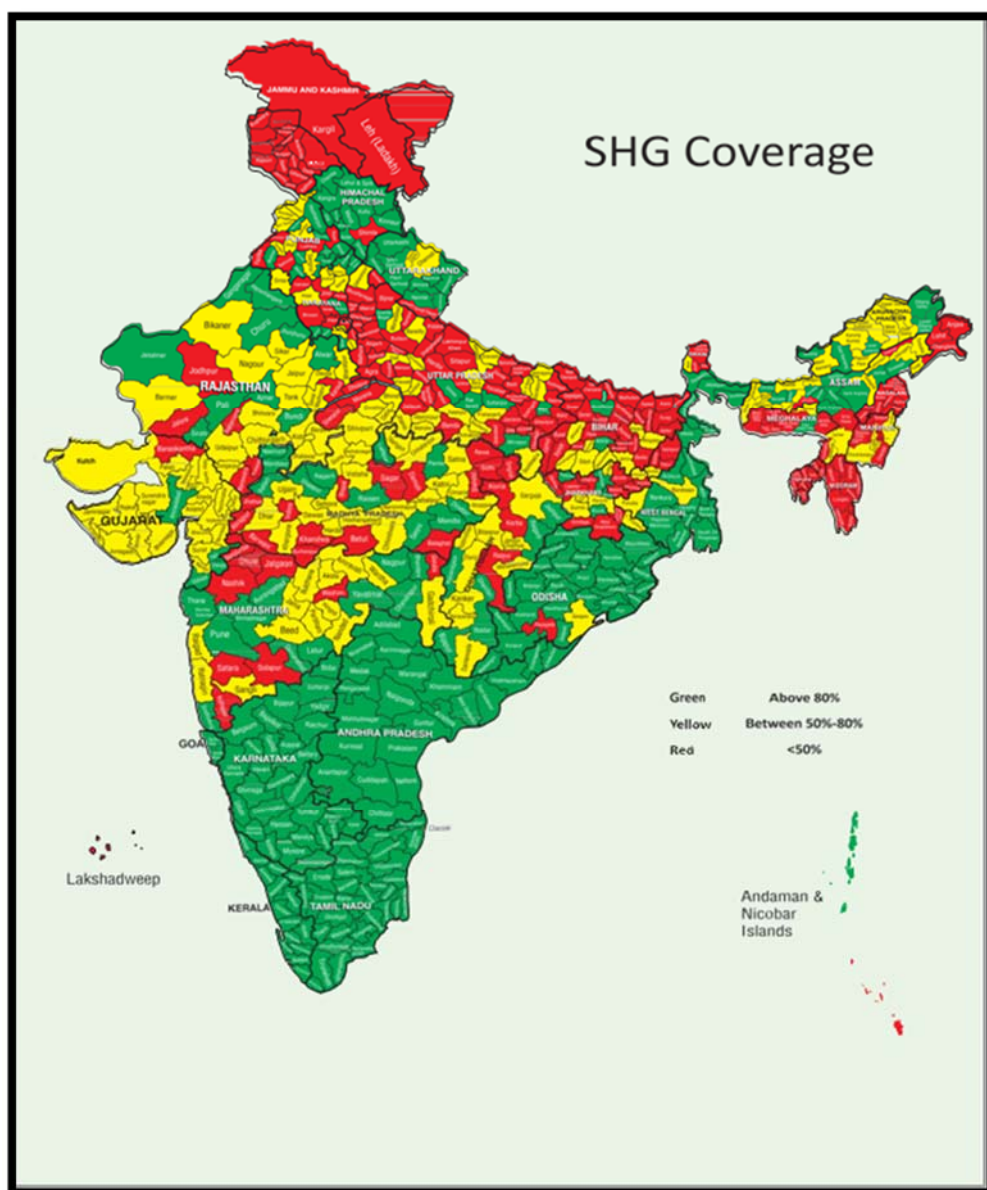
The SHG-Bank linkage programme was initiated in 1989 as an action project and subsequently in 1992; a pilot project was design and launched which was based on the partnership of banks, SHGs and NGOs, where NGOs have acted as an intermediary between SHGs and banks. NGOs have organized and facilitated SHGs and were engaged to build the capacity of SHG members. The pilot project was initially designed for financing 500 SHGs in the country. The NABARD–Bank linkage programme was in high acceleration in 1996 and by late 2002, it had connected more than half a million of SHGs to the formal banking system with a loan disbursement of Rs.1,026 crores, and the accumulated savings by the SHGs also exceeded Rs. 875 crores. Over 90% of the SHGs were exclusively women groups. A total of 444 banks (121 RRBs, 209 cooperative Banks, 27 public sector banks and 17 private sector banks) through 17,085 branches provided credit to 7.8 million poor in 488 districts of India. The average loan size was Rs.22,240 per SHG and Rs. 1,300 per member. The different model for financing SHG Bank linkages were:

- **Model I:** SHGs formed and financed by banks – Under this model, the bank forms the SHGs and directly sanctions loans to the group.
- **Model II:** SHGs formed by formal agencies and NGOs but financed directly by banks – Under this model, formal agencies and NGOs take responsibilities for the group formation and link these group to banks. The banks directly lend the loan to the SHGs.

- **Model III:** SHGs financed by bank through NGOs – Under this model, the NGO act as a nodal agency. The banks give loan to the SHGs through the NGO. The NGO takes responsibility for repayment of the loan.

Out of these models, model II is extensively used under SHG-Bank linkage programme in India.

**Figure 2.2 : Snapshot of the SHG coverage as on March 2014 in India**



*Source: Status of Microfinance in India 2013-2014, NABARD*

As shown in the figure 2.2, the regional growth of SHG is highly skewed among the states of India. The southern states performance is significantly better than the other region in the country.

The overall progress under SHG-Bank Linkage programme in the country is briefly discussed and key variables are presented in table 2.2.

An overall decline in the number of SHGs linked to banks for their savings accounts under the SHG-Bank linkage programme noticed during 2012-13 – first time since the programme was launched two decades back – has been reversed during the current year though with a marginal increase of 1.53% with 74.30 lakh SHGs savings linked to Banks as on 31.3.2014 as against 73.18 lakh during the previous year. Correspondingly, the coverage of rural households having access to regular savings through SHGs linked to banks also went up to 96.6 million from 95 million as on 31 March 2013.

Another highlight of the year's performance under the programme was the spurt in the number of SHGs being sanctioned fresh loans by banks during the year. 13.66 lakh SHGs were sanctioned fresh loans during the year – a 12% increase over 12.20 SHGs getting fresh loans during 2012-13. The quantum of fresh loans issued by banks also rose by nearly 17% during the year (Rs. 24017 crore). This is indicative of increasing confidence in lending to SHGs by banks.

Number of SHGs credit linked with banks, however, showed a decline of nearly 6% to 41.97 lakh as against 44.51 lakh a year back though the amount of loan outstanding has gone up by 9%. The total loan outstanding by SHGs stood at Rs. 42,928 crore as on 31.3.2014. The average loan outstanding of SHGs with banks is Rs. 1,02,273 against Rs. 88,500 a year back.

The share of exclusive women SHGs in the total number of SHGs linked to banks now stands at 84% (up from 81 % last year) while the groups formed under the NRLM/SGSY/Other Government sponsored programmes now constitutes 30% of the total number of groups.

<b>Table2.2: Overall progress under SHG-Bank Linkage for the last 3 years (2011-12) to (2013-14)</b>							
Years		2011-12		2012-13		2013-14	
Particulars		No. of SHGs (in lakh)	Amount (in crore)	No. of SHGs (in lakh)	Amount (in crore)	No. of SHGs (in lakh)	Amount (in crore)
SHG savings with banks as on 31 <sup>st</sup> march	<b>Total SHGs</b>	<b>79.60</b> <b>(6.7%)</b>	<b>6551.41</b> <b>(-6.7%)</b>	<b>73.18</b> <b>(-8.1%)</b>	<b>8217.25</b> <b>(25.4%)</b>	<b>74.30</b> <b>(1.53%)</b>	<b>9897.42</b> <b>(20.45%)</b>
	Of which SGSY/NRLM/ other govt. spons. Prog	21.23 (5.0%)	1395.25 (-23.2%)	20.47 (-3.6%)	1821.65 (30.6%)	22.62 (10.46%)	2477.58 (36.01%)
	% of SGSY/NRLM/ other govt. spons. Prog to total	26.7	21.3	28.0	22.2	30.45	25.03
	All women SHGs	62.99 (3.3%)	5104.33 (-3.7%)	59.38 (-5.7%)	6514.86 (27.6%)	62.52 (5.27%)	8012.89 (22.99%)
	Percentage of women groups	79.1	77.9	81.1	79.3	84.15	80.96
Loan disbursed during the year	<b>Total SHGs</b>	<b>11.48</b> <b>(-4%)</b>	<b>16534.77</b> <b>(13.7%)</b>	<b>12.20</b> <b>(6.3%)</b>	<b>20585.36</b> <b>(24.5%)</b>	<b>13.66</b> <b>(12.02%)</b>	<b>24017.36</b> <b>(16.67%)</b>
	Of which SGSY/NRLM/ other govt. spons. Prog	2.10 (-12.9%)	2643.56 (6.6%)	1.81 (-13.8%)	2207.47 (-16.5%)	2.26 (24.56%)	3480.60 (57.67%)
	% of SGSY/NRLM/ other govt. spons. Prog to total	18.3	16.0	14.8	10.7	16.52	14.49
	All women SHGs	9.23	14132.02	10.37	17854.3	11.52	21037.97

		(-9.2%)	(12.0%)	(12.4%)	1 (26.3%)	(11.02%)	(17.83%)
	Percentage of women groups	80.4	85.5	88.1	86.7	84.3	87.6
Loans outstanding against SHGs as on 31 <sup>st</sup> march	<b>Total SHGs</b>	<b>43.54</b> <b>(-9.2%)</b>	<b>36340.00</b> <b>(16.4%)</b>	<b>44.51</b> <b>(2.2%)</b>	<b>39375.30</b> <b>(8.4%)</b>	<b>41.97</b> <b>(-5.71%)</b>	<b>42927.52</b> <b>(9.02%)</b>
	Of which SGSY/NRLM/ other govt. spons. Prog	12.16 (-5.4%)	8054.83 (2.9%)	11.93 (-1.9%)	8597.09 (6.7%)	13.07 (9.55%)	10177.42 (18.38%)
	% of SGSY/NRLM/ other govt. spons. Prog to total	27.9	22.2	26.8	21.8	31.1	23.7
	All women SHGs	36.49 (-8.4%)	30465.28 (16.6%)	37.57 (2.9%)	32840.04 (7.8%)	34.06 (-9.34%)	36151.58 (10.08%)
	Percentage of women groups	83.8	83.8	84.4	83.3	81.2	84.2

*Source: Status of Microfinance in India, 2013-14, NABARD*

Some of the issues emerging out of the data shown above are:

- Although the decline in the number of SHGs savings linked with Banks noticed during 2012-13 has been reversed during the current year with a marginal increase of less than 2%, the decline in the numbers continued in the strategically important and resource poor regions (with only southern region showing the increase). In fact, Assam, Karnataka, Rajasthan and Tamil Nadu are the only major states where the number of savings linked SHGs are more than those reported during 2011-12.

- The continued decline in the number of SHGs linked to Banks in resource poor regions where special SHG-Bank linkage programmes are being implemented, is indicative of the challenges ahead for the SHG-Bank linkage programme in the country. The savings harnessed by SHGs, however, increased by an impressive 21% over the previous year and the growth has been across the regions barring the north and the north-east.
- The number of SHGs being extended fresh loans by banks increased by over 12%, nearly double the increase reported during the previous year indicating an increased confidence of banks in extending finance to existing SHGs. The quantum of fresh loans extended to SHGs also showed an increase of nearly 17% during the year. The continued decline in the number of SHGs getting fresh loans in the north and North-east (especially the latter) should, however, be a cause for concern.
- There has been a decline of nearly 6% in the number of SHGs having loan outstanding with banks during the year while the quantum of loans outstanding grew by little over 9%. Although the increase in loan outstanding if read with increase in the number of SHGs being extended fresh loans and quantum of such fresh loans, can be considered a normal phenomenon, the trend of steadily increasing NPAs against such loans (except in the more progressed with longer history of SHG-BLP of southern region where the NPA showed a decline during the year) calls for continued vigil.



- The NPA against loans to SHGs has reached almost 19% in the central region while other regions except south hovering between 9 to 14%. As high rate of repayment of loans by SHG members has been the hallmark of SHG-Bank linkage programme in India, there is an urgent need to dwell into the reasons for the steady increase in the NPAs of loans extended to SHGs so that remedial steps can be initiated without delay.
- Driven by the great leap exhibited by the SHG-BLP in the last over two decades in its efforts to prove that the poor in the country are indeed the “most bankable” clients, the Central and State Governments have dovetailed most of their poverty alleviation programmes to the SHG mode of financing with suitable subsidies.
- The National Rural Livelihood Mission (NRLM) is a flagship programme of the Ministry of Rural Development, Government of India where the people below the poverty line are helped to come out of poverty through a combination of skill development, market assistance and financial assistance through SHG-BLP alongwith subsidy support from the Government, which is linked to credit.
- There has been commendable progress of SHGs covered under such poverty alleviation initiatives during the year in terms of the number of SHGs savings and credit linked. Most notable feature of these SHGs during the year had been the spurt in fresh loans extended to them by banks – nearly 58% over last year. The NPA on account of loans to SHGs under such Government

sponsored programmes, however, remains higher at 9.58% (9.39% last year i.e. 2012-2013) as against 6.83% for all SHGs together.

- Active participation of women in SHG-BLP has earned many laurels for the country and is often cited as a distinguishing feature of microfinance initiatives in India. Nearly 84% of all SHGs linked to banks are all women SHGs and this continues to show steady increase every year. With the various agencies actively promoting women SHGs and getting them linked with Banks, women SHG movement has become the flag-bearer of the women empowerment in India

### **2.5.3 Region-wise Progress under SHG-Bank Linkage**

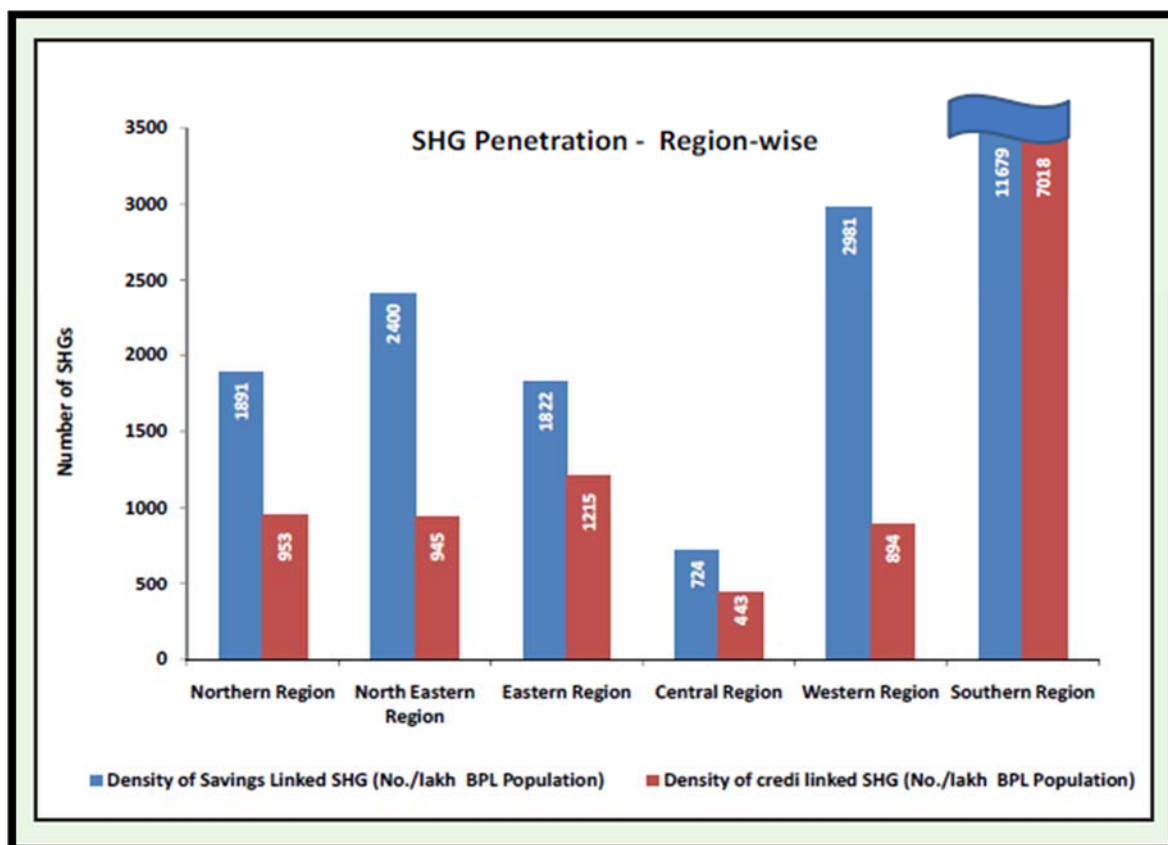
The growth of SHG-Bank linkages in the country is highly skewed in favour of the southern region in the country. The number of saving linked SHGs now stands at 74.3 lakhs with a membership of over 96.6 million poor households showing a marginal increase of 1.53% (73.18 lakh SHGs as on 31.3.2013) from the previous year. The number is still substantially less than 79.60 lakhs SHGs reported during 2011- 12 (with coverage of 104 million households).

Only southern region reported a growth in savings linked SHGs during the year compared to previous year while all other regions continued to report decline in the number of SHGs. Continued decline in the number of savings linked SHGs in resource poor regions where special SHG programmes are implemented, needs to be viewed with concern.

Among the major states only Assam, Karnataka, Rajasthan and Tamil Nadu have reported upward trend in the number of savings linked SHGs compared to the 2011-

12 status. The density of saving linked and credit linked SHGs among regions of the country is shown in figure- 2.3.

**Figure2.3 : Region wise density of saving/credit linked SHGs**

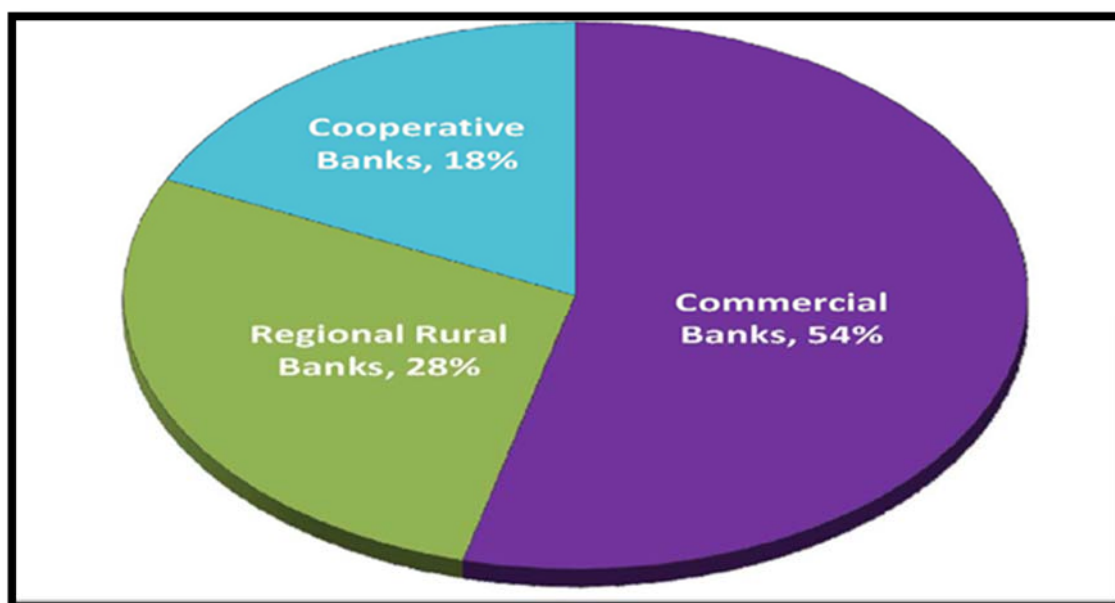


Source: Status of Microfinance in India 2013-2014, NABARD

### 2.5.4 Savings Linked SHGs: Agency Wise Share

Commercial banks consistently claimed the bulk of the shares with regard to linking SHG with banks, whether it is savings linked or credit linked. In 2014, 54% of the savings linked SHGs are linked with commercial banks, 28% of SHGs are savings linked with rural banks and 18% SHGs are linked with cooperative banks. The following figure highlights the agency wise share of savings linked SHGs in the country.

**Figure 2.4 : Savings linked SHGs (Number)- Agency-wise share**



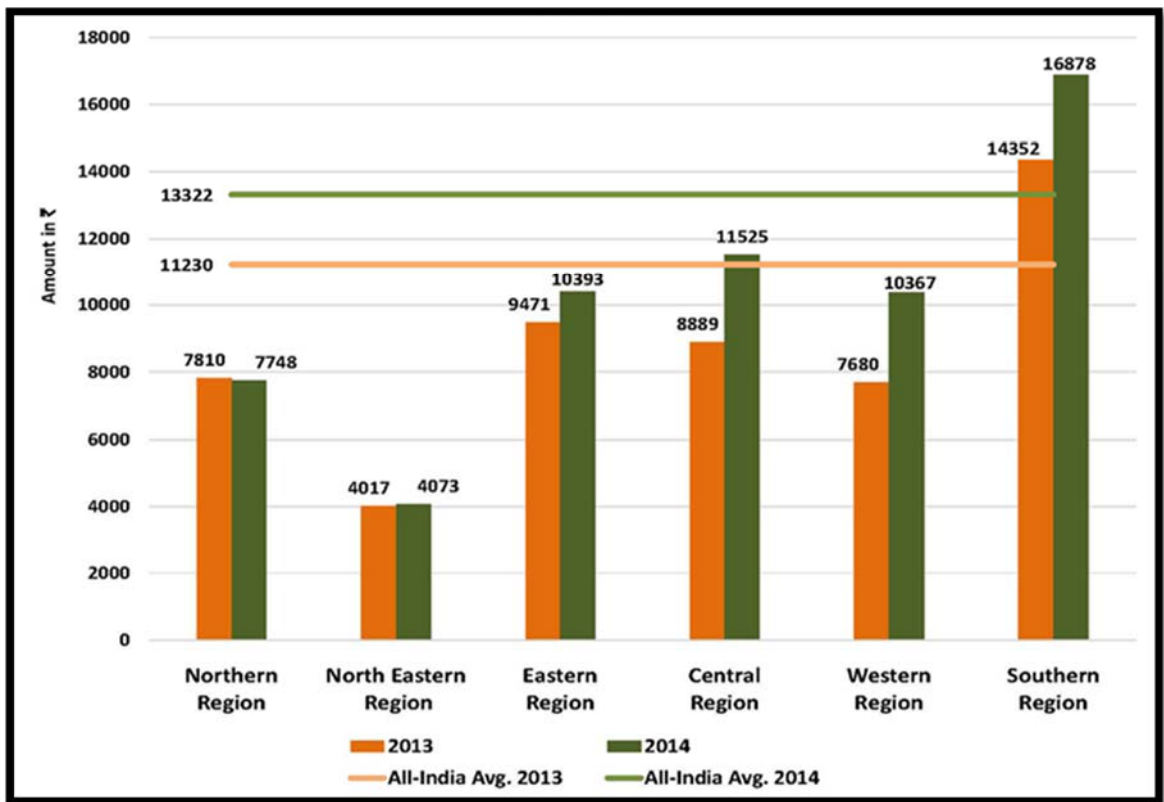
*Source: Status of Microfinance in India 2013-2014, NABARD*

### **2.5.5 Balance per SHG, 2013 vs 2014**

The savings balance of these SHGs with banks, however, shot up by over 20% during 2014 (Rs. 9,897 crore against Rs. 8,217 crore a year back). All except the North and North Eastern region recorded higher savings bank balance with banks with western States recording nearly 34% increase while the Central region reporting 27% and Southern region recording an increase of 23%.

The average savings bank balance of SHGs with banks as on 31<sup>st</sup> March, 2014 was Rs. 13,322, with southern region reporting an average of Rs. 16,878 while the North Eastern states having an average saving of only Rs. 4,073 per group. The widespread difference between the regions in mobilization of savings among the SHGs calls for attention. It is also indicative of the progress of SHG-BLP in the various regions of the country.

**Figure 2.5 : Region wise saving per SHG balance**

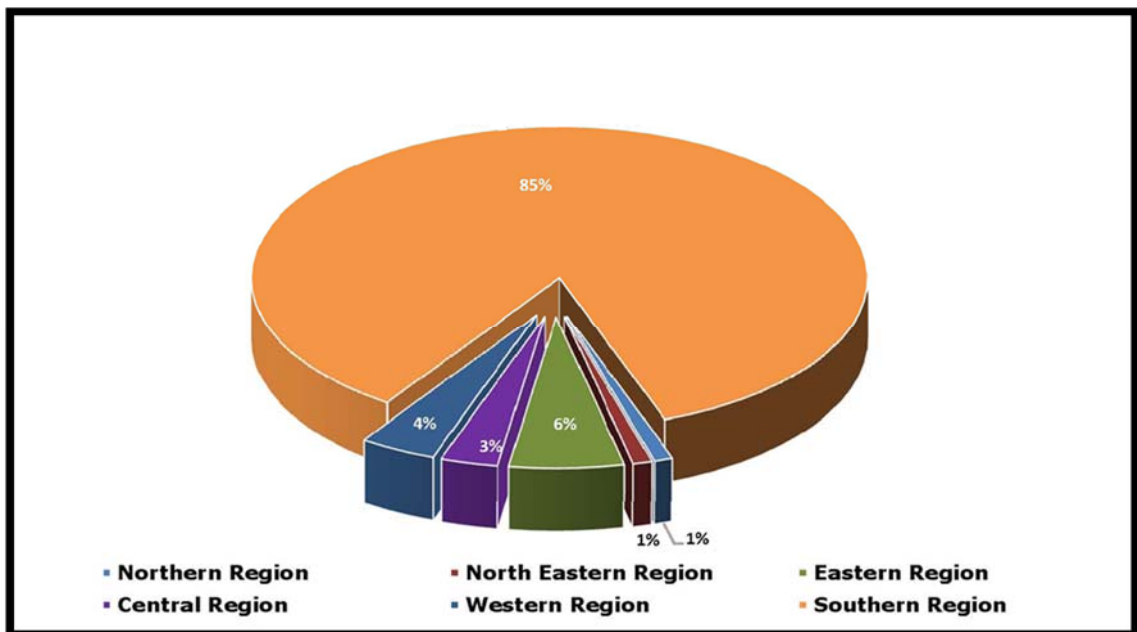


*Source: Status of Microfinance in India 2013-2014, NABARD*

### **2.5.6 Bank Loan Disbursed During 2013-2014, Region-wise**

The number of SHGs being extended fresh loans by Banks has been steadily increasing for the last 3-4 years. There has been an increase of 12% (nearly 25% under the Government sponsored programmes) in the number of SHGs being extended fresh loans during the year as compared to the previous year while the increase in the quantum of fresh loans shot up nearly by 17% (13.66 lakh SHGs and Rs. 24,017.36 crore respectively as on 31.3.2014 compared to Rs. 12.20 lakh and Rs.20,585.36 crore a year back). The performance of SHGs covered under Government sponsored programmes had been better recording nearly 58% spurts in fresh loans to such SHGs.

**Figure 2.6: Bank loan disbursed during 2013-2014, region-wise**



*Source: Status of Microfinance in India 2013-2014, NABARD*

A region-wise analysis shows that the spurt in fresh loans extended is maximum in the western Region while substantial decline in both number and amount of loans have been reported in the North Eastern region. Backward states like Bihar and Chhattisgarh have reported substantial increase in the number of SHGs and quantum of fresh loans extended while Jharkhand has shown a decline in the number and quantum of fresh loans issued. The average quantum of loans issued to SHGs during the year was Rs. 1.76 lakh per SHG and this ranged from Rs. 50,782 in eastern region to over Rs. 2,35,700 in southern region.

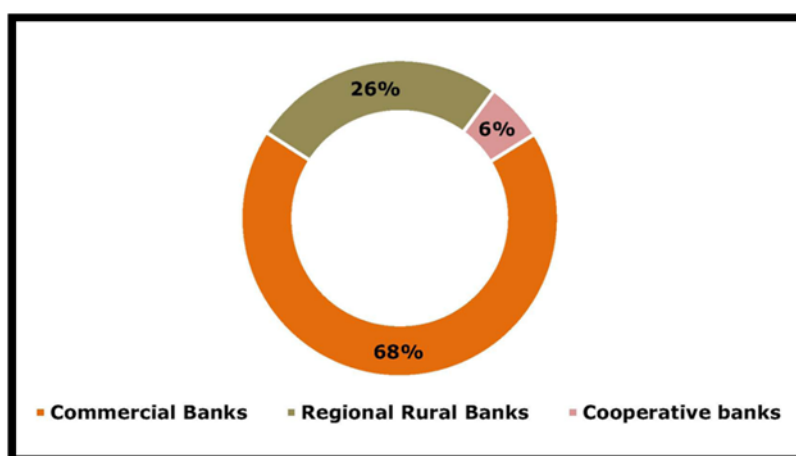
### **2.5.7 Loan Outstanding - Agency Wise Share**

The number of SHGs having loans outstanding against them from banks declined by 5.71% (Rs. 41.97 lakh as against Rs. 44.51 lakh last year) while the amount of loans outstanding rose by 9.02% to Rs. 42,927 crore (Rs. 39,375 crore as on 31.3.2013). The decline in credit linked SHGs is visible in all regions except in the Central

Region where there was an increase of nearly 16%. The rise in amount of loan outstanding was reported from Southern and Western regions while other regions reported a decline. The average loan outstanding against SHGs as on 31.3.2014 was Rs. 1.02 lakh – up from Rs. 0.88 lakh a year earlier. Average amount of loan outstanding ranged from Rs. 50,500 per SHG in eastern region to Rs. 1.43 lakh in the southern region. Chhattisgarh recorded the lowest average of Rs. 30,000 per SHG among major states while Andhra Pradesh reported an average of Rs. 1.62 lakh per SHG (Rs. 1.87 lakh in Mizoram). Among the agencies, Commercial Banks had an average outstanding loan of Rs. 1.18 lakh per SHG while RRBs had Rs. 0.90 lakh and Cooperative Banks Rs. 0.53 lakh.

The percentage of SHGs credit linked (those having an outstanding balance of bank loans) to those savings linked (having a S.B. Account balance with banks) is 56% for the entire country and ranged between 67% for eastern region states to 30% for the western region. This excludes SHGs which might have been credit linked earlier, but not having any loan outstanding as on 31.3.2014.

**Figure 2.7 : Loan outstanding- Agency wise share**



*Source: Status of Microfinance in India 2013-2014, NABARD*

### **2.5.8 Non Performing Assets**

The overall NPA percentage of loans to SHGs has come down marginally from 7.08% as on 31.3.2013 to 6.83% during 2014, thereby reversing upward swing in NPA observed during the last few years. However, the level of NPA is still alarmingly high compared to position 5 years back (2.9% as on 31.3.2010). Moreover, the decline in the NPA percentage has been reported only in the Southern Region with high progress, while all other regions have continued with the upward swing in NPAs during the year. The NPA in the central region which comprises Madhya Pradesh, Uttar Pradesh, Chhattisgarh and Uttarakhand is near 19% while other resource poor regions like Eastern Region reported over 11%. Some of the States in the NE region has reported NPA of over 50% which is highly unsustainable. As efforts are being made to spread the reach of SHG-BLP to the resource poor regions, the continued upsurge in NPAs in these regions needs to be viewed quite seriously. The total NPA against loans to SHGs stood at Rs.2933 crore as on 31.3.2014 against the total outstanding loan of Rs.42928 crore.

Among the regions, southern region with a NPA of 4.64% (5.11% last year) was the lowest while Central Region with an alarming 18.87% (17.28% last year) was the highest. Among the major States reporting high NPA are: UP 20.07%, MP 19.31%, Gujarat 19.81%, Odisha 18.91%, Haryana 15.84%, Jharkhand 12.82% and Chattisgarh 12.44%. Even Tamil Nadu which is among the pioneer states to commence the SHG-BLP has reported nearly 11% NPA in 2014.

### **2.5.9. Default and dropouts in SHG**

Several studies in the past quantified the excellent repayment performance of above 90 per cent, which was one of the driving factors which influence banks to actively



participate in the programme. However, with fast expansion in terms of numbers and geographies, delinquencies are creeping into SBLP. As per NABARD's data the Non-Performing Assets of banks against loans to SHGs has gone up from Rs. 14.74 billion (4.74 per cent) as on 31 March 2011 to Rs. 16.55 billion (6.38 per cent) as on 31 March 2012. The trend of increasing NPAs is observed across all regions of the country.

The trend of increasing NPAs in this programme may force bankers to go slow on SHG lending, which in turn may affect the financial inclusion drive as SBLP is one of the important tools for financial inclusion. The higher level of NPAs against the SHGs in central and northern regions needs to be addressed as these are the states where the financial inclusion are at the lowest levels. There is an urgent need to probe the causes for delinquencies in SHG lending for redesigning the strategies of the SHG movement.

In this background, the CMF, IFMR Chennai launched three studies on delinquencies by SHGs in different regions of the country, viz., (i) Rajasthan, (ii) North Eastern Region, and (iii) Odisha and Madhya Pradesh states. The Rajasthan study highlights several reasons for default: improper process of group formation is the foremost reason for default as accepted norms for area selection, selection of members, concept seeding, etc., were not followed in any of the defaulted groups, while the other set of 18 sample groups with 100 per cent repayment have gone through some locally established process. Further, it was observed that there was progressive decline in record maintenance and updating, and regularity of meetings among the defaulting SHGs.

One of the important findings of the study was that the prime objective of about two-thirds of members in the defaulting groups was to get bank credit only and for another 13 per cent of them, subsidy was the main driving force. On the other hand, for 84 percent of the members from groups with 100 per cent loan repayment both savings and credit were the main reasons for joining the SHGs, and they started with savings and then graduated to credit.

Savings behavior of these groups revealed that after the third year, there has been a decline in average savings per member, and it is one of the main characteristics of defaulting groups, and it starts after bigger loan amount are sanctioned to groups, which in turn reflects that groups were formed only to avail credit. Almost 44 per cent of the default in groups was in the age bracket of three to five years and 35 per cent in the age group of six to eight years. It is precisely during three to five years of age the groups get bigger loans or activity-based loan from banks. This implies that groups need special attention/input when they are three-five years old. In other words, perfect credit planning, hand holding and business development services at a group-level are required to manage the bigger loan amount.

In many SHGs, there is manipulative intermediation by the President or Secretary, who takes the lion's share of the loan and distributes the rest among the members. This is further aggravated by multiple group membership of leaders. Permanent leaders, often the ones with power and resources, form groups of their convenience and use it to source bank loans for themselves. As far as external factors are concerned, continuous drought situation, low levels of economic activity and poor income were found to be the major triggering factors that accelerated the process of

group degeneration and eventual default. About a fifth of the groups cited poor economic status of members as the major reason for their defaulting repayment.

The study on delinquencies in the North Eastern Region revealed that the quality of the SHGs in the region has been affected primarily because of non-adherence to some basic tenets of SHG management such as regularity of meeting, attendance of members in the meeting, regularity of savings and maintenance of records with delinquency rates. Non-adherence to the basic rules is due to the role played by different agencies involved in the SHG movement. It was also found that there has been a significant underreporting of delinquency rates by banks as compared to the actual field-level delinquencies, which calls for urgent steps to correct the problem.

The study on loan defaults by SHGs in Odisha and Madhya Pradesh also confirmed that flawed formation of SHGs without adhering to the basic principles of SHG functioning was the root cause for defaults. Many of the groups were not fully aware of the basic function of SHGs including purpose of savings mobilization and inter-lending. It was disheartening to note that more than one half of the SHGs in the sample had already stopped collecting mandatory savings from members once the bank loans were disbursed and the groups were disbanded. This is in line with the earlier finding that the main purpose of a large number of groups was only to avail credit with subsidy. Irregularity and / or discontinuation of group meetings were also characteristics of these defaulting groups.

However, one of the interesting findings of the study is that the average repayment of SHGs who had attended/participated in either income generating activity related or capacity building training programmes was more than that of groups who were not part of any such programmes. The percentage of active groups increased with the age

of SHGs suggesting that most SHGs pass through a critical stage when they are within five years old. Thus, if a group survives for five years, there is a higher chance of it to sustain.

An important observation in the field is that grading is not done properly by banks as well as DRDA/block officials. Had there been proper grading, most of the sample SHGs would have not been eligible for availing loans from banks and, to that extent, default could have been avoided. Another factor observed (more in Odisha) was that post 2006 when the division between BPL and APL members got more accentuated, some members suddenly became ineligible for government subsidy. In many of the SHGs, APL members were denied subsidy. Although loan component was equally shared among all members, the subsidy component was equally divided exclusively among BPL members only. Many also quoted that this was the main reason for group conflicts and hence default by the new APL members. In few cases, it is also observed that the APL members had taken internal loan equivalent to subsidy amount and did not repay to the group. In such cases this leads to internal conflict and adversely affected repayment behavior of the members. Expectation of debt relief, failure or low income from IGA at the group/individual level, death or migration of member(s) who had outstanding loan, non-receipt of insurance claim for dead animals purchased through loan, internal conflict, utilization of loan on household expenditure were some of the other important reasons reported by groups/members for their non-repayment of loans.

To conclude, the studies have identified certain features of the groups such as ad hoc formation of groups, lack of emphasis on group development, widespread laxity in writing and absence of basic books of record, lack of attention to member savings,

low incidence of inter-loaning appropriation of benefits by the leaders/office bearers and credit to group without estimating credit needs of members as the reasons for default.

Dropout from groups is one of the major concerns being debated while discussing the sustainability of the groups. The study conducted by APMAS addressed this issue and critically evaluated the performance of SHGs in the dropout context. The details on dropout rates from SHG membership revealed that the dropout rate was the lowest in Rajasthan, Maharashtra, Gujarat and Bihar, where more than two-thirds of SHGs did not report even a single member dropout. The dropout rate was the highest in Andhra Pradesh where the percentage of SHGs reporting no dropout was only 43 percent, implying that about 57 per cent of the SHGs have lost at least one member. All the states put together, the percentage of SHGs reporting no dropout was more than 60 per cent. Overall, about one-fourth of the SHGs reported a dropout rate of at least one to two members, while less than five per cent of the SHGs have lost more than five members. This implies that there is a need to look at the reasons for dropouts and to take steps to prevent the dropouts.

## **2.6 Microfinance in North East India**

### **2.6.1 Socio Economic Profile of North East India**

Northeast Region (NER) of India comprises the eight states of Assam, Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur, Tripura and Sikkim. Although the region is often considered to be one whole, owing to its geo-political peculiarities, but the distinct characteristics of individual states cannot be undermined. The region is culturally rich and is inhabited by diverse ethnic groups comprising over 160

scheduled tribes and close to 400 sub-tribes speaking about 250 different languages and dialects.

The eight states of Northeast together have a population of about 45.5 million (census 2011) which is around 3.8% of the country's total population. The region however, has 8% of the country's land mass and hence the population density of the region is lower than the national average. It ranges from a low of 13 persons per square km in Arunachal to a high of 340 persons per square km in Assam. Assam is the biggest state having almost 69% of the total Northeast population. The region is mostly hilly and home to over 160 scheduled tribes and over 400 other tribal and sub-tribal communities.

**Figure 2.8: Map of North East**



The literacy rate in Northeast is 74.04% which is marginally higher than the national average of 65.4%. However, of greater significance is the fact that the Northeast is

predominantly rural with 84% of the population living in villages. Therefore, compared to the national average of rural literacy of 59.4%, the literacy rate of 74.04% of Northeast is considerably higher to the rest of rural India.

States	Population	State population as % of total NE population	Literacy rate		
			Persons (in %)	Male (in %)	Female (in %)
Arunachal	13,82,611	3%	66.95	73.69	59.57
Assam	3,11,69,272	69%	73.18	78.81	67.27
Manipur	27,21,756	6%	79.85	86.49	73.17
Meghalaya	29,64,007	6.5%	75.48	77.17	73.78
Mizoram	10,91,014	2.25%	91.58	93.72	89.40
Nagaland	19,80,602	4.25%	80.11	83.29	76.69
Sikkim	6,07,688	1%	82.20	87.29	76.43
Tripura	36,71,032	8%	87.75	92.18	83.15
<b>Overall India</b>	<b>1,21,01,93,422</b>		<b>74.04</b>	<b>82.14</b>	<b>65.46</b>

*Source: Provisional Population Totals Paper 1 of 2011 -India, Census, 2011*

Interestingly, Mizoram with its literacy rate of 91.58% also has the highest penetration to date. Some of the states with low literacy - Meghalaya, Nagaland - are also among the most excluded.

Despite relatively high literacy rates, economic indices of the region, which were comparable to national averages before independence, have dropped significantly over the years.

The gap in the key economic indicators such as per capita income and GDP of northeast compared to the rest of India has widened with the period of time. Further, there are wide disparities even within the region between different states.

Sl No.	States/U.Ts	Rural		Urban		Combined / Total	
		%age of persons	No. of Persons (Lakhs)	%age of persons	No. of Persons (Lakhs)	%age of persons	No. of Persons (Lakhs)
1.	<b>Arunachal Pradesh</b>	26.2	2.7	24.9	0.8	25.9	3.5
2.	<b>Assam</b>	39.9	105.3	26.1	11.2	37.9	116.4
3.	<b>Manipur</b>	47.4	8.8	46.4	3.7	47.1	12.5
4.	<b>Meghalaya</b>	15.3	3.5	24.1	1.4	17.1	4.9
5.	<b>Mizoram</b>	31.1	1.6	11.5	0.6	21.1	2.3
6.	<b>Nagaland</b>	19.3	2.8	25.0	1.4	20.9	4.1
7.	<b>Sikkim</b>	15.5	0.7	5.0	0.1	13.1	0.8
8.	<b>Tripura</b>	19.8	5.4	10.0	0.9	17.4	6.3
	<b>All India</b>	<b>33.8</b>	<b>2782.1</b>	<b>20.9</b>	<b>764.7</b>	<b>29.8</b>	<b>3546.8</b>

Source: Ministry of DONER, 20<sup>th</sup> March, 2015

Major highlights of the table are summarized below:

- At the all India level, rural poverty has declined by 8.0 percentage points from 41.8% (42%) in 2004-05 to 33.8% in 2009-10. The urban poverty declined by 4.8 percentage points from 25.7 % to 20.9%.
- Poverty has increased in Assam, Manipur, Meghalaya, Mizoram and Nagaland in 2009-10.



- In case of Meghalaya while combined poverty ratio has increased from 16.1% in 2004-05 to 17.1% in 2009-10, there is a slight reduction in urban poverty from 24.7% to 24.1% in the same period.

Sl. No.	State	Monthly per capita (Rs.)	
		Rural	Urban
1.	<b>Arunachal Pradesh</b>	773.7	925.2
2.	<b>Assam</b>	691.7	871
3.	<b>Manipur</b>	871	955
4.	<b>Meghalaya</b>	686.9	989.8
5.	<b>Mizoram</b>	850	939.3
6.	<b>Nagaland</b>	1016.8	1147.6
7.	<b>Sikkim</b>	728.9	1035.2
8.	<b>Tripura</b>	663.4	782.7
9.	<b>All India</b>	<b>972.8</b>	<b>859.6</b>

Source: Ministry of DONER, 20<sup>th</sup> March, 2015

- As far as absolute poverty is concerned, the region has fared better than the nation as a whole. Across the 8 states, no more than 20% of the population is below the poverty line whereas the national average is 28%.

**Table 2.6 : GSDP Growth Rates in NE States during successive Plan periods**

State/UT	Eighth Plan Achievement	Ninth Plan Achievement	Tenth Plan Achievement	Eleventh Plan	
				Target	Achievement
Arunachal Pradesh	5.1	4.4	6.5	6.4	9.4
Assam	2.8	2.1	5.3	6.5	6.9
Manipur	4.6	6.4	5.7	5.9	6.5
Meghalaya	3.8	6.2	6.4	7.3	8.1

Mizoram	-	-	5.7	7.1	11.0
Nagaland	8.9	2.6	5.9	9.3	6.2
Sikkim	5.3	8.3	7.8	6.7	22.8
Tripura	6.6	7.4	6.4	6.9	8.7
Average NE	5.3a	5.34a	6.2	7.01b	9.95c
All India GDP	7.5d	5.5	7.8	9.0	7.9

Sources: 12<sup>th</sup> Five Year Plan Document. Vol – I

a. Eighth and Ninth Plan figures from Eleventh Plan Document.

b. Tenth Plan achievement from 1999-2000 series (CSO).

c. Eleventh Plan achievement 2004-05 series (CSO).

Notes: The average GSDP growth of these states during 11th Plan improved to 9.95% against 7.9% at the national level. If the exceptional growth of Sikkim is excluded, the average of seven States was 8.1 percent.

Most of the states' GSDP has shown a growth rate that is lower than the national average in the Tenth Plan with the exception of Sikkim which is equal to the national average. However, most states has shown an increase in the SGDP growth rate.

On the social front, the performance of India as a whole has been dismal. According to UNDP Report, The National average HDI for India in 2008 was 0.467. By 2010, its average HDI had risen to 0.519. UNDP reported India's HDI to be 0.554 for 2012, an 18% increase over its 2008 HDI. United Nations declared India's HDI is 0.586 in 2014, 5.77% increase over 2012.

Despite high economic growth, India is still socially impoverished. Within this underdeveloped country, the Northeast Region is notably lagging and uneven in terms of human development progress. In 1981, HDI value varied from a lowest figure of 0.242 in Arunachal Pradesh to a highest figure of 0.461 in Manipur. Similarly in 1991

the lowest and highest figures were 0.328 (Arunachal Pradesh) and 0.548 (Mizoram). Assam witnessed the lowest HDI value of 0.444 and was placed in the low HDI while for the rest of NE, the value is 0.573 and was placed among the medium HDI in 2008.

Human development in rural areas of the region has been consistently lower than that of the urban areas, and the level of inequality is only increasing. The rural-urban disparity index varied from a lowest figure of 0.113 in Manipur to the highest figure of 0.234 in Tripura in 1981.

The situation did not improve much in 1991 and also in 2000. In 2000, the highest disparity was observed in Assam (0.283) and lowest in Sikkim (0.175). Since, majority of the population in the region resides in the villages, low human development in rural areas means most of the people in the region have very poor quality of life. (Microfinance vision, North East Region, 2015)

### **2.6.2 Status of Financial Inclusion in Northeast**

Financial exclusion remains a major challenge for Northeast India. The critical banking indicators have been discussed in this section to highlight the level of financial exclusion in Northeast in comparison to the rest of the country.

Regional disparities are inevitable, but the scale of the differences across states is pronounced in the Northeast. Although the problem is one of financial access, the problem could quite easily have an effect on other regional characteristics, including the political stability.

The number of bank branches and population per branch in the states of North East Region and their relative performance with the Region and National average is shown in Table 2.7.

**Table 2.7 : No. of Bank Branches and Population per Branch in NER**

States	Bank Branches		Population per Branch (Number)	Bank Branches per 1000Sq. km.
	Total	Rural		
Arunachal Pradesh	80	51	17282	1
Assam	1477	791	21103	19
Manipur	81	35	33602	3
Meghalaya	213	126	13916	9
Mizoram	98	54	11133	4
Nagaland	90	37	22007	5
Sikkim	74	48	8252	10
Tripura	192	114	19120	22
<b>NER</b>	<b>2342</b>	<b>1256</b>	<b>19465</b>	<b>9</b>
<b>All-India</b>	<b>86960</b>	<b>32627</b>	<b>13916</b>	<b>26</b>

Source: Economic Survey 2011-12

The average population per bank branch is highest for Northeast, 40% higher than the national average. Without a certain level of banking infrastructure, it is hard to expect financial inclusion to actually take off.

**Table 2.8 : Status of Credit Deposit Ratio in NER**

States	C-D Ratio	Ratios of Deposit and Credit Accounts to Population 2009-10		Per Capita Deposits and Credit (Amount in Rs.)	
		Deposit	Credit	Deposit	Credit
Arunachal Pradesh	27	37.7	4.1	29843	8218

Assam	36	36.8	4.2	15590	5892
Manipur	41	18.1	2.7	97	4170
Meghalaya	26	30.9	3.9	25785	6605
Mizoram	24	29.7	5.4	20525	10916
Nagaland	30	24.3	4.6	21140	6406
Sikkim	37	56.9	7.2	51561	19188
Tripura	25	46.2	8.3	20319	5999
<b>NER</b>	<b>35</b>	<b>39.8</b>	<b>4.9</b>	<b>16879</b>	<b>6255</b>
<b>All-India</b>	<b>73</b>	<b>60.7</b>	<b>9.8</b>	<b>37688</b>	<b>27642</b>

*Source: Economic Survey 2011-12*

The banking and finance infrastructure in the region is very weak, with Northeast lagging in almost all critical banking outreach indicators. The region offers low investment opportunity which is reflected by low credit-deposit ratio.

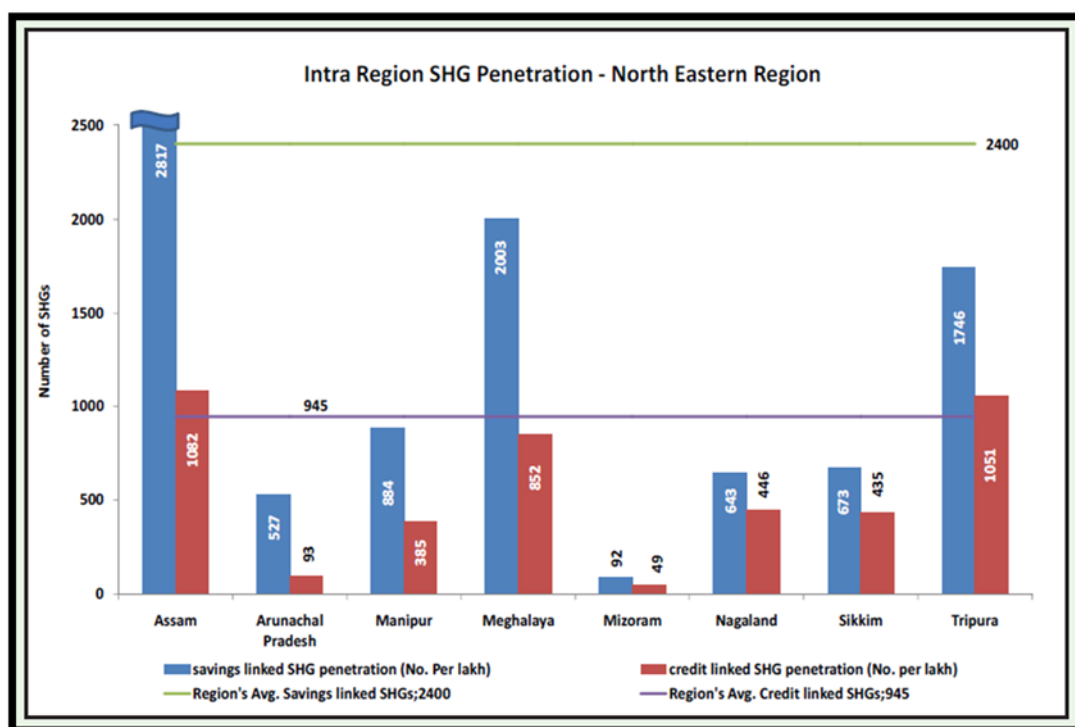
In March 2009 the C-D ratio of Northeast, as per sanctioned amount, was 35.8%, a figure less than half the country average of 72.6%. In terms of deposit accounts, again northeast has the lowest ratio among all the regions in the country. Its number of deposit accounts as a percent of the population was only 32%, with Manipur and Nagaland being as low as 16% and 18% respectively. One can compare it with Southern region where the same ratio is 66%.

The credit deposit (C-D) ratio in Northeast is lagging far behind the rest of the country. Northeast's overall C-D ratio of 35.8% is less than half of the country average of 72.6%.

Within northeast, Arunachal has the lowest CD ratio of 24.6% while Mizoram has the highest ratio of 58.7%. Based on 2001 census data it has been estimated that there are close to 3.5 million low income households in the Northeast.

The total supply of credit through SHG-Bank linkage and direct microfinance is around Rs5.8 million, considering average loan outstanding of Rs. 8,000 in Assam and Rs 10,000 in the rest of the states, we find that around Rs. 6, 84,968 households have access to financial services. The table below shows the breakup.

**Figure 2.9 : Intra Regional SHG Penetration- North Eastern Region**



*Source: Status of Microfinance in India, NABARD, 2013-2014*

With regard to SHG penetration in NER, States like Assam, Meghalaya and Tripura top among the states. While Assam has reported 2817 SHGs Savings linked per lakh BPL population, Mizoram is at the lowest with only 92 SHGs.

NE States have also lesser number of SHGs credit linked compared to SHGs savings linked when compared to other SHGs regions. While there is universal recognition of SHG-BLP as a tool to unleash the power of self help in gaining access to basic financial services like savings and credit to the rural poor, especially the women, in India, its

role in catalyzing better livelihood opportunities for the poor group members and improving their income levels is yet to be experienced in the NER.

**Table 2.9 : Progress under Microfinance - Savings of SHGs with Banks Region-wise/ State-wise/ Agency-wise position as on 31 March 2014**

NORTH EASTERN REGION									
SlNo	States	Commercial banks		Regional Rural banks		Cooperative banks		Total	
		No. of SHGs	Saving amount (in Rs. lakh)	No. of SHGs	Saving amount (in Rs. lakh)	No. of SHGs	Saving amount (in Rs. lakh)	No. of SHGs	Saving amount (in Rs. lakh)
1	Assam	81717	6438.90	178655	4585.61	24955	265.00	285327	11289.51
2	Arunachal Pradesh	551	39.00	1549	110.98	488	3.03	2588	153.01
3	Manipur	2672	63.08	6367	31.84	0	0	9039	94.92
4	Meghalaya	1428	114.43	3019	380.41	2783	41.81	7230	536.65
5	Mizoram	187	4.46	0	0	0	0	187	4.46
6	Nagaland	2437	210.08	0	0	0	0	2437	210.08
7	Sikkim	343	35.49	0	0	0	0	343	35.49
8	Tripura	9148	558.00	0	0	0	0	9148	558.00
Total		98483	7463.44	189590	5108.84	28226	309.84	316299	12882.12

*Source: Status of Microfinance in India, NABARD, 2013-2014.*

The table 2.9 shows the state wise/ agency –wise current position of savings linked SHG with banks. The growth of microfinance programme is not uniform in the region as can be seen in the table 2.9. The share of Assam is about 90% of total number of savings linked SHG in the region with the share of 0.05% for Mizoram, which is the lowest. With regard to the savings amount, again Assam has the largest share of 87.6% while the lowest is Mizoram with a share of 0.034% out of the total savings amount in the region.

The agency-wise share shows the commercial banks' mobilization of SHG savings was the highest in the NER. The share of commercial banks was 57.93% of total savings, share of RRB was about 40% and the share of cooperative banks was about 2.4% of total savings.

**Table 2.10: Regional share in linkage: SHG with outstanding loans**

Region	2009		2010		2011	
	No. of SHGs	Share (%)	No. of SHGs	Share (%)	No. of SHGs	Share (%)
<b>Northern</b>	166,511	3.9	152,491	3.1	149,108	3.1
<b>North-eastern</b>	117,812	2.8	133,785	2.8	150,021	3.1
<b>Eastern</b>	933,489	22.1	1,027,570	21.2	1,105,533	23.1
<b>Central</b>	332,116	7.9	497,922	10.3	358,872	7.5
<b>Western</b>	393,499	9.3	457,476	9.4	316,821	6.6
<b>Southern</b>	2,280,911	54.0	2,582,112	53.2	2,706,408	56.5
<b>All</b>	<b>4,224,338</b>	<b>100</b>	<b>4,851,356</b>	<b>100</b>	<b>4,786,763</b>	<b>100</b>
Region	2012		2013			
	No. of SHGs	Share (%)	No. of SHGs	Share (%)		
<b>Northern</b>	212,041	4.9	213,955	4.8		
<b>North-eastern</b>	159,416	3.7	143,660	3.2		
<b>Eastern</b>	985,329	22.6	1,020,656	22.9		
<b>Central</b>	352,452	8.1	362,521	8.1		
<b>Western</b>	289,472	6.6	295,451	6.6		
<b>Southern</b>	2,355,732	54.1	2,415,191	54.3		
<b>All</b>	<b>4,354,442</b>	<b>100</b>	<b>4,451,434</b>	<b>100</b>		

*Sources: Status of Microfinance in India 2009–10, Status of Microfinance in India 2010–11, Status of Microfinance in India 2011–12, Status of Microfinance in India*

Table 2.10 shows that North eastern region is the clearly lacking behind the rest of the region in the country in SHG-Bank linkage programme. The percentage share of



SHGs with outstanding loans was a minimal 2.8% in 2009 and 2010. Some improvements were made in 2011 with the percentage share increasing from 2.8% to 3.1 % and again in 2012, the percentage share increases to 3.7%. However, the percentage share decreases in 2013 to 3.2%.

These indicators clearly show the extent of financial exclusion in the region. The gap could not be amply filled by the MFIs and the SHG-Bank linkage has limited outreach, shows erratic growth and suffers from quality issues with high NPAs. As far as direct microfinance is concerned, it is still in its nascent stage. It is largely limited to the state of Assam and some parts of Manipur and Tripura. Existing MFIs are facing severe constraints due to a number of factors, including limited funding, lack of experience, inappropriate legal forms, high operational costs and moderate human resource quality. Several small NGO-MFIs are facing huge constraints due to their low capacity, non standardized processes, weak controls and lack of funds. These NGO-MFIs have small portfolios, are not able to mobilize funds and therefore have stagnated.

The region due its unique socio-political and geographic peculiarities faces several constraints. The region lacks infrastructure, lacks connectivity with the rest of the country, is very diverse culturally and has been facing problem of insurgency over past several decades which has severely hindered economic development. However, the people do require financial services for various economic activities, consumption smoothening and social security. In the absence of formal financial institutions, many indigenous community based institutions operate successfully within the region. *Sonchays in Assam, Marups, Got, Nam ghars, Puja ghars* are examples of such

community based institutions. The emergence of these institutions indicates the demand for financial services, but also a possible strategy for efficient delivery.

### **2.6.3 Microcredit supply channels**

The important channels of institutional microfinance supply in the North East are the commercial banks, SHGs linked to banks and direct lending by MFIs. There are also some indigenous mechanisms organized as ROSCAs and ASCAs, which help in rotating internally pooled savings. *Namghars, Marups, Sanchay Samitis, Got* are some examples of such mechanisms. These financial services delivery channels have been discussed below:-

- **Direct lending by commercial banks** - Scheduled commercial banks, Regional Rural Banks and Cooperative societies provide direct credit for a range of activities such as agriculture, purchase of farm implements, microenterprises and personal needs. Banks also provide remittance and saving services. This is the main financial channel which is critical for the economical development of the region.
- **Lending by banks to SHGs under SHG-Bank linkage Model** - SHG-Bank linkage is another important channel. In the absence of MFIs in all states of Northeast, SHPIs gain a lot of significance in nurturing SHGs and linking them to banks. To strengthen this channel, it will be necessary to build capacity of SHPIs which then raise strong SHGs.
- **Direct Microfinance by MFI** – Direct microfinance can be a crucial delivery channel, as MFIs have a revenue model to sustain themselves and to scale up fast. However, in Northeast the MFIs have still not flourished. There are only around ten MFIs, of which only four to five MFIs have

attained significant size. Most of these MFIs are operating in Assam while other Northeastern states have no MFI presence at all. To catalyze the direct microfinance channel there will be a need to create an enabling environment for the MFIs. MFIs in other parts of the country have amply displayed that they can scale up very fast and cater to financial requirements in a viable manner. This channel will therefore be very important in reaching out to more and more people at high pace.

- **Indigenous institutions** - There are several indigenous institutions operating in the Northeast. These institutions have been in existence for many years and play significant roles in providing financial security as well as social security to their members. These are community managed institutions which have evolved in the absence of formal financial institutions. These communities based institutions are not limited to financial importance, but are part of the culture of many communities. These indigenous institutions are primarily Rotating Saving and Credit Associations (RoSCAs) eg. *Marups* in Manipur and Accumulating Saving and Credit Associations (ASCAs) e.g. *Sonchay, Somobay, Got* in Assam. Other institutions such as *Namghars, Pujaghars, Shinglups, and Mahari* mainly provide social security in emergency situations such as death and the funds are also utilized in the common welfare of the community.

## **2.7 Microfinance in Mizoram**

### **2.7.1 Socio – Demographic profile of Mizoram**

Mizoram is one of the Seven Sister States in North Eastern India. It shares land borders with the states of Tripura, Assam, Manipur and with the neighboring

country of Bangladesh and the Chin State of Myanmar. Mizoram became the 23<sup>rd</sup> state of India on 20 February 1987. Its population at the 2011 census stood at 10,91,014 with 552,339 males and 538,675 females. Mizoram ranks second in India with a literacy rate of 91.33%, higher than the national average of 74.04%.

The density of population in the State according to 2011 Census was 52 per sq.km. About 52% of Mizoram population lives in urban area much higher than India's average. Over one-third of the population of Mizoram lives in Aizawl District, which was the capital. The number of females per 1000 males in 2011 was 976 as against 940 at National level.

As of 2013, according to the Reserve Bank of India, 20.4% of total state population is below



poverty line, about same as the 21.9% average for India. Rural poverty is significantly higher in Mizoram, with 35.4% below the poverty line compared to India's rural poverty average of 25.7; while in urban areas of Mizoram, 6.4% are below the poverty line.

Mizoram has a highly literate work force, with literacy rate of nearly 90% and widespread use of English. The state has a total of 4,300 kilometers of roads of which 927 kilometers are high quality national highways and 700 kilometers of state highways. The state is developing its Koladyne river for navigation and international trade. Mizoram's airport is at the capital city of Aizawl. The state is power deficit, with plans to develop its hydroelectric potential.

## **2.7.2 Economic Profile of Mizoram**

Mizoram gross state domestic product (GSDP) in 2011-2012 was about Rs. 6,991 Crore (US\$1.1 billion). The state's gross state domestic product (GSDP) growth rate was nearly 10% annually over 2001-2013 period. With international borders with Bangladesh and Myanmar, it is an important port state for Southeast Asian imports to India, as well as exports from India.

The biggest contributors to state's GSDP growth are Agriculture, Public Administration and Construction work. Tertiary sector of service sector continued to have the contribution to the GSDP with its share hovering between 58 per cent and 60 per cent during the past decade. After agriculture, the major employer of its people includes handloom and horticulture industries. Tourism is a growth industry. In 2008, the state had nearly 7,000 registered companies. The state government has been implementing Special Economic Zones (SEZs) to encourage economic growth.

The economy of Mizoram is largely dependent on agriculture. The agrarian economy accounts for the livelihood of more than 70% of the state's populace. The craggy hilly terrains are not conducive to cultivation of crops. However, a regular distribution rainfall for the whole length of the year and the fertile temperate soils has resulted in the springing up of dense forests enveloped in lush foliage. In spite of the rugged terrains, the favorable climatic conditions and the rich soil have led to extensive jhum cultivation in the state. Horticultural crops are also grown for economic purposes.

About 55% to 60% of the working population of the state is annually deployed on agriculture. The sector's contribution to the gross state domestic product was 30% in 1994, just 14% in 2009 due to economic growth of other sectors. Agriculture has traditionally been a subsistence profession in Mizoram. It was seen as a means for

generate food for one's family, ignoring its potential for commerce, growth and prosperity. Rice remains the largest crop grown in Mizoram by gross value of output. Fruits have grown to become the second largest category, followed by condiments and spices.

Agriculture forms the primary sector in the economy of Mizoram. Thus all subsidiary industries also happen to be agro-based. Several food processing units are mushrooming all over the state and the government is optimistic that the increase in the production of spices, fruits and vegetables as well cultivation of cash crops in the coming years will lead to a burgeoning food processing industry in the state.

In horticulture and floriculture, Mizoram is a significant producer and global exporter of Anthurium and Rose. It is also a significant producer and domestic supplier of banana, ginger, turmeric, passion fruit, orange and chowchow. Mizoram has accomplished this horticulture success and exports in 2009, with just 6% of its cultivated land dedicated to horticulture and floriculture, indicating a large potential for further growth and economic integration with other Indian states as well export driven economy. In 2013, the area dedicated to horticulture and floriculture increased to 9.4% of 1.2 million hectares potential.

The agricultural productivity is very low in Mizoram. The state gets a lot of rain, but its soil is porous and irrigation infrastructure very inadequate; this has affected its crop yield and reliability. The yield issue can be addressed by building irrigation infrastructure and adoption of better crop technologies. The state also has very low consumption of fertilizer and pesticides, which scholars suggest offers an opportunity for organic farming particularly of vegetables and fruits.

Mizoram faces difficulties in the advancement of industries. Lack of transport infrastructure is one of the major drawbacks. Other problems faced by the state include shortage of electricity, capital, telecommunication and export market access. Mizoram has two industrial estates at Zuagtui and Kolasib. Another Software Technology Park is being established in Mizoram University campus. The state government has acquired 127 acres of land in Khawnuam for development of the Indo-Myanmar border trade township.

Mizoram houses a small repository of minerals. Thus mining also contributes to a small part of the economy. In fact, majority of the mines in Mizoram dig up the hard tertiary rocks that are used as building materials. A large number of small scale industries that sell exquisite bamboo works as well as handlooms made apparels also contribute to the state's economy. Another core sector of the economy, tourism contributes largely to the state's revenue. The state is also beginning to exploit the untapped hydro electric power potential and is also endeavoring to explore the medicinal value of the various herbs that grow in plenitude in the state's forest.

### **2.7.3 Status of Financial Inclusion and Microfinance in Mizoram**

The various financial inclusion models followed in this state can be catalogued as under:-

- Branch banking
- SHG Bank linkages
- Farmers club
- Business correspondents
- Business Facilitators

### 2.7.3.1 Branch Banking Model

The banking network in the State, as on 31<sup>st</sup> March 2014, comprises of 25 banks (22 Commercial banks, one Regional Rural Bank i.e. Mizoram Rural Bank, one State Cooperative Apex bank i.e. Mizoram Cooperative Apex Bank and one Urban Cooperative Bank i.e. Mizoram Urban Cooperative Bank) extending financial services in the State through their brick and mortar branches. Altogether there are 154 bank branches in the State including 63 rural branches, 40 semi-urban branches and 51 urban branches. NEDFi is also functioning in the state. In addition, there are Developmental Financial Institutions viz. NABARD and SIDBI functioning in the State.

The branch network in the State has shown an increasing trend with the number of branches increasing from 108 branches in 2009 to 154 branches in 2014. If the number of branch network is compared to the population of the State, it is observed that in Mizoram, the population served per branch comes to around 7,738 (2011 census–provisional) which is higher than the national average population per branch of 12,100. However, the location of branches in the State is highly skewed with majority of it located in Aizawl and other urban centers. Mizoram financial system / branch network is shown in table 2.11.

Name of Bank	As on 31.3.2009		As on 31.3.2010		As on 31.3.2011		As on 31.3.2013*		As on 31.3.2014**	
	No	Branches	No	Branches	No	Branches	No.	Branches	No.	Branches
CBs	11	37	12	41	12	42	18	57	22	69
RRB	01	60	01	61	01	62	1	71	1	72
SCB	01	11	01	11	01	12	1	12	1	12
Others	-	-	-	-	-	-	1	1	1	1



Total	13	108	14	113	14	116	21	141	25	154
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Source: State Focus paper, (2011-2012) Mizoram,

\*State Focus Paper for the XII Five year Plan 2012-17 (with detailed reference for 2014-15),

\*\* State Focus Paper, 2015-16.

### Outreach of Banking Sector

Banks in the State have already covered all the villages having population of 5000 and above in the first phase of financial inclusion drive and population of 2000 and above in the second phase. In the third phase, 76 villages having population of above 1000 and up to 1999 are being covered by march 2014 and villages having population of 0 to 999 have also been allotted to banks. Due to remoteness of the location, difficult terrain and presence of very few households in the villages, providing for banking services in all the villages may be unviable. The best alternative could be to provide banking services to those villages through “SHG-Bank Linkage Model” or “Co-operative Banking Model” or “Business facilitator/ Correspondence Model”. Providing banking services through those models have started taking shape in the State, with the SHG-Bank Linkage Model proving to be most popular among those models. The statuses of such non-formal agencies associated with banks are shown in the table 2.12.

**Table 2.12 : Bank per Branch outreach as on 31.03.2013**

Agency	Per Branch Outreach		No. of non-formal agencies associated		
	Villages	Households	MFIs/MFOs	SHGs/JLGs	BCs/BFs
CBs	510	22225	-	205	3
RRBs	283	12351	-	1336	0

SCB	88	2491	-	653	0
Others	-	-	-	-	-
<b>All agencies</b>	<b>881</b>	<b>37067</b>	<b>-</b>	<b>2194</b>	<b>3</b>

*Source: State Focus Paper for the XII Five year Plan 2012-17(with detailed reference for 2014-15)*

### **Deposit Outstanding, 2011-2014**

As on 31<sup>st</sup>2014 March, the overall deposits by agencies shows a 8% growth with the share of CBs at 62%, RRBs at 27% SCBs at 10 % and others at 1%. The growth of deposits for CBs was 3%, RRBs was 21%, SCBs was 15% and for others was 12 %. The deposits have shown an increasing trend for all agencies. The deposit share by CBs is the highest for all the years followed by RRBs and SCBs.

**Table 2.13 : Agency break - up of amount of deposits, 2011-2014 in Mizoram**

Agency	Amount of deposits(Rs. '000)					
	As on 31.03.11	As on 31.03.12	As on 31.03.13	As on 31.03.14*	Growth(%)*	Share(%)*
<b>CBs</b>	20158600	24757005	30962147	31838552	3	62
<b>RRBs</b>	6557500	9537600	11442524	13813550	21	27
<b>SCB</b>	3187800	3717580	4321431	4960346	15	10
<b>Others</b>	-	296962	338595	378673	12	1
<b>All agencies</b>	<b>29883900</b>	<b>38309147</b>	<b>47064697</b>	<b>50991121</b>	<b>8</b>	<b>100</b>

*Source: State Focus Paper for the XII Five year Plan 2012-17(with detailed reference for 2014-15),\* State Focus Paper,2015-16*

### **Loans and advances outstanding, 2011 – 2014**

As on 31<sup>st</sup> 2014 March ,the overall deposits by agencies shows a 20 percent growth with the share of CBs at 55.4 %, RRBs at 28.4% SCBs at 15.3 % and others at 1%. The growth of loans and advances for CBs was 20%, RRBs was 19%, SCBs was 18% and for others was 25 %. The loans and advances outstanding have shown an increasing trend for all agencies where the share by CBs is the highest for all the years followed by RRBs and SCBs.

**Table 2.14 : Agency break- up of loans and advances outstanding  
(2011-2014) in Mizoram**

Agency	Amount of loans (Rs.'000)					
	As on 31.03.11	As on 31.03.12	As on 31.03.13	As on 31.03.14*	Growth (%)	Share (%)
CBs	9044700	9396471	10268073	12366234	20	55.4
RRBs	2938900	4028900	5312249	6332591	19	28.4
SCB	1863400	2359245	2900983	3412703	18	15.3
Others	-	118775	173154	216510	25	1.0
<b>All agencies</b>	<b>13847000</b>	<b>15903391</b>	<b>18654459</b>	<b>22328038</b>	<b>20</b>	<b>100</b>

*Source: State Focus Paper for the XII Five year Plan 2012-17(with detailed reference for 2014-15), \* State Focus Paper,2015-16.*

#### **Credit deposit (CD)Ratio,2011 -2014**

The overall CD ratio in the State was 43.79% as on 31<sup>st</sup> March 2014, recording an improvement of 4.15 percentage points. While the CD ratio of RRBs declined marginally, commercial banks as a whole recorded an improvement by 5.68 percentage points to reach a level of 38.84.

MCAB and MUCO have pooled positive growth in this regard. The performance of SCBs in this regard is higher than the other agencies. There is a need to improve the CD ratio for RRBs and CBs in the State. The CD ratio trend for the year 2011-2014 is shown in table 2.15.

**Table 2.15 : Agency break-up of CD ratio ,2011-2014 in Mizoram**

Agency	CD ratio			
	As on 31.03.11	As on 31.03.12	As on 31.03.13	As on 13.03.14*
<b>CBs</b>	44.87	37.95	33	38.84
<b>RRBs</b>	44.82	42.24	46	45.84
<b>SCB</b>	58.82	60.26	67	68.80
<b>Others</b>	-	39.99	51	57.18
<b>All agencies</b>	<b>49.50</b>	<b>41.20</b>	<b>40</b>	<b>43.79</b>

*Source: State Focus Paper for the XII Five year Plan 2012-17(with detailed reference for 2014-15),\*State Focus Paper,2015-16*

### **SHG-Bank Linkages Model: Status in the State**

Focus on financial inclusion is necessary to bring about social inclusion and mainstreaming the marginalized sections of the society. RBI, in its Credit Policy statement for 2006-07, indicated that in each state at least one district be taken up for 100 percent financial inclusion. Under this concept, it is expected that all eligible citizens of the district should be able to access financial services from the banking system, to begin with at least by opening SB A/C.

As per the recommendations of the committee on financial sector plan, Aizawl district was identified by the SLBC convener, SBI for achieving 100% financial inclusion in the state of Mizoram. As per the suggestion of NABARD, Mizoram RO the state

government has taken up SHG–Bank Linkage model as a state Policy since the society in Mizoram is culturally and religiously homogeneous and hence will best serve the goal of financial inclusion in the state. Also, the district has a high literacy rate (above 90%) which would facilitate the propagation of simple financial literacy. Moreover, integration of modern technology for the purpose of financial inclusion through mobile phones, smart cards etc could be initiated. However, SHG-Bank Linkage Programme had not picked up well in Mizoram unlike other states of the country. As compared with other states in the NER, the performance of the programme in the states is rather poor. SHG- Bank Linkage programme is slowly picking up in the state. Mizoram made its maiden entry into SHG-Bank credit linkage in August 2003 by linking its first ever SHG in Champhai district.

**Trend in progress of SHG – bank linkages in the state:**

The Progress of SHG-Bank Linkages in the State is shown in Table 2.16.

<b>Table 2.16 : Trend in progress of SHG – bank linkages in the state (Cumulative position)</b>								
<b>Sl. No</b>	<b>Particulars</b>	<b>2006-2007 (Rs. in lakh)</b>	<b>2007-2008 (Rs. in lakh)</b>	<b>2008-2009 (Rs. in lakh)</b>	<b>2009-2010 (Rs. in lakh)</b>	<b>2010-2011 (Rs. in lakh)</b>	<b>2012-2013* (Rs. in lakh)</b>	<b>2013-14* (Rs. in lakh)</b>
1	<b>No. of SHGs savings linked</b>	1067	3,780	5375	3497	2854	2191	2718
2	<b>No. of SHGs credit</b>	921	2,856	3590	2149	3462	2746	2898

	<b>linked</b>							
3	<b>Amt. of bank loan disbursed</b>	705.59	2,127.07	2726.17	1649.24	3402.16	2091.5	1824

*Source: State Focus Paper, Mizoram (2008-09) to (2011-12),\*State Level Bankers' committee meeting for Mizoram, March 2013 & March 2014*

The total number of SHGs SB linked increased from 1,348 as on 31.3.2006 to 2,451 as on 31.3.2007 due to the concerted effort by all the bankers coupled with Mizoram ROs follow up action such as conducting training programmes, meetings, arranging for printing of booklets on SHGs etc. However, the total SHGs credit linked was only 1,895 with a bank loan of Rs.1,314.39 lakh and the refinance availed from NABARD was to the tune of Rs.1,050.24 lakh as on March 2007.

The total number of SHGs linked has been increased from 2,451 as on 31.3.2007 to 3,657 as on 30.9.2008. The cumulative position of bank loan disbursed upto 30.9.2008 was in the order of Rs. 2,042.99 lakh and the refinance availed from NABARD was to the tune of Rs.1,083.59 lakh as on 31.3.2008. The number of Bank-SHGs linked made quantum jump and there has been corresponding impact in the credit linkage of these SHGs and availment of refinance from NABARD.

The total number of SHGs linked has been increased to 3,590 as on 31.3.2009. The cumulative position of bank loan disbursed as on 31.3.2009 was to the tune of Rs.2,726.17 lakh and the refinance availed from NABARD was to the tune of Rs.1,083.59 lakh as on 31.3.2009. Both the number of SB linked SHGs and credit linked SHGs have gone up. But there has not been corresponding impact in the credit linkages of these SHGs and availment of refinance from NABARD.

The total number of SHGs credit linked has increased to 3,385 as on 31.3.2010. The cumulative position of bank loan disbursed as on 31.3.2010 was to the tune of Rs.3,792.46 lakh. The number of credit linked SHGs (3,385) is much lower than the number of SHGs savings linked (3,747) especially in the case of CBs and MCAB. The total number of SHGs savings linked decreased from 3,497 in 2010 to 2,854 in 2011. SHG credit linked has increased to 3,462 as on 31.3.2011. The cumulative position of bank loan disbursed as on 31.3.2011 was to the tune of Rs.3,402.16 lakh.

The number of SHG savings linked has shown a declining trend since 2010, with a marginal increase from 2,191 in 2013 to 2,718 in 2014. The number of SHG credit linked increased from 2,746 in 2013 to 2,898 in 2014 but the amount of loan disbursed fell from Rs.2,091.5 lakh in 2013 to Rs.1,824 lakh in 2014. For the present, focus is on up scaling SHG-Bank linkage programme by linking it with other developmental schemes.

The performance in SHG-bank linkage in different districts is indicated in table 2.17.

<b>Table 2.17 : Performance in SHG-bank linkage in different districts</b>							
Year	Region	2007- 2008	Cumulative as on 31.03.2008	2008- 2009	Cumulative as on 31.03.2009	2009- 2010	Cumulative as on 31.03.2010
No. of SHGs formed	State	2230	4681	694	5375	1944	7319
	Aizawl	995	1900	291	4162	331	4493
	Lunglei	79	171	72	243	452	695
	Mamit	46	162	50	212	-	-
	Serchhip	50	95	54	149	34	183

	Lawngtlai	-	-	-	-	131	-
	Saiha	-	-	-	-	82	-
	Kolasib	45	272	170	442	33	475
	Champhai	20	274	53	327	72	399

*Source: Potential Linked Credit Plan, Mizoram(2011-12).*

The table 2.17 shows dismal performance of SHG – Bank linkages in several districts of the State. This may be attributed to the fact that the concept of SHG- Bank linkages is still at its infant stage in the State. Aizawl District consistently performs better than the other districts. It must be noted that not all the SHGs formed are savings or credit linked as can be clearly seen by the number of SHG formed in 2010 and the bank linked SHG within the same year in table 2.16. Financial Inclusion through SHG- Bank linkages still have a long way to go and its promotion by interventions by NGOs and government agencies is of immense importance.

The major participants in SHG-Bank Linkages in the State are State Bank of India, Commercial Banks, Mizoram Rural Banks, and Mizoram Cooperative Apex Bank. The performances in SHG-Bank Linkages in the State during 2006 to 2010 can be seen from the following table 2.18:

<b>Table 2.18 : Participants in SHG – Bank linkages in the state (2006-2013)</b>						
<b>(Cumulative position)</b>						
(Rs. In lakh)						
<b>Period</b>	<b>Particulars</b>	<b>Participants</b>				<b>Total</b>
		SBI	CBs	MRB	MCAB	
2006-07	No. of SHGs savings linked	509	-	440	118	1,067



	No. of SHGs credit linked	509	-	403	9	921
	Amt. of bank loan disbursed	331	-	368.20	6.15	705.59
2007-08	No. of SHGs savings linked	2,690	57	612	421	3,780
	No. of SHGs credit linked	1,029	3	1,784	40	2,856
	Amt. of bank loan disbursed	909	4.47	1,189.19	24.41	2,127.07
2008-09	No. of SHGs savings linked	-	2,814	1,974	560	5375
	No. of SHGs credit linked	-	1,067	2472	49	3590
	Amt. of bank loan disbursed	-	998.79	1,693.37	34.01	2,726.17
2009-10	No. of SHGs savings linked	-	340	2,655	502	3,497
	No. of SHGs credit linked	-	211	1,898	40	2,149
	Amt. of bank loan disbursed	-	565.99	1,060.88	22.37	1,649.24
2010-11	No. of SHGs savings linked	-	283	2,035	536	2,854
	No. of SHGs credit linked	-	222	3,139	101	3,462
	Amt. of bank loan disbursed	-	531.13	2,844.76	26.27	3402.16
2012-13*	No. of SHGs savings linked	135	70	1336	653	2194
	No. of SHGs credit linked	129	19	2568	30	2746

	Amt. of bank loan disbursed	201.33	25.64	1803.49	61.04	2091.5
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*Source: State Focus Paper, Mizoram (2007-2008) to (2011-2012), \*State Level Bankers' committee meeting for Mizoram, March 2013*

The major player in the SHG-Bank linkages in Mizoram was SBI till 2008, where substantial amount of SHGs were both savings and credit linked. MRB was a close competitor with MCAB playing a marginal role. The commercial banks did not participate in the microfinance programme of the state till 2007. The year 2007-08 witness the involvement of commercial banks in the programme which lead to a major up gradation of the programme in the State.

The year 2008-2009 was a year of transformation where the role of SBI decreased substantially and the role of CBs in the SHG-Bank linkage programme increased by leap and bound. During the year 2008-09, about 52.2% of SHGs were linked by CBs with no linkage by SBI. However, the upshot of SHG linkages by CBs was short lived; the year 2009-2010 saw a major decline in SHG linkage by CBs which was 9.7% with about 75% SHG bank linkage made by MRB. Since 2009-10 onwards, MRB has been the major participant in linking SHG with banks both in terms of saving linked and credit linked.

The year 2012-13 once again witness the return of SBI in the scene by linking 135 SHG. During the period, about 61% of the SHG was linked by MRB , the performance of CBs had declined substantially while there was a marginal increased in the performance by MCAB. MRB has emerged as the major participant in the microfinance programme of the State till date. There is a need to upscale the

microfinance initiative by encouraging the active participation of the major banks and financial institutions in the State.

Considering the total poor rural population across the districts, it is estimated that the potential for formation of SHGs in the state has been estimated at 9,277. So far, 2,746 SHGs has been credit linked thereby leaving a gap for promotion of further 6,531 SHGs. Converging the SHG- Bank linkage Programme in National Rural Livelihood Mission (NRLM) and SHGs promoted by other agencies with NRLM structures would contribute for overall economic development of the rural poor population of the State.

### **Initiative for promoting Women Self Help Groups**

A scheme in association with Government of India has been formulated to bring out a viable and self sustained model for promoting and financing of women SHGs by involving an anchor NGO in Left Wing Extremist (LWE) affected and selected backward districts of the country. This project is an attempt at having NGO-SHPI to work not merely as SHPI for promoting and enabling credit linkages of these groups with banks, but also serving as banking/ business facilitators, tracking, monitoring these groups and also being responsible for loan repayments. This approach is expected to facilitate sustainable financial inclusion through bank loan, promote livelihood development of women and deliver social development for women through SHGs. The focus for the WSHG is to saturate the districts with SHGs over a period of 2-3 years. The scheme is implemented in 150 districts of the country.

In the State of Mizoram, two districts viz., Lawngtlai and Lunglei have been included in the list of backward districts. World Vision India has been selected to act as the anchor NGO in both the districts. The anchor NGO has achieved the target of forming

and savings linkage of 500 WSHGs in Lawngtlai districts and 50 WSHGs have been credit linked. In the case of Lunglei districts, 201 WSHGs have been savings linked and 26 WSHGs have been credit linked as on 31st January 2014. Under the National Rural Livelihood Mission, 2 districts viz Kolasib and Serchhip are covered under the scheme. Aizawl and Lunglei districts are being covered under World Bank funded North East Rural Livelihood Project (NERLP).

### 2.7.3.2 Farmer's club model

The status of implementation of the Farmer's Club programme in the state, as on 31<sup>st</sup> March 2011, is shown in table 2.19.

<b>Table 2.19 : Status of implementation of the Farmer's Club programme in the state, as on 31 March 2011</b>		
<b>Bank clubs</b>	<b>NGO clubs</b>	<b>Total no. of clubs</b>
<b>89</b>	<b>14</b>	<b>103</b>

*Source: State Focus Paper, (2012-13) Mizoram*

As on March 2011, total 103 farmers' club has been launched in the state. Out of the 103 Farmers' clubs indicated above, 14 are formed by various NGOs viz. Rural Agriculture Development Programme (RADP) and the remaining are sponsored by MRB and MCAB ltd.

Banks are being persuaded to step up their patronage to farmers' clubs as it can be viewed as a tool for financial inclusion and financial literacy as well. The entire Farmers' club has opened Savings bank accounts with the concerned banks. NABARD proposes to upscale Farmers' club programme in a big way in the coming years by involving NGOs.

### 2.7.3.3 Status of JLGs in the state

JLG concept was actively promoted in the State in the year 2010-11. Mizoram Regional Office of NABARD has conducted workshops during August 2011 to sensitize bankers, officials of Government department and NGOs. Brochures have been printed in local language to ensure publicity of the scheme.

Banks have decided to implement this concept in right earnest. MCAB and MRB have allocated targets to its branches. As of 31<sup>st</sup> march 2014, MRB has formed and credit linked 1,447 JLGs and has disbursed Rs.1,242 lakh and MCAB has formed and credit linked 76 JLGs.

**Table 2.20 : Status of JLG in Mizoram**

<b>Agency</b>	<b>Number of JLG formed and credit linked as on 31.03.2014</b>
<b>MRB</b>	1447
<b>MCAB</b>	76

*Source: State Focus Paper, 2015-16*

In the Union Budget for 2014-15, it has been declared that 5 lakh Joint farming groups “Bhoomi Heen Kisan” will be financed under JLG mode in the current financial year. The JLG mode of financing serves as collateral substitute for loans provided to the small, marginal, tenant farmers, oral lessees, share croppers etc. It enables the bank to reach farmers through group approach, adopt cluster approach, and facilitate peer education and credit discipline. Considering the number of small and marginal farmers across the districts, there is an estimated potential for financing of 14,983 numbers of JLGs in the State. NABARD Mizoram RO has roped in Mizoram Mahila Sanghathan, an NGO for formation and credit linkage of 125 JLG

during February 2014 to January 2015 in the State. Banks may enlarge the scope of lending through this mode considering the prevailing situation in Mizoram viz., absence of ownership or LSCs on large scale for the cultivated land.

#### **2.7.3.4 Business correspondent Model**

State bank of India has launched its pilot project known as ‘SBI TINY’ and electronic card at Aizawl district on 7<sup>th</sup> November 2006 for increasing banking services outreach in hitherto un-banked areas. The product is retailed through smart cards and operates through biometric techniques. It is targeted for people whose monthly income is less than Rs.5,000.00.

The card enables the A/C holders to have a ‘zero balance’ account. It is retailed through Customer service provider (CSP) located in four different places under the umbrella of SBIs Business correspondent. Zero Multi Application Smartcard Society (zero Mass) a Mumbai based NGO, acts as the service provider on behalf of the State Bank of India. The CSP is a quasi Extension counter and acts as a cashier cum electronic ledger keeper on behalf of a designated branch of SBI.

A card holder can access 16 different types of financial products under this arrangement like SB A/C, current A/C, FD A/C, OD facilities etc. Public awareness for the purpose is being done by the bank’s Business Correspondent by means of display of banners, distribution of pamphlets and awareness campaign with the help of local NGOs. The product is taking roots and till 31.03.10 about 1,200 cards were issued.

### 2.7.3.5 Business facilitator Model:

As a part of Financial Inclusion, Mizoram Rural bank has appointed Business Facilitators in all the 8 districts. Under this arrangement, the bank has appointed SHG/NGO members of the locality for expanding financial outreach. These agents have been appointed under a system of performance obligation memorandum of understanding at a monthly compensation of Rs.4,000/-. They assist the branch in the opening of savings bank account, collection of deposits and recovery of loans.

Further, it has introduced 'Mobile banking' facility in 8 branches of Aizawl city. Under this arrangement, a customer can know his/her balance in the account including the details of last 3 transactions in his/her account through Mobile phones. As a next step, the bank proposes to expand the scope of its application whereby customers can transact funds from their accounts to other customers' accounts with the same bank.

### 2.7.4 Coverage of women by bank credit

As per RBI guidelines credit to women should be at least 5% of total advances. Banks in Mizoram have provided credit above minimum stipulation, which can be seen from the following table.

<b>Particulars</b>	<b>31.3.2007 (In lakhs)</b>	<b>31.3.2008 (In lakhs)</b>
<b>Credit to women</b>	161.73	259.45
<b>Total advances</b>	760.24	987.66
<b>% of credit to women to total advances</b>	21.27	26.27

*Source: State Focus Paper, 2011-12 (Mizoram)*

### **Credit Packages for Women**

- As per the prescription of RBI, a minimum of 5% of the Net Bank Credit (NBC) is required to be provided to women.
- NABARD extends refinance support under two schemes exclusively meant for women viz. Assistance to Rural Women in Non-Farm Development (ARWIND), Assistance for Marketing of Non-Farm Products of Rural Women (MAHIMA) and Development of Women through Area Programme(DEWTA)

Success of any commercial activity lies in the price realization. It is observed that most of the time, the producers in the unorganized sector, (more so if they are women) are not able to realize the optimum prices due to lack of negotiation power, small production base which is not as per the market requirements and inability to display the products at appropriate location in the showroom. NABARD supports gender Sensitisation meets/workshops conducted by the bankers so that outreach of the banking system to women clients can be improved.

### **Micro-insurance**

Insurance has been made compulsory for all loans given under the Rural Housing scheme. MRB has tie up arrangement with the LIC for this purpose. Personal Accident Insurance Policies (PAIP) is taken in case of KCC loans. However, as per the position obtained in respect of the local banks, number of KCC issued does not commensurate with the PAIP. In case of MCAB, out of 2108 KCC accounts (cumulative) only 35 accounts have PAIP. Of the total 484 KCC issued by MRB, all reportedly have PAIP. Banks need to make insurance (PAIP) compulsory for small loans including KCC. Expansion in micro insurance to cover life, assets and health should be considered. Most insurance companies in the state are located in Aizawl



district and as such opening branches in other districts should be encouraged for better delivery of micro insurance products like Janashree Bima Yojana, Rashtriya Swasthya Yojana and Aam Admi Bima Yojana in the Districts.

## **2.8 Conclusion**

The micro-credit movement started by NABARD in the country in the form of SHG-bank linkage programme in 1991-92 has grown by leaps and bounds throughout the country and is now recognized as largest micro-credit programme in the world. Almost all the commercial banks and RRBs and majority of co-operative banks are participating in the programme. Important feature of the programme is that around 90% of SHGs are women SHGs. This programme has proved to be an instrument of easy, hassle free and collateral free access to credit for poor women.

## **Chapter -3**

### **PROFILE OF SELF HELP GROUP MEMBERS**

#### **3.1 Introduction**

Microfinance has been considered a major tool for poverty alleviation and empowerment at the grass-root level especially among women members who participated in the programme. Government agencies as well as NGOs with social development objectives have been playing an important role in nurturing and facilitating the growth of SHGs due to the lack of MFIs in the State. This chapter presents the research findings on profile of SHG members.

#### **3.2 Profile of sample SHG members**

Based on the research findings, the general profile of SHG members in terms of their age composition, literacy level, marital status, number of children, family size, occupation, housing status, agricultural land holding pattern, loan cycle etc is presented in the following sections. Since all the respondents are women, the members' gender composition is not presented separately.

##### **3.2.1 Age composition of SHG members**

The study revealed that the average age of the sample members was 38.63 years. Majority of the SHG members (37.9 %) were in the age group of 31 – 41 years. The age group 41 – 50 years consist of 28.2 % of the members, 18.2 % of the members consist of the age group 51-60 years, 14.2 % of the members consist of less than 30 years and a negligible 1.6% of the members are 61 years and above. This shows the active participation of the middle age groups in microfinance programme. Table 3.1 shows the age composition of the sample members.

**Table 3.1: Frequency distribution of Age of sample SHG members**

<b>Age of members</b>	<b>Number of members</b>	<b>No. of members in percentage (%)</b>
<b>Less than 30</b>	54	14.2
<b>31 – 40</b>	144	37.9
<b>41 – 50</b>	107	28.2
<b>51 – 60</b>	69	18.2
<b>61 and above</b>	6	1.6
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.2 Marital Status of SHG Members**

Table 3.2 shows that majority of the members (73.4%) were married. 11.6 % of the members were single, 11.3 % were widow and 3.7% were divorced. This shows that married women are the targeted group and are actively participating in SHG programmes. Their gain from these programmes benefitted not only the women themselves but their whole family as well.

**Table 3.2: Frequency distribution of marital status of SHG members**

<b>Marital status</b>	<b>Number of members</b>	<b>No. of members in Percentage</b>
<b>Married</b>	279	73.4
<b>Divorced</b>	14	3.7
<b>Widow</b>	43	11.3
<b>Single</b>	44	11.6
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.3. Number of Children of SHG Members

Majority of the SHG members (50.5%) have 3 – 4 children, 26.3% of the members have 1-2 children, 8.7 % of the members have 5-6 children,1.6 % of the members have more than 6 children and 12.9% of the members do not have children. This is indicative that majority of the members have more than 3 children thus, inculcating family planning is imperative among SHG members.

**Table 3.3: Frequency distribution of number of children of SHG members**

No. of children	Number of members	No. of members in Percentage(%)
No child	49	12.9
1-2	100	26.3
3-4	192	50.5
5-6	33	8.7
More than 6	6	1.6
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: primary data*

### 3.2.4 Family Size of SHG Members

Table 3.4 below shows that majority of the members (62.1%) have a family size of 5 - 8 members. 32.1 % of the members have a family size of 1-4 members, 5.5 % of the members have a family size of 9-12 members and 0.3% of the members have a family size of more than 13 members. This shows that most of the members did not live in an extended joint family. However, most of the members live with their father and mother in-laws only.

**Table 3.4: Frequency distribution of the family size of SHG members**

<b>Size of family members</b>	<b>Number of members</b>	<b>No. of members in Percentage(%)</b>
<b>1-4</b>	122	32.1
<b>5-8</b>	236	62.1
<b>9-12</b>	21	5.5
<b>13 and above</b>	1	.3
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.5 Literacy Level of SHG Members**

Table 3.5 revealed that only 0.8 % of the SHG members were illiterate. Majority of the members (56.1 %) studied till class 10, 22.9% of the members attended middle school, 8.4 % studied till the primary level while 2.6 % were graduates. Among many reasons, one of the reasons for most of them studying up to only class 10 was the absence of Higher Secondary School in their villages.

**Table 3.5: Frequency distribution of the literacy level of SHG members**

<b>Literacy level</b>	<b>Number of members</b>	<b>No. of members in Percentage (%)</b>
<b>Illiterate</b>	3	.8
<b>Primary</b>	32	8.4
<b>Middle School</b>	87	22.9
<b>High School</b>	213	56.1
<b>Higher Secondary</b>	35	9.2
<b>Graduate</b>	10	2.6
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.6 Occupation of SHG Members

Majority of the SHG members (51.9%) are engaged in agricultural pursuit, 22.9% in animal husbandry, 11.3% run small business, 9.7% are involved in petty trade, and 1.8% in tiny manufacturing units, 1.3% in services and 1.8% are government employees. This highlights the need for capacity formation and skill development among the members under the initiatives of the SHPIs.

**Table 3.6: Frequency distribution of occupation of SHG members**

<b>Occupation of SHG members</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Small business</b>	43	11.3
<b>Tiny manufacturing units</b>	7	1.8
<b>Petty trade</b>	37	9.7
<b>Services</b>	5	1.3
<b>Animal husbandry</b>	87	22.9
<b>Agriculture</b>	194	51.1
<b>Government servant</b>	7	1.8
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.7 Status of Earning Member in the Family

The presence of other earner in the family is significant because it reflects on the household income and the living standard of the SHG members. Table 3.7 shows that the earnings of majority of the SHG members (80.5%) are supplemented by earnings of other members in the family. But for 19.5% of the SHG members, their earnings support their whole family.

**Table 3.7: Frequency distribution of the status of earning members in the family**

<b>Particulars</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Other earning member</b>	306	80.5
<b>Sole earner in the family</b>	74	19.5
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.8 Occupation of Other Earning Member in the Family**

The occupation of the other earner in the household is significant in determining the household income of the members. The occupation distribution shown in Table 3.8 revealed that majority are engaged in agriculture and animal husbandry followed by government servants and those engaged as labourer. The dependency on agriculture and animal husbandry by the SHG members is evident, therefore imparting skills and capacity building for increasing productivity and proving livelihood opportunities should be encouraged through the SHG-BLP in the state.

**Table 3.8: Occupation of other earning member in the family**

<b>Occupation of other earner in the family</b>	<b>Number of other earner</b>	<b>Number of other earner in percentage</b>
<b>Agriculture &amp; animal husbandry</b>	136	44.4
<b>Labourer</b>	52	17
<b>Government servant</b>	62	20.2
<b>Services</b>	29	9.4
<b>Small business</b>	12	4
<b>Carpenter</b>	16	5
<b>Total</b>	<b>306</b>	<b>100</b>

*Source: Primary data*

### 3.2.9. Housing Type of SHG Members

Majority of the SHG members (52.4%) dwells in semi-pucca houses, 33.7% dwells in kutcha houses and 13.9 % dwells in pucca houses.

**Table3.9: Frequency distribution of housing type of SHG members**

House type	No. of SHG members	No. of SHG members in percentage
<b>Kutcha</b>	128	33.7
<b>Semi Pucca</b>	199	52.4
<b>Pucca</b>	53	13.9
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.10 Ownership of Residence

Most of the SHG members (83.7%) lived in houses owned by them as depicted in table 3.10 while 16.3% of the SHG members lived in rented houses.

**Table 3.10: Frequency distribution of ownership of residence of SHG members**

Ownership of residence	No. of SHG members	No. of SHG members in percentage
<b>Own</b>	<b>318</b>	<b>83.7</b>
<b>Rent</b>	<b>62</b>	<b>16.3</b>

*Source: Primary data*

### 3.2.11 Agricultural Land Holding of SHG Members

The size of land holding is not uniform among the SHG members with some members (14.5%) having land size of more than 5 acres and others with no land holding (17.1% of members). Majority of the members (25%) have 1-2 acres of land, 17.1%



have 3-4 acres of land, 16.1% have 2-3 acres of land and 10.3% have less than an acre of land.

**Table 3.11: Frequency distribution of agricultural land holding of SHG members**

<b>Land holdings</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>No land</b>	65	17.1
<b>Less than 1 acre</b>	39	10.3
<b>1-2 acres</b>	95	25.0
<b>2-3 acres</b>	61	16.1
<b>3-4 acres</b>	65	17.1
<b>More than 5 acres</b>	55	14.5
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.12 Reason for Joining SHG**

The main reason for joining SHG for majority of the members (47.9%) was for income generation, followed by the desire to take up social issues (18.7%). For 12.4% of the members, they join SHG to gain training and skill formation. 10.3% of the members join the group for reasons like group feeling, time pass etc. 1.6% of the members join the group so as to get access to grant or subsidies from the government.

**Table 3.12: Frequency distribution of Reason for joining SHG by the members**

<b>Reason for joining SHG</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>To take up income generating activities</b>	182	47.9
<b>To avail grant or subsidy from the government</b>	6	1.6

<b>To avail cheaper loans</b>	35	9.2
<b>To get trainings and skill formation</b>	47	12.4
<b>To take up social issues</b>	71	18.7
<b>Others</b>	39	10.3
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.13 Motivation to Join SHG**

Majority of the members (68.7%) join SHG on their own decision so as to pursue income generating activities. 22.9% of the members were influenced to join the group by other SHG members, 6.1 % were encouraged to join by family members and 2.4 % of the members were influenced by NGOs. It can be seen that the members' own initiative was a guiding factor for joining SHG which was motivated by the desire to earn more income. This was found to be contrary to the practices of the other region of the country. The role of SHPIs like NGOs and banks, in formation of SHG has been instrumental and effective in many parts of the country; concerted efforts therefore, have to be taken up in this regard in the State.

**Table 3.13: Frequency distribution of motivation to join SHG by the members**

<b>Motivation to join SHG</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Own decision</b>	261	68.7
<b>Family members</b>	23	6.1
<b>SHG members</b>	87	22.9
<b>NGO</b>	9	2.4
<b>Banks</b>	-	-
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.14 Membership Duration

The average years of participation in the microfinance programme by the members was 4 years with 63.6% of the members having participated in the programme for 1-4 years. 16.3% of the members have participated in the programme for 5-8 years, 14.8% of the members for 9-12 years and 5.3% of the members for more than 13 years.

Many new SHGs have been formed in the recent years due to the initiative of the Government of India by way of introducing the NERLP and NRLM programme in the State. It is encouraging that some of the groups have been functioning for 13 years or more, this proves the programme is a success for many SHG members.

**Table 14: Frequency distribution of membership duration of the SHG members**

<b>Duration in years</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>1-4</b>	242	63.6
<b>5-8</b>	62	16.3
<b>9-12</b>	56	14.8
<b>13 and above</b>	20	5.3
<b>Total</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

### 3.2.15 Change in Occupation after Joining Group

The intermediation of SHGs allowed the members of SHGs to prepare themselves for availing the financial services offered by banks, etc. at scales which can not only take them out of poverty (by undertaking economic activities – new or up scaling existing one), but also to enable service delivery by banks more “viable”.

Table 3.15 shows that 30 % of the members experienced change in their occupation for better prospective business activities. 70 % of the members experienced no change in their occupation yet most of them experienced improvement in their income generating activities after joining microfinance programme.

**Table 3.15: Frequency distribution of change in the status of occupation of SHG members after joining SHG**

<b>Status of occupation</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>No change</b>	266	70
<b>Change</b>	114	30
<b>Total</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

### **3.2.16 Improvement in Income Generating Activities of SHG Members after Joining Group**

Majority of the members (75%) experienced improvement in income generating activities after joining microfinance programme.

The extent of improvement differs from member to member and also depends on the duration of their participation in the programme. 25% of the members experienced no change in their income generating activities, 45% experienced little improvement, 25.5% experienced a somewhat significant improvement and 4.5% of members experienced a very significant improvement in their income generating activities after joining microfinance programme.

**Table 3.16: Frequency distribution of improvement in income generating activities of SHG members after joining group**

<b>Improvement in business income</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Not at all</b>	95	25.0
<b>Very little</b>	171	45.0
<b>Somewhat</b>	97	25.5
<b>To a great extent</b>	17	4.5
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.17 Attendance of Training Programmes by SHG Members**

Majority of the members (70.8%) have attended training programmes while 29.2% of the members have not attended any type of trainings. Under the initiative of NABARD, the SHPIs usually NGOs and government agencies organized trainings for capacity building, inculcating financial management skills, business skills etc. for SHG members. This is an indicative step for promoting the growth of SHG members by empowering them to become micro-entrepreneur.

**Table 3.17: Frequency distribution of Attendance of training programmes by SHG members**

<b>Trainings attended</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Yes</b>	269	70.8
<b>No</b>	111	29.2
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.18 Type of Training Attended by SHG Members

Majority of the members ( 20.3%) who have attended trainings received training in book keeping followed by training on leadership (15% of members), Financial management (11.3% of members), marketing skills (10% of members), skill formation (6.6%), social issues (3.9%), health and nutrition (3.7%). This reveals the various capacity building efforts of SHPIs and such activities should be further encouraged.

**Table 3.18: Frequency distribution of type of training attended  
by SHG members**

Type of training	No. of SHG members	No. of SHG members in percentage
Not attended	111	29.2
Book-keeping	77	20.3
Leadership	57	15.0
Marketing skills	38	10.0
Financial management	43	11.3
Social issues and awareness	15	3.9
Health and nutrition	14	3.7
Skill formation	25	6.6
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.19 Source of Money for Meeting Emergency Needs

Majority of the members (86.2%) borrow from friends and family for emergency needs before participation in microfinance programme, 7.4% of members borrow from banks,5.3% of members from money lenders and 1.1% of members resort to

selling of their assets before joining SHG. The scenario changed dramatically after the members' participation in microfinance programme with 62.6% of members borrowing from the group which leads to lessening the dependence on friends and family for emergency loans from 86.2% of members to 21.6% of members. 2.6% of members borrow from banks and 0.3 % of members borrow from moneylenders post participation in microfinance programme. Thus, 62.6% of the members has so far borrow from the group for meeting their emergency needs while 37.4% have not availed loan from the SHG.

**Table 3.19: Source of money for meeting emergency needs pre and post participation in SHG**

Source of money	Before joining	After joining
	No. of members ( %)	No. of members (%)
Moneylenders	5.3	.3
Friends and family	86.2	21.6
Bank	7.4	2.6
Loan from Group	-	62.6
Selling of assets	1.1	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>Availed Loan from group</b>	<b>No. of SHG members</b>	<b>No. of SHG members (%)</b>
Yes	238	62.6
No	142	37.4
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 3.2.20 Loan cycle

The average loan cycle of SHG members was found to be 1.56. The table 3.20 shows that 30% of the SHG members have not availed loan from both the group and banks.

Majority of the members (62.6%) have availed loan from the group and very few of the members (7.4%) availed loan from banks directly. This shows internal lending by the SHG is an effective credit delivery mechanism for the poor. The study shows that 29.7% of the members have availed loan once, 13.9% of the members have availed loan 2 times, 12.4 % of the members have availed loan 3 times, 5.8 % of the members have availed loan 4 times and 8.2% of the members have availed loan 5 times or more.

**Table 3.20: Frequency distribution on Loan cycle of SHG members**

<b>No. of loans availed</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Not availed</b>	114	30
<b>1</b>	113	29.7
<b>2</b>	53	13.9
<b>3</b>	47	12.4
<b>4</b>	22	5.8
<b>5 and above</b>	31	8.2
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.21 Average Loan Size**

The average loan amount availed by the members was Rs. 8,908.816. Majority of the members have availed loan of less than Rs. 5,000. 17.4% of the members have availed loan amount between Rs.5,001 to Rs.10,000. 11.3% of the members have availed loan amount between Rs.1,0001 to Rs.15,000. 4.7% of the members have availed loan amount between Rs.1,5001 to Rs.20,000. 4.5% of the members have availed loan amount between Rs.20,001 to Rs.25,000. 3.7 % of the members have availed loan amount between Rs.25,001 to Rs. 30,000 and 5% of the members have availed loan



amount of more than Rs. 30,001. The loan size of the Self Help Group members usually consist of small amounts because of the prevalent of internal group lending among members. It must be noted that majority of the SHG members did not directly avail loan from the banks or other financial institutions.

**Table 3.21: Frequency distribution of loan amount availed by SHG members**

<b>Amount of loan in rupees</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Loan not availed</b>	114	30
<b>Less than 5000</b>	89	23.4
<b>5001-10000</b>	66	17.4
<b>10001-15000</b>	43	11.3
<b>15001-20000</b>	18	4.7
<b>20001-25000</b>	17	4.5
<b>25001-30000</b>	14	3.7
<b>30001 and above</b>	19	5.0
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.22 Use of Loan**

Majority of the members (60%) availed loan for financing productive activities, 3.7% of members availed loan for the education of their children, 2.6% of the members availed loan for medical treatment, 1.6 % of the members availed loan for repairs and construction of houses, 1.1 % of the members availed loan for repayment of old debts, another 1.1 % of the members availed loan for household expenditure and 0.8 % of the members availed loan for purchase of household assets. This indicates that majority of the SHG members use loan for productive purposes rather than for consumption.

**Table 3.22: Frequency distribution on use of loan by SHG members**

<b>Use of loan by SHG members</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Loan not availed</b>	114	30
<b>Financing productive activities</b>	228	60.0
<b>Repayment of old loans</b>	4	1.1
<b>Medical treatment</b>	10	2.6
<b>Repairs or construction of house</b>	6	1.6
<b>Education of children</b>	14	3.7
<b>Acquisition of household assets</b>	3	.8
<b>Household expenditure</b>	4	1.1
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.23 Difficulty in Repayment of Loan**

The study shows that 57.4% of the members have no difficulties in repayment of their loans however, 12.6% of the members experienced difficulties with the repayment of their loans.

**Table 3.23 : Frequency distribution of default in repayment of loan by members**

<b>Difficulties in repayment of loan by members</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Not availed</b>	114	30
<b>Yes</b>	48	12.6
<b>No</b>	218	57.4
<b>Total</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

### 3.2.24 Reason for Repayment Difficulty

The main reason for facing difficulty in repayment of loan by members (75%) was business related problem (Sudden death of livestock, problems in selling their produce, etc.), 23% of the members faced difficulties in repayment due to illness and family problems. 2% of the members faced problem in repayment due to natural disaster that adversely affect their livelihood.

**Table 3.24: Reason for difficulties in repayment of loan by members**

<b>Reason for repayment difficulty</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Illness or family problems</b>	11	23
<b>Business related problems</b>	36	75
<b>Natural disaster</b>	1	2
<b>Total</b>	<b>48</b>	<b>100</b>

*Source: Primary data*

### 3.2.25 Personal Bank Account Holding by SHG Members

While conceiving the SHG-BLP, it was presumed that once the “unbankable” poor are organised into SHGs with thrift and credit operations at the group level, they will first be linked to the financing banks as a group, for their savings as well as credit requirements. This was thought essential to build the necessary trust for the poor among the banking community so that they would ultimately graduate into individual customers of the banks. SHGs were, thus, conceived as trust building mechanism for banks to develop their potential customers and for the members of groups to learn to work with financial discipline while dealing with banking system. Number of SHG

members who have their own personal saving account increased from 30 %of members to 80% of members with 49.7% of the members opening personal account with bank after joining SHG. 20% of the members did not have personal account but put their savings in the group account.

**Table 3.25: Frequency distribution of status of personal bank account held by the members**

<b>Bank account status</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>No personal account</b>	76	20.0
<b>Holds personal account before joining group</b>	115	30.3
<b>Holds personal account after joining group</b>	189	49.7
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### **3.2.26 Holding of Insurance Products**

Insurance offers protection to assets created under credit programmes and protects savings from being wiped out by shocks arising out of sickness, death, accidents, or assets loss caused by fire, drought, floods and riots. Not only that, insurance reduce the uncertainty induced by vulnerability to such shocks, with its debilitating effect on investment in new assets or working capital.

The number of insurance agencies ,both public and private (SBI, LIC, Birla sun life, ICICI, etc.) has been steadily increasing in Aizawl district yet the Insurance coverage for the sample respondents is a dismal 1.6% of the SHG members. There is a need to create more awareness as well as developing products that meets their requirements.

**Table 3.26: Holding of insurance products by SHG members**

<b>Insurance coverage of members</b>	<b>No. of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Yes</b>	6	1.6
<b>No</b>	374	98.4
<b>Total</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

### **3.3 Satisfaction Level on Credit and Bank Linkages**

The satisfaction level of SHG members with regard to credit and bank linkages was analyzed. The variables taken were loan size, timely availability of loan, interest rate, frequency of repayments, attitude of bank employees, financial transaction procedure and savings products

#### **3.3.1 Satisfaction on Loan Size, Timely Availability of Loan, Interest Rate and Frequency of Repayment**

The satisfaction level of SHG members with regard to credit linkages is given in table. The variables taken were loan size, timely availability of loan, interest rate and frequency of payments. The overall satisfaction level is high; 53.2% were satisfied with the loan size, 49.2% of members were satisfied with the timely availability of loan, 52.1% of members were satisfied with the interest rate and 54.5% were satisfied with the frequency of loan repayment .On the other hand, 10.3% of members were dissatisfied with the loan size availed by them, 12.4% of members were dissatisfied with the timely availability of loan, 9.7% of members were dissatisfied with the interest rate and 7.6% of members were dissatisfied with the frequency of repayment of loans.

**Table 3.27: Frequency distribution of satisfaction on loan size, timely availability of loan, interest rate and frequency of repayment**

Satisfaction level	Loan size	Timely availability of loan	Interest rate	Repayment frequency
	No. of Members in %	No. of Members in %	No. of Members in %	No. of Members in %
Very dissatisfied	.8	1.1	1.8	.8
Dissatisfied	10.3	12.4	9.7	7.6
Neither	28.7	30.3	32.6	33.7
Satisfied	53.2	49.2	52.1	54.5
Very satisfied	7.1	7.1	3.7	3.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### **3.3.2 Satisfaction on Attitude of Bank Employees, Financial Transaction Procedure and Savings Products**

The satisfaction level of SHG members with regard to bank linkages is given in table 3.28. The variables taken were attitude of bank employees, financial transaction procedure and saving products. The overall satisfaction level was high; 69.7% were satisfied with the attitude of bank employees, 70.3% of members were satisfied with the financial transaction procedure, 61.1% of members were satisfied with the savings products. On the other hand, 7.9% of members were dissatisfied with the attitude of bank employees, 5.8 % of members were dissatisfied with the financial transaction procedure and 7.9% of the members were dissatisfied with the saving products available.

**Table 3.28: Frequency distribution of satisfaction on attitude of bank employees, financial transaction procedure and savings products**

Satisfaction level	Attitude of bank employees	Financial transaction procedure	Savings products
	No. of Members in %	No. of Members in %	No. of Members in %
<b>Very dissatisfied</b>	1.8	1.1	.8
<b>Dissatisfied</b>	7.9	5.8	7.9
<b>Neither</b>	6.8	10.5	26.3
<b>Satisfied</b>	69.7	70.3	61.1
<b>Very satisfied</b>	13.7	12.4	3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### **3.4 Satisfaction Level on Functioning of Group**

The satisfaction level of SHG members with regard to functioning of group was analysed. The variables taken were guidance by SHPIs, conduct of group meetings and relationship between groups.

#### **Satisfaction on guidance by SHPIs/NGOs, conduct of group meetings and relationship between group members**

The satisfaction level of SHG members with regard to functioning of group is given in table. The variables taken were guidance by SHPIs, conduct of group meeting and relationship between group members. The overall satisfaction level is high; 73.4% were satisfied with the guidance from SHPIs, 75.0% of members were satisfied with the conduct of group meetings, 73.2% of members were satisfied with the relationship between members. On the other hand, 5.3% of members were dissatisfied with the

guidance from SHPIs, 0.5 % of members were dissatisfied with the conduct of group meeting and none of the members were dissatisfied with the relationship between members.

**Table 3.29 : Frequency distribution on satisfaction on guidance by SHPIs/NGOs, conduct of group meetings and relationship between group members**

Satisfaction level	Guidance by SHPIs/NGOs	Conduct of group meetings	Relationship between group members
	No. of Members in %	No. of Members in %	No. of Members in %
<b>Very dissatisfied</b>	2.6	.3	.5
<b>Dissatisfied</b>	5.3	.5	-
<b>Neither</b>	6.6	2.9	4.2
<b>Satisfied</b>	73.4	75.0	73.2
<b>Very satisfied</b>	12.1	21.3	22.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### **3.5 Satisfaction Level on Training Programmes**

The satisfaction level of SHG members with regard to training conducted by SHPIs/ Banks etc. was analyzed. The variables taken were training on book keeping, training on leadership, financial management, health & nutrition, marketing skills formation and social awareness training.

#### **3.5.1 Satisfaction on Book Keeping, Leadership Training, Financial Management and Health Issues Training**

The overall satisfaction level was high; 68.7% were satisfied with the training on book keeping, 70.3% of members were satisfied with the leadership training, 65% of



members were satisfied with the training on financial management and 56.8% of members were satisfied with the training on health issues. On the other hand, 2.1%, 0.5%, 2.1% and 1.8 % of the members were dissatisfied with the training on book keeping, leadership, financial management and health issues respectively.

**Table 3.30: Frequency distribution of satisfaction on book keeping, leadership training, financial management and health issues training**

Satisfaction level	Book-keeping training	Leadership training	Financial management training	Health & Nutrition
	No. of Members in %	No. of Members in %	No. of Members in %	No. of Members in %
Very dissatisfied	.3	.5	.5	.3
Dissatisfied	2.1	.5	2.1	1.8
Neither	8.9	10.0	16.3	29.5
Satisfied	68.7	70.3	65.0	56.8
Very satisfied	20.0	18.7	16.1	11.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### **3.5.2 Satisfaction on Marketing Skills, Skills Formation and Social Awareness Training**

The satisfaction level of SHG members with regard to training on marketing skills, training on product development and social awareness training is shown in table 3.31. The overall satisfaction was high; 60% of members were satisfied with the training on marketing skills, 66.6% of members were satisfied with the training on

development of products and 63.2 % were satisfied with the training on social awareness issues.

**Table 3.31: Frequency distribution of satisfaction on marketing skills, skills formation and social awareness training**

Satisfaction level	Marketing skills	Social issues & awareness	Skill formation
	No. of Members in %	No. of Members in %	No. of Members in %
Very dissatisfied	.3	.5	.5
Dissatisfied	3.4	1.8	3.4
Neither	25.5	22.6	21.6
Satisfied	60.0	66.6	63.2
Very satisfied	10.8	8.4	11.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### 3. 6: Conclusion

Thus, the study shows that the average age of the SHG members were 38 years, majority of them were married, have a family size of 1 to 4 members, attended up to class 10 std. and are mostly engaged in agricultural pursuit. Most of the members (52.4%) lives in semi-pucca houses and 83.7% of the members lived in housed owned by them. About 17.1% of the members have no agricultural land holdings.

The main reason for joining SHG was for income generation and 68.7% joined the group on their own decision to pursue income generating activities. The average years of participation in SHG were 4 years. About 30% of members experienced changed in their occupation and 75% of members experienced improvement in their income.

Majority (70.8%) have attended training programme on bookkeeping, financial management, marketing skill, social issues etc.

For most members, the dependence on friends and family for meeting emergency needs decreases after joining SHG. The average loan cycle was 1.56 and loan amount was Rs. 8,908.816. Most of the member availed loan for financing productive purposes and 57.4% have no difficulty in repayment. 80% have their own individual bank account. Only 1.6% of the members have micro-insurance coverage. Majority of the members are satisfied with the level of functioning of groups, training programmes and credit and bank linkages.

## CHAPTER – 4

### ECONOMIC IMPACT ONSELF HELP GROUP MEMBERS

#### 4.1. Introduction

Microfinance intervention has been seen as an effective tool for poverty alleviation and socio-economic empowerment of the poor, especially women. Impact assessment was carried out to analyze the level of socio-economic change due to microfinance intervention in the study area i.e. Aizawl district.

Impact analysis refers to the assessment of “how financial products and services affected the lives of the poor”. Broadly, there are 3 categories of impact due to microfinance: (i) economic, (ii) socio-cultural and (iii) psychological. The economic category includes accumulation of wealth, changes in income, reducing vulnerability, outcome of level of enterprises etc; the socio-cultural category includes change in power relationship (status position), shift of economic decision making from men to women, social and cultural diversity etc.; and the psychological category includes women empowerment, psychological strength due to financial strength, political empowerment etc.

Microfinance programmes impact at three levels i.e., individual level, household level and enterprise level. (Cohen et al., 2003).

**Household level:** The impact assessment programmes should capture the changes in household level due to microfinance programmes. The household economic position like income, expenditure, assets position, livelihood portfolios etc. may be changes over time due to the increasing access of households to microfinance products and services. The socio-psycho changes can be experienced at the household level i.e., the change in literacy, migration, gender equality, health, social status etc.

**Individual level:** In general, effective microfinance programmes bring a positive change in individual level. It develops managerial ability among the beneficiaries and increase status and position not only in the society but also in the house/ family. The increase in capacity development due to microfinance programmes leads to change in individual's income level, expenditure pattern, living condition, literacy position, awareness, accessibility and equity and equality to the household and community assets.

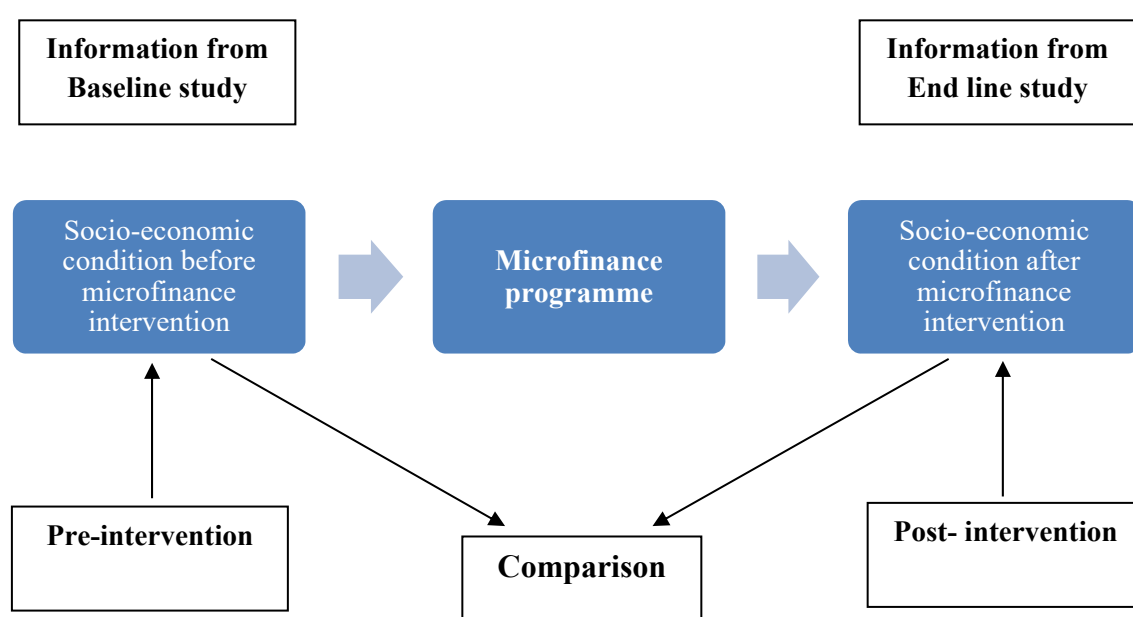
**Enterprise level:** Microfinance programmes influence microenterprises operation i.e., change in profits, scale of operations, diversifications etc.

Impact assessment can be done using qualitative as well as quantitative data collection tools. The qualitative tools are PRA, RRA and personal discussions. The quantitative data collection tools are the schedule and structured questionnaires for household survey data from secondary sources complement the primary data. There are two important approaches used in impact assessment: "Target Group" vs. "Control group" approach and "Before Microfinance Intervention" vs. "After Microfinance Intervention" Approach.

For the purpose of impact assessment in the research, the researcher used the "Before Microfinance Intervention" vs. "After Microfinance Intervention" Approach. Under this approach, the status of the sample units (person/household/village etc.) before microfinance intervention is compared with that of after microfinance intervention; taking various parameters or variables.

This approach is good for assessment of the actual impact; but this method has a limitation. It becomes difficult to get the data (related to various variables) on “before microfinance intervention “from samples, as the impact assessment study is commissioned at the end of the programme. (Panda D.K, 2009).

**Figure 4.1: “Pre – intervention” method vs. “Post- intervention” method**



#### **4.2 Economic Impact on SHG Members**

To analyze the economic impact of microfinance intervention among the sample group, “Before Microfinance Intervention” vs. “After Microfinance Intervention” Approach is deployed using parameters like status of individual income, household income, household expenditure, household savings, acquisition of movable assets and number of working days etc. ‘before’ and ‘after’ their participation in microfinance programme.

#### **4.2.1 Impact on Personal Monthly Income**

The mean personal income of the SHG members increased from Rs.3,175 to Rs. 4,137.105 after participation in microfinance programme, The SHG members with no personal income were 1.6% before microfinance intervention; however the post microfinance intervention shows all members earn some amount of income.

The members with personal income of less than Rs.1,000 decreased from 26.6% of members to 13.7% of members post participation in SHG. Again, the members with personal income between Rs.1,000 – Rs.2,000 decreased from 21.6% of members to 15% of members post participation in SHG. The members with personal income between Rs.2,001 – Rs.3,000 decreased from 20.5% of members to 19.7% of members post participation in SHG. This shows that the members experienced increased in their income and are moving towards a higher income group.

On the other hand, the members with personal income of Rs.3,001 – Rs.4,000 increased from 11.1% of members to 13.9% of members post microfinance intervention. Again, the members with personal income of Rs.4,001 – Rs.5,000 increased from 8.2% of members to 17.6% of members post SHG participation. This shows more and more members experienced increase in their personal income after joining SHG.

The members with personal income of Rs.5,001 – Rs.6,000 increased from 1.6% of members to 5.5% of members post microfinance intervention. Again, the members with personal income of Rs.6,001 or more increased from 8.9% of members to 14.5% of members post SHG participation.

**Table4.1 : Frequency distribution of average personal monthly income of SHG members**

Income in rupees	Before joining SHG		After joining SHG	
	Number of members	No. of members in %	Number of members	No. of members in %
<b>No income</b>	6	1.6	-	-
<b>Below 1000</b>	101	26.6	52	13.7
<b>1000 – 2000</b>	82	21.6	57	15.0
<b>2001 – 3000</b>	78	20.5	75	19.7
<b>3001- 4000</b>	42	11.1	53	13.9
<b>4001- 5000</b>	31	8.2	67	17.6
<b>5001- 6000</b>	6	1.6	21	5.5
<b>6001 &amp; above</b>	34	8.9	55	14.5
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

The table 4.1 shows that there was indeed an improvement in the personal income of the SHG members due to microfinance intervention; however, to find out whether the improvement is significant as suggested by the research hypothesis, z-test was employed to test the level of significance.

### **Hypothesis Testing**

**Null Hypothesis (Ho):** There was no significant improvement in the personal income of members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant improvement in the personal income of members after joining microfinance programme.



**Table 4.2: z-test on average monthly personal income of SHG members**

<b>z-Test: Two Sample for Means</b>		
	<i>Individual income before joining group</i>	<i>Individual income after joining group</i>
<b>Mean</b>	<b>3175</b>	<b>4137.105</b>
<b>Known Variance</b>	<b>0.89078</b>	<b>0.98078</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.84258</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.000122</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

*Statistical tool used: Excel*

The z value at 3.84 is greater than the critical value of 1.96 and the p value at 0.000122 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in personal income of SHG members post microfinance intervention.

#### **4.2.2 Impact on Household Monthly Income**

The average household monthly income of the SHG members increased from Rs.7,808 to Rs.9,238 after participation in microfinance programme. The members with household monthly income of less than Rs.2,000 decreased from 5.3% of members to 0.8% of members post participation in SHG. Again, the members with household monthly income between Rs.2,000 – Rs.4,000 decreased from 26.1% of members to 9.5% of members post participation in SHG. This shows that participation of members in SHG benefitted their household as well, thus their household income

are increasing and less household are in the lower income group post microfinance intervention.

On the other hand, the members with household monthly income of Rs.4,001 – Rs.6,000 increased from 25% of members to 29.5% of members post microfinance intervention. Again, the members with household monthly income of Rs.6,001 – Rs.8,000 increased from 13.7% of members to 17.6% of members post SHG participation. The members with household monthly income of Rs.8,001 – Rs.10,000 increased from 22.4% of members to 18.4% of members post microfinance intervention. Again, the members with household monthly income of Rs.10,001 or more increased from 7.6% of members to 24.2% of members post SHG participation. This shows more and more members experienced increase in their household monthly income after joining SHG.

**Table 4.3: Frequency distribution of average household monthly income of SHG members**

Avg. family monthly income	Before joining SHG		After joining SHG	
	Number of members	No. of members in %	Number of members	No. of members in %
Below 2000	20	5.3	3	.8
2001 – 4000	99	26.1	36	9.5
4001 – 6000	95	25.0	112	29.5
6001 – 8000	52	13.7	67	17.6
8001 – 10000	85	22.4	70	18.4
10001 & above	29	7.6	92	24.2
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.00</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the monthly household income of SHG members, z - test was employed at 95% level of significance.

### Hypothesis Testing

**Null Hypothesis (Ho):** There was no significant improvement in the average monthly household income of members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant improvement in the average monthly household income of members after joining microfinance programme.

**Table 4.4: z-test on average monthly household income of SHG members.**

<b>z-Test: Two Sample for Means</b>		
<b>Monthly Family Income (before &amp; after)</b>		
	<i>Monthly household income before joining SHG</i>	<i>Monthly household income after joining SHG</i>
<b>Mean</b>	<b>7808.157895</b>	<b>9238.421053</b>
<b>Known Variance</b>	<b>0.38295421</b>	<b>0.47066541</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.017696469</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.002547039</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.01 is greater than the critical value of 1.96 and the p value at 0.0025 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a

significant improvement in the average monthly household income of SHG members post microfinance intervention.

### **4.2.3 Impact on Household Monthly Expenditure**

The average household monthly expenditure of the SHG members increased from Rs.6,956 to Rs.7,891 after participation in microfinance programme. The members with household monthly expenditure less than Rs.2,000 decreased from 4.5% of members to 2.1% of members post participation in SHG. Again, the members with household monthly expenditure between Rs.2,000 – Rs.4,000 decreased from 33.4% of members to 16.3% of members post participation in SHG. This shows that participation of members in SHG increased their income and thereby increased their household expenditure as well, thus lesser household are now in the lower expenditure group.

On the other hand, the members with household monthly expenditure of Rs.4,001 – Rs.6,000 increased from 23.9% of members to 28.9% of members post microfinance intervention. Again, the members with household monthly expenditure of Rs.6,001 – Rs.8,000 increased from 13.2% of members to 17.1% of members post SHG participation. The members with household monthly expenditure of Rs.8,001 – Rs.10,000 decreased from 17.6% of members to 16.1% of members post microfinance intervention.

There was a substantial increased in the members with household monthly expenditure of Rs.10,001 or more (7.4% of members to 19.5% of members) post SHG participation. This shows more and more members experienced increase in their household monthly expenditure after joining SHG as shown clearly in Table 4.5.

**Table 4. 5 : Frequency distribution of household monthly expenditure of SHG members**

Avg. household monthly income	Before joining group		After joining group	
	Number of members	No. of members in %	Number of members	No. of members in %
Below 2000	17	4.5	8	2.1
2001 – 4000	127	33.4	62	16.3
4001 – 6000	91	23.9	110	28.9
6001 – 8000	50	13.2	65	17.1
8001 – 10000	67	17.6	61	16.1
10001 & above	28	7.4	74	19.5
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

The table 4.5 revealed that there was an improvement in the household monthly expenditure after joining SHG.

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in household monthly expenditure, z - test was employed at 95% level of significance.

### **Hypothesis Testing**

**Null Hypothesis (Ho):** There was no significant increase in the monthly household expenditure of SHG members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant increase in the monthly household expenditure of SHG members after joining microfinance programme

**Table 4.6: z- test on monthly household expenditure of SHG members.**

<b>z-Test: Two Sample for Means</b>		
	<i>Household expenditure before joining group</i>	<i>Household expenditure after joining group</i>
<b>Mean</b>	<b>6956.315789</b>	<b>7891.184211</b>
<b>Known Variance</b>	<b>0.297359</b>	<b>0.361835</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-2.244580949</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.024795047</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 2.24 is greater than the critical value of 1.96 and the p value at 0.024 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in household monthly expenditure of SHG members post microfinance intervention.

#### **4.2.4 Impact on Household Monthly Savings**

The average household monthly saving of the SHG members increased from Rs.954 to Rs.1,324 after participation in microfinance programme, The SHG members with no monthly household saving decreased from 40.5% of members to 11.8% of members. This shows that microfinance intervention have, indeed inculcated the spirit of thrift and savings among participants. The members with household monthly saving less than Rs.2,000 increased from 38.7% of members to 57.1% of members post participation in SHG. The members with household monthly savings between Rs.2,000 – Rs.3,000 increased from 13.7% of members to 18.2% of members post

participation in SHG. The members with household monthly savings of Rs.3,001 – Rs.4,000 increased from 1.1% of members to 3.2% of members post microfinance intervention.

Again, the members with household monthly savings of Rs.4,001 – Rs.5,000 increased from 5% of members to 6.8 % of members post SHG participation. The members with household monthly savings of Rs.5,001 – Rs.6,000 increased from 0.3 % of members to 1.6 % of members post microfinance intervention. Again, there was an increase in the member with household monthly savings of Rs. 6,001 or more from 0.8% to 1.3 % post SHG participation.

The savings of SHG members are generally very small since their marginal propensity to consume is very high. However, the study shows more and more members experienced increase in their household monthly savings after joining SHG.

**Table 4.7: Frequency distribution of average household monthly savings of SHG members**

Avg. household monthly savings	Before joining group		After joining group	
	Number of members	No. of members in %	Number of members	No. of members in %
No savings	154	40.5	45	11.8
Below 2000	147	38.7	217	57.1
2000-3000	52	13.7	69	18.2
3001-4000	4	1.1	12	3.2
4001-5000	19	5.0	26	6.8
5001-6000	1	.3	6	1.6
6001 & above	3	.8	5	1.3
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in household monthly savings after joining SHG, z-test was employed at 95% level of significance.

### Hypothesis Testing

**Null Hypothesis (Ho):** There was no significant increase in household savings of members after joining microfinance programme

**Alternative Hypothesis (Ha):** There was significant increase in household savings of members after joining microfinance programme

**Table 4. 8 : z –test on average household monthly savings of SHG members.**

	<i>Household savings before joining SHG</i>	<i>Household savings after joining SHG</i>
<b>Mean</b>	<b>954.2105</b>	<b>1324.605</b>
<b>Known Variance</b>	<b>0.228950</b>	<b>0.333132</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.04548</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.002323</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

*Statistical tool used: Excel*

The z value at 3.04 is greater than the critical value of 1.96 and the p value at 0.0023 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in household savings of SHG members post microfinance intervention.



#### 4.2.5 Impact in the Value of Movable Assets of the SHG Members

The average value of movable assets of the SHG members increased from Rs.52,698 to Rs.61,014 after participation in microfinance programme. The members with movable assets worth Rs.40,000 or less decreased from 52.9 % of members to 30.3 % of members post participation in SHG. On the other hand, members with movable assets worth between Rs.40,001 – Rs.80,000 increased from 31.1% of members to 42.4% of members post participation in SHG. The members with movable assets worth Rs.80,001 – Rs.1,20,000 increased from 10.8% of members to 18.4 % of members post microfinance intervention. The members with movable assets worth Rs.1,60,001 and above increased from 0.8% to 3.4% of members post microfinance intervention. This shows that participation of members in SHG increased their income and thereby increased their accumulation of movable assets post microfinance intervention.

**Table 4.9 : Frequency distribution of value of movable assets of SHG members.**

Value of movable assets in rupees	Value of movable assets before joining SHG		Value of movable assets after joining SHG	
	Number of members	No. of members in %	Number of members	No. of members in %
40000 and below	201	52.9	115	30.3
40001-80000	118	31.1	161	42.4
80001-120000	41	10.8	70	18.4
120001-160000	17	4.5	21	5.5
160001 & above	3	.8	13	3.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

The table revealed that there was an improvement in the value of movable assets after joining SHG. To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the value of movable assets post microfinance intervention, z- test was employed at 95% level of significance before and after joining SHG.

### Hypothesis testing

**Null Hypothesis (Ho):** There was no significant increase in the value of movable assets of members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant increase in the value of movable assets of members after joining microfinance programme.

**Table:4.10: z- test on value of movable assets of SHG members.**

	Value of movable assets before joining SHG	Value of movable assets after joining SHG
<b>Mean</b>	<b>52698.68</b>	<b>61014.47</b>
<b>Known Variance</b>	<b>1.25E+09</b>	<b>1.38E+09</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.16323</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.00156</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

*Statistical tool used: Excel*

The z value at 3.16 is greater than the critical value of 1.96 and the p value at 0.0015 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a

significant improvement in the value of movable assets of SHG members post microfinance intervention.

#### 4.2.6 Impact on Control/Usage of Income by SHG Members

The control or usage of income by oneself is an important determinant of the level of empowerment; therefore the research looks into the pre and post microfinance intervention situation of SHG members. The finding shows that there was an improvement in the control and usage of income by SHG members. The members who hand over their entire income to their husband or in-laws decreased from 24.2% of members to 15.5% of members after joining SHG. There was a slight increase in members who kept their income by self but ask permission to spend the income from 35.8% to 36.8% of members. The members who kept part of their income with oneself and submit the rest to husband/in-laws increased from 4.5% of members to 7.5% of members post microfinance intervention. The members who kept income by self and spend as per their will increased from 35.5% of members to 40.3% of members.

**Table 4. 11: Frequency distribution of control/ usage of income by SHG members**

Control/usage of income	Before joining group		After joining group	
	Number of members	Number of members in %	Number of members	Number of members in %
Hand over to husband or in-laws	92	24.2	59	15.5
Keep by self but ask husband /in-laws ' permission	136	35.8	140	36.8

Keep by self and spend per one's will	135	35.5	153	40.3
Keep part of it by self and submit the rest to husband or in-laws	17	4.5	28	7.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the control and usage of income, z - test was employed at 95% level of significance.

### **Hypothesis testing**

**Null Hypothesis (Ho):** There was no significant improvement in the control/usage of income by members after joining microfinance programme

**Alternative Hypothesis (Ha):** There was significant improvement in the control/usage of income by members after joining microfinance programme.

**Table 4.12 : z- test on control/ usage of income by SHG members**

<b>z-Test: Two Sample for Means</b>	<b><i>Before joining SHG</i></b>	<b><i>After joining SHG</i></b>
<b>Mean</b>	<b>2.202631579</b>	<b>2.394736842</b>
<b>Known Variance</b>	<b>0.737196223</b>	<b>0.698652962</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.125191606</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.001776893</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.12 is greater than the critical value of 1.96 and the p value at 0.0017 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the control and usage of income by SHG members post microfinance intervention.

### 4.3 Skill Development for Economic Empowerment of SHG Members

Skill development of SHG members is critical for the empowerment of the SHG members. To impart skills, various trainings are conducted by SHPIs under the initiative of NABARD. During 2010-11, skill development programme were conducted on Flower making, tailoring, handlooms, handicrafts, carpentry, bag making, mobile making etc. resulting in developing skills of 540 beneficiaries.(State Focus Paper,2012-2013,Mizoram State). The type of training conducted for economic empowerment of members include training on book keeping, financial management, marketing skills, business skills etc.

#### 4.3.1 Training Attended by SHG Members

70.8% of the sample SHGs have participated in training and 29.2 % have not attended any kind of training. This is largely because of the lack of training organised by the SHPIs for the SHG members.

**Table 4.13 : Frequency distribution of training attended by SHG members**

<b>Training attended</b>	<b>Number of SHG members</b>	<b>No. of SHG members in percentage</b>
<b>Yes</b>	269	70.8
<b>No</b>	111	29.2
<b>Total</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

### 4.3.2 Number of Training Attended by SHG Members

The average number of training attended by SHG members was 2.05. NABARD, in Mizoram is taking active role in promoting and sponsoring different capacity building and skill formation activities through NGOs and other SHPIs. 20.3% of the members attended training once, 15% attended training twice, 10 % attended training thrice, 11% attended training four times and the rest of the members (14.2%) attended training more than 5 times. Table 4.13 reveals that the frequency of training conducted were few in number, therefore more training and capacity building activities should be encouraged by the SHPIs.

**Table 4.14 : Frequency distribution of number of training attended by SHG members**

<b>Number of training attended</b>	<b>Number of SHG members</b>	<b>Number of SHG members in percentage</b>
0	111	29.2
1	77	20.3
2	57	15.0
3	38	10.0
4	43	11.3
5	15	3.9
6	14	3.7
7	14	3.7
8	5	1.3
9	1	.3
10	5	1.3
<b>Total</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

### 4.3.3 Type of Training Attended by SHG Members

The type of training attended for skill development which would promote the economic empowerment of the SHG members were book keeping and accounting, business skills and marketing skills. Book keeping and accounting were new to many members, financial literacy is low among members and very few have knowledge about marketing their products. SHPI also conduct training on how to dye clothes, make candles, make folders, etc.

**Table 4.15 : Type of training attended by SHG members**

<b>Training</b>	<b>Book keeping and accounting</b>	<b>Business skills</b>	<b>Marketing skills</b>
<b>Yes</b>	56.3	27.6	20.3
<b>No</b>	43.7	72.4	79.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

### 4.3.4 Skill Development of SHG Members

There seems to be an improvement in the skill development of members after microfinance intervention with majority of members as shown in the Table 4.15.

**Table 4.16 : Skill development for economic empowerment of SHG members**

<b>Skills</b>	<b>Book keeping and accounting</b>		<b>Marketing Skills</b>		<b>Business skills</b>	
	<b>Before</b>	<b>After</b>	<b>Before</b>	<b>After</b>	<b>Before</b>	<b>After</b>
<b>Extremely poor</b>	27.3	6.0	11.0	9.4	6.0	3.4
<b>Poor</b>	40.7	41.7	50.7	41.9	46.5	37.5
<b>Satisfactory</b>	22.3	34.5	26.8	32.0	27.0	35.4
<b>Good</b>	9.4	16.8	10.8	15.7	19.7	22.4
<b>Excellent</b>	.3	1.0	.5	1.0	.8	1.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

*Source: Primary data*

## Hypothesis testing

**Null Hypothesis (Ho):** There was no significant increase in skill development for economic empowerment of members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant increase in skill development for economic empowerment of members after joining microfinance programme.

**Table 4.17: z- test on skill development for economic empowerment of SHG members**

<b>z-test</b>	<b>Book keeping (before joining SHG)</b>	<b>Book keeping (after joining SHG)</b>	<b>Marketing skills (before joining SHG)</b>	<b>Marketing skills (after joining SHG)</b>	<b>Business skills (before joining SHG)</b>	<b>Business skills (after joining SHG)</b>
Mean	2.147368	2.65	2.389474	2.573684	2.628947	2.802632
Observations	380	380	380	380	380	380
Hypothesized Mean Difference	0		0		0	
<b>Z</b>	<b>-6.9283</b>		<b>-2.53917</b>		<b>-2.39407</b>	
P(Z<=z) two-tail	4.26E-12		0.011112		0.016662	
z Critical two-tail	1.959964		1.959964		1.959964	

*Statistical tool used: Excel*

The z value at 6.92, 2.53 and 2.39 for book keeping skills, marketing skills and business skills were greater than the critical value of 1.96 and the p value ( $=4.26E-12 < 0.05, (0.01) < 0.05$  and  $(0.016) < 0.05$ ), Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the skill development for economic empowerment of SHG members post microfinance intervention.



#### 4.4 Relationship between Increase in Income and Increase in Expenditure, Savings and Value of Movable Assets

There is a general assumption that increase in income leads to increase in household expenditure, household savings and value of movable assets owned by SHG members. To confirm that there is such relationship in the case of the sample SHG members, a hypothesis was formulated to test the validity of this relationship.

##### 4.4.1 Relationship between Increase in Household Income and Increase in Household Expenditure

The study shows that there was both an increase in income and household expenditure after joining microfinance programme. A hypothesis was formulated to ascertain if there was any relationship between increase in household income and increase in household expenditure.

##### Hypothesis testing

**Null Hypothesis (Ho):** There was no significant relationship between increase in household income and increase in household expenditure.

**Alternative Hypothesis (Ha):** There was significant relationship between increase in household income and increase in household expenditure.

**Table 4.18: Correlation between increase in household income and increase in household expenditure**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.926	.036	47.689	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.945	.016	56.368	.000 <sup>c</sup>
N of Valid Cases	380				

*Statistical tool used: SPSS*

It is observed that Pearson's coefficient of correlation is positive at 0.926 and is significant at  $\alpha = 0.05$  level since p value (=0.00) < 0.05. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, there was significant positive relationship between increase in income and increase in household expenditure of SHG members.

#### 4.4.2 Relationship between Increase in Income and Increase in Household Savings

The study shows that there was both an increase in income and household savings after joining microfinance programme. A hypothesis was formulated to ascertain if there was any relationship between increase in household income and increase in household savings.

##### Hypothesis testing

**Null Hypothesis (H<sub>0</sub>):** There was no significant relationship between increase in income and increase in household savings.

**Alternative Hypothesis (H<sub>a</sub>):** There was significant relationship between increase in income and increase in household savings.

**Table 4.19: Correlation between increase in household income and increase in household savings**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.687	.031	18.404	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.638	.033	16.090	.000 <sup>c</sup>
N of Valid Cases	380				

*Statistical tool used: SPSS*

It is observed that Pearson's coefficient of correlation is positive at 0.687 and is significant at  $\alpha = 0.05$  level since p value (=0.00) < 0.05. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, there was significant positive relationship between increase in income and increase in household savings of SHG members.

#### 4.4.3 Relationship between Increase in Income and Increase in Value of Movable Assets

The study shows that there was both an increase in income and increase in value of movable assets after joining microfinance programme. A hypothesis was formulated to ascertain if there was any relationship between increase in household income and increase in movable assets of the SHG members.

##### Hypothesis testing

**Null Hypothesis (H<sub>0</sub>):** There was no significant relationship between increase in income and increase in value of movable assets of SHG members.

**Alternative Hypothesis (H<sub>a</sub>):** There was significant relationship between increase in income and increase in value of movable assets of SHG members.

**Table 4.20: Correlation between increase in household income and increase in value of movable assets of members**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.568	.113	13.429	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.708	.027	19.514	.000 <sup>c</sup>
N of Valid Cases	380				

*Statistical tool used: SPSS*

It is observed that Pearson's coefficient of correlation is positive at 0.568 and is significant at  $\alpha = 0.05$  level since p value (=0.00) < 0.05. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, there was significant positive relationship between increase in income and increase in value of movable assets of SHG members.

#### 4.5 Number of Working days of SHG Members

The average number of working days of SHG members before joining SHG was 204 days in a year, the number of working days increased to 232.6 days after joining SHG. The table 4.20 shows that there was an increased in the number of working days of the members for doing productive work. This implies that their productivity has been increased which in turn, would lead to more efficiency and thereby, an increase in their income after joining SHGs.

**Table 4.21: Frequency distribution of number of working days of SHG members**

No. of working days	Before		After	
	Number of members	No. in percentage	Number of members	No. in percentage
Less than 100	23	6	17	4.5
100- 150	39	10.2	32	8.5
151-200	133	35	104	27.3
201-250	111	29.3	143	37.7
251-300	71	18.7	75	19.7
300 and above	3	0.8	9	2.3
<b>Total</b>	<b>380</b>	<b>100</b>	<b>380</b>	<b>100</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in working days of SHG members after joining group, z-test was employed at 95% level of significance.

### Hypothesis testing

**Null Hypothesis (Ho):** There was no significant increase in number of working days of members after joining microfinance programme

**Alternative Hypothesis (Ha):** There was significant increase in number of working days of members after joining microfinance programme

**Table 4.22 : z - test on the number of working days of SHG members.**

<i>Z -Test: Two sample for means</i>	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>204.0421053</b>	<b>232.6421053</b>
<b>Known Variance</b>	<b>0.48706895</b>	<b>0.18943834</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-6.778312528</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>1.21587E-11</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value 6.77 is greater than the critical value of 1.96 and the p value (=1.21587E-11) < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in number of working days of SHG members post microfinance intervention.

#### 4.6 Economic Empowerment Index

For the purpose of the study, economic empowerment index is constructed by rating score of economic parameters measured in terms of individual income, household income, household expenditure, household savings and household assets. It can be expressed as:-

$$\text{Economic Index (En)} = \frac{\sum E_i}{\sum E_i (\text{max})}$$

Where,  $\sum E_i$  = ith Economic Indicators

$\sum E_i (\text{max})$  = Maximum scores of ith economic indicators.

**Table 4.23 : Scores assigned for measuring economic empowerment index**

Score	1	2	3	4	5	6	Max score
<b>Individual income</b>	Below 2000	2001-3000	3001-4000	4001-5000	5001-6000	6001 & above	<b>6</b>
<b>Family income</b>	Below 2000	2001-4000	4001-6000	6001-8000	8001-10000	10001 & above	<b>6</b>
<b>Family expenditure</b>	Below 2000	2001-4000	4001-6000	6001-8000	8001-10000	10001 & above	<b>6</b>
<b>Family savings</b>	Below 2000	2001-3000	3001-4000	4001-5000	5001-6000	6001 & above	<b>6</b>
<b>Value of assets</b>	Below 40000	40001-80000	80001-120000	120000-160000	160000-200000	200001 & above	<b>6</b>
<b>TOTAL SCORE</b>							<b>30</b>

Using the scores assigned in table 4.22, the combined economic empowerment was calculated. The average combined economic empowerment score before microfinance intervention was 38.46% which increased to 51.87% after microfinance intervention.

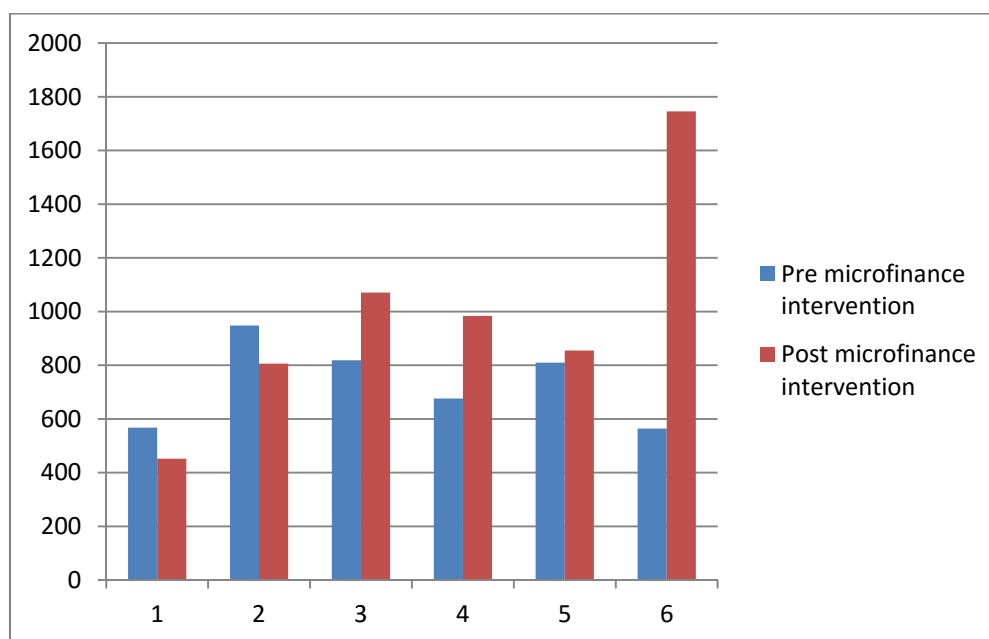
There is indeed an increased in the economic empowerment of the SHG members after joining microfinance programme as can be shown by the table

**Table 4. 24 : Score of overall economic empowerment of members after joining microfinance programme**

Score Value	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in %
<b>Less than 20</b>	22	5.8	2	.5
<b>20 – 40</b>	213	55.9	192	50.4
<b>41-60</b>	107	28.1	116	30.4
<b>61-80</b>	36	9.4	59	15.5
<b>81-100</b>	3	.8	12	3.1
<b>Total</b>	<b>381</b>	<b>100.0</b>	<b>381</b>	<b>100.0</b>

Source: Primary data

**Fig. 4.2: Overall scores of economic empowerment of SHG members before and after microfinance intervention**



To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the overall economic empowerment of SHG members, z-test was employed at 95% level of significance.

### Hypothesis testing

**Null Hypothesis (Ho):** There was no significant increase in overall economic empowerment of members after joining microfinance programme.

**Alternative Hypothesis (Ha):** There was significant increase in overall economic empowerment of members after joining microfinance programme.

**Table 4. 25 : z- test for overall economic empowerment of SHG members.**

<i>z- Test : Two Sample for Means</i>	<i>Before Joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>11.59211</b>	<b>13.41316</b>
<b>Known Variance</b>	<b>0.23661</b>	<b>0.28021</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.93787</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>7.9E-07</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

Statistical tool used: Excel

The z value at 4.93 is greater than the critical value of 1.96 and the p value at 7.9E-07 < 0.05, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the overall economic empowerment of SHG members post microfinance intervention.



#### 4.7 Relationship between Duration of SHG and the Overall Economic Empowerment of the Members

It is generally believed that the duration of SHG does impact the economic empowerment of members. A hypothesis was formulated to test the relationship between the duration of SHG and the overall economic empowerment of the members.

##### Hypothesis testing

**Null Hypothesis (Ho):** There was no significant relationship between the duration of SHG and the overall economic empowerment of the members.

**Alternative Hypothesis (Ha):** There was significant relationship between the duration of SHG and the overall economic empowerment of the members.

**Table 4.26: Correlation between the duration of SHG and the overall economic empowerment of members**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.274	.050	5.538	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.274	.049	5.532	.000 <sup>c</sup>
N of Valid Cases	380				

*Statistical tool used: SPSS*

It is observed that Pearson's coefficient of correlation is positive at 0.274 and is significant at  $\alpha = 0.05$  level since p value (=0.00) < 0.05. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, there was significant

positive relationship between duration of SHG and the overall economic empowerment of members.

#### **4.8 Conclusion**

The study revealed that many of the SHG members use the programme as a platform to expand their economic activities and improve their income levels. This calls for identification of appropriate livelihood opportunities, improvement of their skills, mentoring, market development and many such development initiatives. More importantly it also call for making available need based credit for taking up economic activities – either through the existing SHG-BLP network by suitably increasing the credit levels or as individual customers of banks. In Mizoram, NABARD has been supporting SHGs to participate in various National/State level Melas towards marketing for their products and also by sponsoring stalls during the major festivals of the States like Anthurium Festival, etc for display and sale of SHG products.

## **CHAPTER- 5**

### **SOCIAL IMPACT ON SELF HELP GROUP MEMBERS**

#### **5.1 Introduction**

Microfinance intervention has not only helped in improving the livelihood of the women members, studies shows it has led to empowerment of women both economically and socially. Participation in microfinance programme has proven to be very effective in organizing and linking poor women with the outer world. The women SHG members usually gain self confidence and respect in the society. The decision making power of the women SHG member increases as women are engaged in income generating activities and their importance is felt both in their houses and society.

The women SHG movement not only enable women to increase the collective bargaining power at the local level, but also orient and organize them to move out of their household and develop relationship with various stakeholders. Moreover, it is an important platform for women to combat various social oppressions. This chapter presents an analysis of the social impact of microfinance intervention on the sample SHG members in the study area.

#### **5.2 Social Impact Assessment on SHG Members**

The parameters used for studying the social impact of microfinance programme on sample SHG members were self confidence level, decision making ability, social awareness and participation, skill development, access to better health services and other social infrastructure. To establish the social impact using the mentioned parameters, z- test was employed for analyzing the pre and post situation of the SHG members.

### 5.2.1 Self Confidence Level of SHG Members

To ascertain if participation in microfinance programme have an impact on the self confidence level of SHG members, pre and post participation situation was taken on parameters like confidence in meeting officials, dealing with financial or health problems, physical mobility, respect and authority in the family etc.

#### 5.2.1.1 Confidence in Meeting Officials / Office Visits

The study revealed that there was an improvement in the confidence level of the SHG members in meeting officials or visiting offices for business purpose after microfinance intervention. This was largely because many of the members had no need to visit offices before their participation in SHG. The number of members who had no confidence in meeting officials or visiting offices decreased from 30.5% of members to 23.9% of members after participation in microfinance programme.

The members who had some amount of confidence in meeting officials increased from 52.4% of members to 55.3% of members after joining SHG; and the members who had great deal of confidence in meeting officials/ making office visits increased from 17.1% of members to 20.8% of members after microfinance intervention.

**Table 5.1: Frequency distribution of confidence in meeting officials by SHG members**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	116	30.5	91	23.9
<b>Somewhat</b>	199	52.4	210	55.3

<b>To a great extent</b>	65	17.1	79	20.8
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the confidence level of members in meeting officials and visiting offices after microfinance intervention , z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in the confidence level of members in meeting officials / office visits after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in the confidence level of members in meeting officials /office visits after joining SHG.

**Table 5.2: z- test on confidence in meeting officials by SHG members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.865789474</b>	<b>1.968421053</b>
<b>Known Variance</b>	<b>0.459512568</b>	<b>0.447548952</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-2.100653573</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.035671388</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 2.10 is greater than the critical value of 1.96 and the p value at  $0.035 < 0.05$  therefore,  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that there was a significant improvement in confidence in meeting officials /office visits of SHG members post microfinance intervention.

### **5.2.1.2 Confidence in Dealing with Health and Financial Problems by SHG Members**

The study revealed that there was an improvement in the confidence level of the SHG members in dealing with health and financial problems after microfinance intervention. This is largely because many of the members had group support and also acquire knowledge and awareness through their participation in SHG. The number of members who had no confidence in dealing with health and financial problems decreased from 21.8% of members 13.2 % of members after participation in microfinance programme. The members who had some amount of confidence in dealing with health and financial problems increased from 52.4% of members to 60.8 % of members after joining SHG; and the members who had great deal of confidence in dealing with health and financial problems increased from 20.8 % of members to 26.1 % of members after microfinance intervention.

**Table 5.3: Frequency distribution of confidence in dealing with health and financial problems by members**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in %	Number of members in %	No. of members in %
<b>Not at all</b>	83	21.8	50	13.2
<b>Somewhat</b>	218	57.4	231	60.8

<b>To a great extent</b>	79	20.8	99	26.1
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the confidence level of members in dealing with health and financial problems after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in the confidence level of members in dealing with health and financial problems after joining SHG

**Alternative hypothesis (Ha):** There was significant improvement in the confidence level of members in dealing with health and financial problems after joining SHG

**Table 5.4: z- test on confidence in dealing with health and financial problems**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.989473684</b>	<b>2.128947368</b>
<b>Known Variance</b>	<b>0.427329538</b>	<b>0.376468546</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.03256828</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.002424822</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.03 is greater than the critical value of 1.96 and the p value at 0.0024 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in confidence of SHG members in dealing with health and financial problems post microfinance intervention.

### 5.2.1.3 Confidence in Voicing Opinion

The study revealed that there was an improvement in the confidence level of the SHG members in voicing their opinion after microfinance intervention. This is largely because the members were given turns to speak up in group meetings and were also required to conduct group meetings. The number of members who had no confidence in voicing their opinion decreased from 15.3 % of members to 8.2% of members after participation in microfinance programme. The members who had some amount of confidence in voicing opinion decreased from 51.6% of members to 48.4% of members after joining SHG; and the members who had great deal of confidence in meeting officials/ making office visits increased from 33.2 % of members to 43.4 % of members after microfinance intervention.

**Table 5.5: Frequency distribution of confidence in voicing opinion by members**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in %	Number of members	No. of members in %
Not at all	58	15.3	31	8.2
Somewhat	196	51.6	184	48.4
To a great extent	126	33.2	165	43.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*



To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the confidence level of members in voicing their opinion after microfinance intervention, z-test was employed at 95% level of significance.

### Hypothesis testing

**Null hypothesis (Ho):** There was no significant improvement in the confidence level of members in voicing their opinion after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in the confidence level of members in voicing their opinion after joining SHG.

**Table 5.6: z – test on confidence in voicing opinion by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.178947368</b>	<b>2.352631579</b>
<b>Known Variance</b>	<b>0.453381475</b>	<b>0.392473268</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.681325701</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.000232024</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.68 is greater than the critical value of 1.96 and the p value at 0.0002 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in confidence of SHG members in voicing their opinion post microfinance intervention.

#### 5.2.1.4 Confidence in Facing New Challenges

The study revealed that there was an improvement in the confidence level of the SHG members in facing new challenges after microfinance intervention. The members were more confident in taking risk since group fund was seen as a safety net in times of emergency. The number of members who had no confidence in facing new challenges decreased from 20.3 % of members to 9.2 % of members after participation in microfinance programme.

The members who had some amount of confidence in facing new challenges increased from 53.2 % of members to 57.4 % of members after joining SHG; and the members who had great deal of confidence in facing new challenges increased from 26.6% of members to 33.4 % of members after microfinance intervention.

**Table 5.7: Frequency distribution of confidence in facing new challenges by members**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in %	Number of members	No. of members in %
<b>Not at all</b>	77	20.3	35	9.2
<b>Somewhat</b>	202	53.2	218	57.4
<b>To a great extent</b>	101	26.6	127	33.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the confidence level of members in facing new

challenges after microfinance intervention, z-test was employed at 95% level of significance.

### Hypothesis testing

**Null hypothesis (Ho):** There was no significant improvement in the confidence level of members in facing new challenges after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in the confidence level of members in facing new challenges after joining SHG.

**Table 5.8: z- test on confidence in facing new challenges by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.063157895</b>	<b>2.242105263</b>
<b>Known Variance</b>	<b>0.465657548</b>	<b>0.368671018</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.818990321</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.000133999</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.81 is greater than the critical value of 1.96 and the p value at 0.0001 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in confidence level of SHG members in facing new challenges post microfinance intervention.

#### 5.2.1.5 Physical Mobility of Members

The study revealed that there was an improvement in physical mobility of the SHG members after microfinance intervention. This was largely because many of the

members had no need to visit offices before their participation in SHG and also expanding their business area and operation lead to increased physical mobility.

The number of members who had limited physical mobility decreased from 15.3 % of members to 5 % of members after participation in microfinance programme. The members who had some amount of physical mobility increased from 52.1% of members to 52.6 % of members after joining SHG; and the members who had great deal of physical mobility increased from 32.6% of members to 42.4 % of members after microfinance intervention.

**Table 5.9 : Frequency distribution of physical mobility of members**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	58	15.3	19	5.0
<b>Somewhat</b>	198	52.1	200	52.6
<b>To a great extent</b>	124	32.6	161	42.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the physical mobility of members after microfinance intervention, z- test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in the physical mobility of members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in the physical mobility of members after joining SHG.

**Table 5.10: z- test on physical mobility of SHG members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.173684211</b>	<b>2.373684211</b>
<b>Known Variance</b>	<b>0.449965283</b>	<b>0.334925705</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.400652977</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>1.07926E-05</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 4.40 is greater than the critical value of 1.96 and the p value ( $=1.07926E-05$ )  $< 0.05$  therefore,  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that there was a significant improvement in the physical mobility of SHG members post microfinance intervention.

### **5.2.1.6 Respect and Authority in the Household**

The study revealed that the members gained more respect in their household after microfinance intervention. This can be attributed to the fact that many of the members earned more income, had social recognition and can better articulate their needs and status in their household after their participation in SHG.

The number of members who gained no respect and authority in their household decreased from 11.1% of members to 2.9% of members after participation in microfinance programme. The members who gained some amount of respect and

authority in their household decreased from 49.7 % of members to 44.5% of members after joining SHG; and the members who gained great deal of respect and authority in their household increased from 39.2 % of members to 52.6 % of members after microfinance intervention.

**Table 5. 11: Frequency distribution of respect and authority in the household**

Confidence level	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Not at all	42	11.1	11	2.9
Somewhat	189	49.7	169	44.5
To a great extent	149	39.2	200	52.6
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in gaining respect and authority of members in their household after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in gaining respect and authority in the family by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in gaining respect and authority in the family by members after joining SHG.

**Table 5.12: z – test on respect and authority in the family**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.281578947</b>	<b>2.497368421</b>
<b>Known Variance</b>	<b>0.424461882</b>	<b>0.308700181</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.912720567</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>8.98213E-07</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 4.91 is greater than the critical value of 1.96 and the p value (=8.98213E-07) < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in gaining respect and authority of SHG members post microfinance intervention.

## **5.2.2 Decision Taking Ability of SHG Members**

To ascertain if participation in microfinance programme have an impact on the ability to make decision by SHG members, pre and post participation situation was taken on parameters like decision on household expenditure and savings, decision on taking loan, children's education etc.

### **5.2.2.1 Ability to Take Decision on Household Expenditure**

The study revealed that there was an improvement in the ability to take decision on household expenditure by the SHG members after microfinance intervention. The number of members who had no decision taking ability on household expenditure

decreased from 22.1% of members to 13.2 % of members after participation in microfinance programme.

The members who had some ability to take decision on household expenditure increased from 54.7 % of members to 52.6 % of members after joining SHG; and the members who can take decision on household expenditure to a great extend increased from 23.2 % of members to 34.2 % of members after microfinance intervention.

**Table5.13: Frequency distribution on ability to take decision on household expenditure by members**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Not at all	84	22.1	50	13.2
Somewhat	208	54.7	200	52.6
To a great extent	88	23.2	130	34.2
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on household expenditure after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on household expenditure by members after joining SHG.



**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on household expenditure by members after joining SHG.

**Table 5.14 : z – test for ability to take decision on household expenditure**

	<i>Before joining SHG</i>	<i>Variable 2</i>
<b>Mean</b>	<b>2.010526316</b>	<b>2.210526316</b>
<b>Known Variance</b>	<b>0.453714762</b>	<b>0.430495764</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.146139915</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>3.38127E-05</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool use: Excel*

The z value at 4.14 is greater than the critical value of 1.96 and the p value ( $=3.38127E-05$ )  $< 0.05$  therefore,  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that there was a significant improvement in decision taking ability of SHG members on household expenditure post microfinance intervention.

### **5.2.2.2 Ability to Take Decision on Household Savings**

The study revealed that there was an improvement in the ability to take decision on household savings by the SHG members after microfinance intervention. The number of members who had no decision taking ability on household savings decreased from 20.8 % of members to 10 % of members after participation in microfinance programme. The members who had some ability to take decision on household savings increased from 57.6 % of members to 58.2 % of members after joining SHG; and the members who can take decision on household savings to a great extend

increased from 21.6 % of members to 31.8 % of members after microfinance intervention.

**Table 5.15: Frequency distribution on decision taking ability on household savings**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Not at all	79	20.8	38	10.0
Somewhat	219	57.6	221	58.2
To a great extent	82	21.6	121	31.8
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on household savings after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on household saving by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on household saving by members after joining SHG.

**Table 5.16: z – test on ability to take decision on household savings by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.007894737</b>	<b>2.218421053</b>
<b>Known Variance</b>	<b>0.424739619</b>	<b>0.371691432</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.598583712</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>4.25373E-06</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 4.59 is greater than the critical value of 1.96 and the p value (=4.25373E-06) < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in decision making ability of SHG members on household savings post microfinance intervention.

### **5.2.2.3 Ability to Take Decision on Availing Loan**

The study revealed that there was an improvement in the ability to take decision on availing loan by the SHG members after microfinance intervention. The number of members who had no decision taking ability on availing loan decreased from 35 % of members' to 22.6 % of members after participation in microfinance programme.

The members who had some ability to take decision on availing loan increased from 47.1 % of members to 51.1 % of members after joining SHG; and the members who can take decision on availing loan to a great extent increased from 17.9 % of members to 26.3 % of members after microfinance intervention.

**Table 5.17 : Frequency distribution on ability to take decision on availing loan  
by members**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	133	35.0	86	22.6
<b>Somewhat</b>	179	47.1	194	51.1
<b>To a great extent</b>	68	17.9	100	26.3
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on availing loan after microfinance intervention, z - test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on availing loan by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on availing loan by members after joining SHG.

**Table 5.18: z – test on ability to take decision on availing loan by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.828947368</b>	<b>2.036842105</b>
<b>Known Variance</b>	<b>0.501006805</b>	<b>0.489404249</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.072185504</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>4.65741E-05</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 4.07 is greater than the critical value of 1.96 and the p value (=4.65741E-05) < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in decision making ability of SHG members on availing loan post microfinance intervention.

#### **5.2.2.4 Ability to Take Decision on Use of Loan by Members**

The study revealed that there was an improvement in the ability to take decision on use of loan by the SHG members after microfinance intervention. The number of members who had no decision taking ability on use of loan decreased from 31.3 % of members to 21.1 % of members after participation in microfinance programme.

The members who had some ability to take decision on use of loan increased from 46.1 % of members to 46.8 % of members after joining SHG; and the members who can take decision on use of loan to a great extend increased from 22.6 % of members to 32.1 % of members after microfinance intervention.

**Table 5.19: Frequency distribution on ability to take decision on use of loan by members**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	119	31.3	80	21.1
<b>Somewhat</b>	175	46.1	178	46.8
<b>To a great extent</b>	86	22.6	122	32.1
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on use of loan by members after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on use of loan by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on use of loan by members after joining SHG.

**Table 5.20: z-test on ability to take decision on use of loan by members**

	<b>Before joining SHG</b>	<b>After joining SHG</b>
<b>Mean</b>	<b>1.913157895</b>	<b>2.110526316</b>
<b>Known Variance</b>	<b>0.533335648</b>	<b>0.520733231</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.747442428</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.000178647</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.74 is greater than the critical value of 1.96 and the p value at 0.0001 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in decision making ability of SHG members on use of loan post microfinance intervention.

#### **5.2.2.5 Ability to Take Decision on Education of Children**

The study revealed that there was an improvement in the ability to take decision on education of children by the SHG members after microfinance intervention. The number of members who had no decision taking ability on education of children decreased from 17.9 % of members to 11.6 % of members after participation in microfinance programme.

The members who had some ability to take decision on education of children decreased from 52.4 % of members to 49.2 % of members after joining SHG; and the members who can take decision on education of children to a great extend increased from 29.7 % of members to 39.2 % of members after microfinance intervention.

**Table 5.21: Frequency distribution of ability to take decision on education of children by members**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	68	17.9	44	11.6
<b>Somewhat</b>	199	52.4	187	49.2
<b>To a great extent</b>	113	29.7	149	39.2
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on education of children after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on education of children by members after joining SHG

**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on education of children by members after joining SHG



**Table 5.22 : z – test for ability to take decision on education of children by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.118421053</b>	<b>2.276315789</b>
<b>Known Variance</b>	<b>0.463512012</b>	<b>0.432682961</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.251308656</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.001148751</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.25 is greater than the critical value of 1.96 and the p value at 0.001 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in decision making ability of SHG members on education of children post microfinance intervention.

#### **5.2.2.6 Ability to Take Decision on Solving Family Problems**

The study revealed that there was an improvement in the ability to take decision on solving family problems by the SHG members after microfinance intervention. The number of members who had no decision taking ability on solving family problems decreased from 25 % of members to 17.9 % of members after participation in microfinance programme.

The members who had some ability to take decision on solving family problems decreased from 51.6 % of members to 47.9 % of members after joining SHG; and the members who can take decision on solving family problems to a great extend

increased from 23.4 % of members to 34.2 % of members after microfinance intervention.

**Table5.23: Frequency distribution on ability to take decision on solving family problems by members**

Decision taking ability	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Not at all	95	25.0	68	17.9
Somewhat	196	51.6	182	47.9
To a great extent	89	23.4	130	34.2
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the decision taking ability of members on solving family problems after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in ability to take decision on solving family problems by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in ability to take decision on solving family problems by members after joining SHG.

**Table 5.24 : z-test on ability to take decision on solving family problems by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.986842</b>	<b>2.281579</b>
<b>Known Variance</b>	<b>1</b>	<b>1</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-4.06267</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>4.85E-05</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

*Statistical tool used: Excel*

The z value at 4.06 is greater than the critical value of 1.96 and the p value ( $=4.85E-05$ )  $< 0.05$  therefore,  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that there was a significant improvement in ability to take decision of SHG members on solving family problems post microfinance intervention.

### **5.2.3 Social Awareness and Responsibility**

To ascertain if participation in microfinance programme have an impact on social awareness and responsibility of SHG members, pre and post participation situation was taken on parameters like attending social/village meetings, social awareness (family planning, government schemes etc.), recognition in society, participation in eradication of social evils etc.

#### **5.2.3.1 Awareness of Social Issues**

The study revealed that there was an improvement in the awareness of social issues by the SHG members after microfinance intervention. The number of members who had

no awareness of social issues decreased from 7.4% of members to 1.8% of members after participation in microfinance programme. The members who had very little awareness of social issues increased from 51.8% of members to 39.2% of members after joining SHG; the members who had some awareness of social issues increased from 37.4% of members to 48.7% of members and the members who had awareness of social issues to a great extent increased 3.4 % of members to 10.3 % of members after microfinance intervention.

**Table5.25: Frequency distribution of awareness of social issues by members**

Awareness of social issues	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Not at all</b>	28	7.4	7	1.8
<b>Very little</b>	197	51.8	149	39.2
<b>Somewhat</b>	142	37.4	185	48.7
<b>To a great extent</b>	13	3.4	39	10.3
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in awareness of social issues of members after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in social awareness by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in social awareness by members after joining SHG.

**Table 5.26: z- test on awareness of social issues by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.368421053</b>	<b>2.673684211</b>
<b>Known Variance</b>	<b>0.449659769</b>	<b>0.463157895</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-6.228366687</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>4.71323E-10</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 6.22 is greater than the critical value of 1.96 and the p value ( $=4.71323E-10$ )  $< 0.05$  therefore,  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that there was a significant improvement in social awareness of SHG members post microfinance intervention.

### **5.2.3.2 Participation in Social/Village Meetings**

The number of members who did not participate in social/village meetings decreased from 26.6% of members to 18.9% of members after participation in microfinance programme. The members who sometimes participated in social/village meetings decreased from 53.2% of members to 51.1% of members after joining SHG; the members who often participated in social/village meetings increased from 18.2% of members to 25.8% of members and the members who always participated in social

/village meetings increased from 2.1% of members to 4.2% of members after microfinance intervention.

The participation in village/social meetings increased after microfinance intervention due to increased awareness of social issues and the recognition that collective effort increased their power to fight social evils.

**Table 5.27: Frequency distribution of Participation in social/village meetings by members**

Participation in public meetings	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Never	101	26.6	72	18.9
Sometimes	202	53.2	194	51.1
Often	69	18.2	98	25.8
Always	8	2.1	16	4.2
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the participation of SHG members in village/social meetings after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (H<sub>0</sub>):** There was no significant improvement in participation of SHG members in social/village meetings after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in participation of SHG members in social/village meetings after joining SHG.

**Table 5.28: z-test on participation in village/social meetings by members**

	Variable 1	Variable 2
<b>Mean</b>	<b>1.957894737</b>	<b>2.152631579</b>
<b>Known Variance</b>	<b>0.531203999</b>	<b>0.594056381</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-3.578602059</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.000345437</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 3.57 is greater than the critical value of 1.96 and the p value at 0.0003 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the participation of SHG members in social/village meetings post microfinance intervention.

### **5.2.3.3 Membership in Social Organization**

Majority of the SHG members (79.5%) already have a membership in social organization before joining SHG. This is because the women's organization, MHIP is very strong in the State. There was an increased from 79.5% to 82.6% after participation in SHG by members.

**Table 5.29: Frequency distribution of enrollment of members in social organization**

Membership in social organization	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
<b>Yes</b>	302	79.5	314	82.6
<b>No</b>	78	20.5	66	17.4
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the enrollment of members in social organisation after microfinance intervention, z- test was employed at 95% level of significance.

**Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in enrollment in social organisation by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in enrollment in social organisation by members after joining SHG.

**Table 5.30: z-test on membership in social organization**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.205263158</b>	<b>1.173684211</b>
<b>Known Variance</b>	<b>0.163560617</b>	<b>0.143896681</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	



<b>Z</b>	<b>1.110189319</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.266917454</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 1.11 is lesser than the critical value of 1.96 and the p value 0.266 > 0.05 therefore, Ho cannot be rejected and Ha is rejected. Thus, it can be concluded that there was no significant improvement enrollment of SHG members in social organization post microfinance intervention.

However, given the fact that membership rate in social organization was already very high before joining SHG, the positive impact of microfinance intervention is less obvious in this case.

#### **5.2.3.4 Position Held in Local Bodies**

The number of SHG members who held position in local bodies increased from 20.8% of members to 24.7% of members post microfinance intervention. This shows that there has been an increased in the ability to take up leadership and challenges by the SHG members after joining SHG.

**Table 5.31: Frequency distribution of position held in local bodies by members**

<b>Position held in local bodies</b>	<b>Before joining SHG</b>		<b>After joining SHG</b>	
	<b>Number of members</b>	<b>No. of members in percentage</b>	<b>Number of members</b>	<b>No. of members in percentage</b>
<b>Yes</b>	79	20.8	94	24.7
<b>No</b>	301	79.2	286	75.3
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the number of SHG members who held position in local bodies after microfinance intervention, z-test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in position held in local bodies by members after joining SHG.

**Alternative hypothesis (Ha):** There was significant improvement in position held in local bodies by members after joining SHG.

**Table 5.32: z -test on position held in local bodies by members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>1.792105263</b>	<b>1.752631579</b>
<b>Known Variance</b>	<b>0.165109013</b>	<b>0.186668518</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>1.297374664</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.194502306</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 1.29 is lesser than the critical value of 1.96 and the p value at 0.1945 > 0.05 therefore, Ho cannot be rejected and Ha is rejected. Thus, it can be concluded that there was no significant improvement in the position held in local bodies by SHG members post microfinance intervention.

### 5.2.3.5 Involvement of Members in Fighting Social Evils

The study revealed that the involvement of SHG members in fighting social evils increased post microfinance intervention. The number of those members who never participated in such activities decreased from 19.2% of members to 13.7% of members post microfinance intervention.

Again, the number of members who participated very little in such activities decreased from 47.1% of members to 44.2% of members post microfinance intervention.

On the other hand, the number of members who are somewhat involved in such activities increased from 23.9% to 30% of members post microfinance intervention and the number of members who are involved to a great extent in such activities increased from 9.7% of members to 12.1% of members post microfinance intervention.

**Table 5.33: Frequency distribution of Involvement in fighting social evils**

Participation in fighting social evils	Before joining SHG		After joining SHG	
	Number of members	No. of members in percentage	Number of members	No. of members in percentage
Not at all	73	19.2	52	13.7
Very little	179	47.1	168	44.2
Somewhat	91	23.9	114	30.0
To a great extent	37	9.7	46	12.1
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the involvement of members in fighting social evils after microfinance intervention, z-test was employed at 95% level of significance.

### Hypothesis testing

**Null hypothesis (Ho):** There was no significant improvement in the participation of members in fighting social evils.

**Alternative hypothesis (Ha):** There was significant improvement in the participation of members in fighting social evils.

**Table 5.34: z- test on participation of members in fighting social evils**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>2.242105263</b>	<b>2.405263158</b>
<b>Known Variance</b>	<b>0.764449382</b>	<b>0.758811276</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-2.576990268</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>0.009966476</b>	
<b>z Critical two-tail</b>	<b>1.959963985</b>	

*Statistical tool used: Excel*

The z value at 2.57 is greater than the critical value of 1.96 and the p value 0.009 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the participation of SHG members in fighting social evils post microfinance intervention.

### 5.3 Social Skill Development of Members after Joining SHG

The parameters taken on training for development of social skills were trainings on leadership and motivation, communication and negotiation and lastly training on social awareness and awareness of governmental schemes.

#### 5.3.1 Training Attended

The percentage of SHG members who have attended trainings on developing social skills was very low. This was mainly because training for developing social skills was not conducted regularly by SHPIs. Only 38.2% of members have attended training on leadership and motivation, 16.8% of members on government schemes and social awareness and 13.2 % of members on communication and negotiation. Only 7.9%of members have attended training on health and sanitation.

**Table 5.35: Training attended on developing social skills**

<b>Training</b>	<b>Leadership and motivation</b>	<b>Government schemes and social awareness</b>	<b>Communication and Negotiation</b>	<b>Health and sanitation</b>
<b>Yes</b>	38.2	16.8	13.2	7.9
<b>No</b>	61.8	83.2	86.8	92.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

#### 5.3.2 Social Skill Development

Despite the fact that very little training were conducted for development of social skills of the SHG members, there was an improvement in the social skill development of SHG members as shown in the table 5.36.

**Table 5.36: Social skills development of SHG members**

Social skills	Leadership		Communication/ Negotiation		Social awareness	
	% of members (Before joining group)	% of members (After joining group)	% of members (Before joining group)	% of members (After joining group)	% of members (Before joining group)	% of members (After joining group)
<b>Extremely poor</b>	20.3	11.8	10.0	3.2	18.2	15.0
<b>Poor</b>	42.4	33.9	37.4	24.7	58.7	51.3
<b>Satisfactory</b>	31.1	44.5	32.4	36.8	17.6	24.2
<b>Good</b>	6.2	9.7	19.7	33.4	5.5	9.2
<b>Excellent</b>	0	0.1	.5	1.8	0	.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Primary data*

To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the social skill development of SHG members after microfinance intervention, z - test was employed at 95% level of significance.

### **Hypothesis testing**

**Null hypothesis (Ho):** There was no significant improvement in the development of social skills of SHG members after microfinance intervention.

**Alternative hypothesis (Ha):** There was significant improvement in the development of social skills of SHG members after microfinance intervention.

**Table 5.37 : z-test on social skills of SHG members**

z-test	Social awareness		Communication & Negotiation		Leadership and motivation	
	Before	After	Before	After	Before	After
Mean	2.105263	2.284211	2.634211	3.063158	2.223684	2.521053
Known	0.925463	0.876904	0.860568	0.771726	0.946372	0.912045

Variance						
Observations	380	380	380	380	380	380
Hypothesized Mean Difference	0		0		0	
<b>Z</b>	<b>-2.46662</b>		<b>-6.5448</b>		<b>-4.09894</b>	
P(Z<=z) two-tail	0.01364		5.96E-11		4.15E-05	
z Critical two-tail	1.959964		1.959964		1.959964	

*Statistical tool used: Excel*

The z value at 2.46, 6.54, 4.09 for testing improvement in social awareness, communication/negotiation and leadership skills were respectively greater than the critical value of 1.96 and the p value at 0.013 < 0.05, 5.96E-11 < 0.05 and 4.15E-05 < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the social skills of SHG members post microfinance intervention.

#### **5.4 Social Empowerment Index**

For the purpose of the study, social empowerment index is constructed by rating score of social parameters measured in terms of confidence level, decision making and social awareness and participation. It can be expressed as:-

$$\text{Social Index (Sn)} = \frac{\sum Si}{\sum Si (\text{max})}$$

Where,  $\sum Si$  = ith Social Indicators

$\sum Si (\text{max})$  = Maximum scores of ith social indicators.

The scores assigned to the various parameters for measuring social empowerment of members is shown in Table 5.38.

**Table 5.38: Scores assigned for measuring combined social empowerment of SHG members**

<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>Max score</b>
<b>Confidence in meeting officials</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Confidence in dealing with health &amp; financial problems</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Confidence in voicing of opinion</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Physical mobility</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Respect in the family</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Decision taking on household expenditure</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Decision taking on household savings</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Decision taking on use of loan</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Awareness of social issues</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Participation in social/village meetings</b>	Not at all	Somewhat	To a great extent	<b>3</b>
<b>Total</b>				<b>30</b>

The average score of combined social empowerment for the SHG members before microfinance intervention was 67.42 and it increased to 78.55 after microfinance intervention. This shows that there was an increased in the social empowerment of the

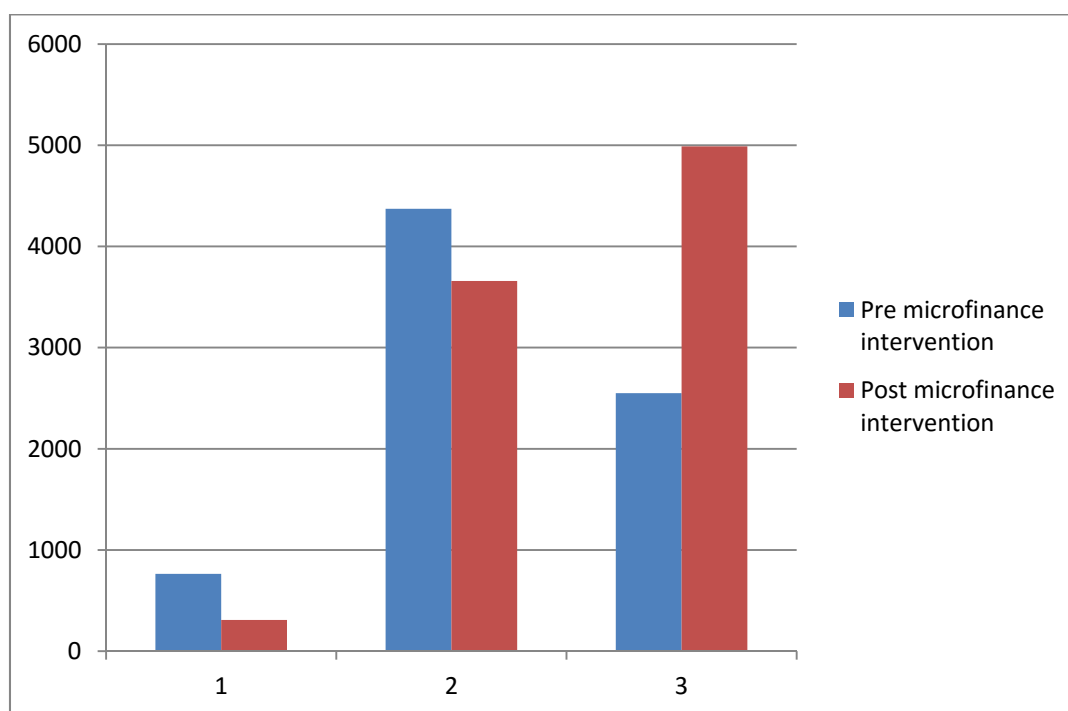


SHG members after joining microfinance programme. The social empowerment scores is given in figure 5.1.

**Table 5.39: Scores of combined social empowerment of SHG members**

Scores	1		2		3	
	Before	After	Before	After	Before	After
Combined social empowerment parameters	764	308	4372	3658	2550	4989
Percentage	6.7	2.7	38.35	32.08	22.36	43.76

**Figure 5.1: Scores of social empowerment of SHG members**



To test the research hypothesis and validate the research finding that there was indeed a significant improvement in the combined social empowerment of SHG members after microfinance intervention, z-test was employed at 95% level of significance.

## Hypothesis testing

**Null hypothesis (Ho):** There was no significant improvement in the combined social empowerment of SHG members after microfinance intervention.

**Alternative hypothesis (Ha):** There was significant improvement in the combined social empowerment of SHG members after microfinance intervention.

**Table 5.40: z-test for combined social empowerment of SHG members**

	<i>Before joining SHG</i>	<i>After joining SHG</i>
<b>Mean</b>	<b>3.471053</b>	<b>3.828947</b>
<b>Known Variance</b>	<b>0.798632</b>	<b>0.722643</b>
<b>Observations</b>	<b>380</b>	<b>380</b>
<b>Hypothesized Mean Difference</b>	<b>0</b>	
<b>Z</b>	<b>-5.65644</b>	
<b>P(Z&lt;=z) two-tail</b>	<b>1.55E-08</b>	
<b>z Critical two-tail</b>	<b>1.959964</b>	

*Statistical tool used: Excel*

The z value at 5.65 is greater than the critical value of 1.96 and the p (=1.55E-08) < 0.05 therefore, Ho is rejected and Ha is accepted. Thus, it can be concluded that there was a significant improvement in the combined social empowerment of SHG members post microfinance intervention.

## 5.5 Relationship between Duration of SHG and the Overall Social Empowerment of the Members

It is generally believed that the duration of SHG does impact the social empowerment of members. A hypothesis was formulated to test the relationship between the duration of SHG and the overall social empowerment of the members.

## Hypothesis testing

**Null Hypothesis (Ho):** There was no significant relationship between the duration of SHG and the overall social empowerment of the members.

**Alternative Hypothesis (Ha):** There was significant relationship between the duration of SHG and the overall social empowerment of the members.

**Table 5.41 : Correlation between the duration of SHG and the overall social empowerment of members**

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.
Interval by Interval	Pearson's R	.173	.050	3.412	.001(c)
Ordinal by Ordinal	Spearman Correlation	.167	.051	3.303	.001(c)
<i>N of Valid Cases</i>		380			

*Statistical tool used: SPSS*

It is observed that Pearson's coefficient of correlation is positive at 0.173 and is significant at  $\alpha = 0.05$  level since p value (=0.01) < 0.05. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, there was significant positive relationship between duration of SHG and the overall social empowerment of members.

## 5.6 Conclusion

In conclusion, the study shows that the overall social empowerment of the SHG members increased due to their participation in SHGs. It needs to be realized that the success of SHG-BLP lies with the assessment of the programme not only on the basis of savings linked or credit linked, but on the basis of the improvement in the quality of lives of its members through programme intervention.

## **CHAPTER – 6**

### **SUMMARY OF MAJOR FINDINGS AND RECOMMENDATIONS**

#### **6.1 Introduction**

This chapter deals with the chapter wise summary of key findings of the study for easy reference and understanding. Major recommendations, in the light of the study are also presented along with suggestion for future research work. The chapter-wise summary of findings is given in the following section.

#### **6.2 Chapter-Wise Summary of the Research Findings**

##### **6.2.1 Conceptual Review of Microfinance, SHG and Women Empowerment**

- Microfinance means the provision of small-scale financial products and services to the poor. Therefore, microfinance means all type of financial products and services used and /or required by poor section of the society who mostly do not have access to formal financial institutions and are more accessible to the informal financial market. The most important microfinance products are microcredit, micro saving and micro insurance.
- The concept of women empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self esteem and self confidence. Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing and encouraging factors (e.g. exposure to new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills).

- Microfinance services in India are provided mainly by two different models viz. SHG-bank linkage model and (Microfinance Institutions) MFI-bank model. The SHG-bank linkage model has emerged as the more dominant model due to its adoption by state-owned formal financial institution, namely, commercial, regional rural and cooperative banks. The MFI-bank model too is gaining importance due to the massive support it gets from banks, especially new generation banks in the private sector and foreign funding agencies.
- The different model for financing SHG Bank linkages were:
 

**Model I:** SHGs formed and financed by banks – Under this model, the bank forms the SHGs and directly sanctions loans to the group.

**Model II:** SHGs formed by formal agencies and NGOs but financed directly by banks – Under this model, formal agencies and NGOs take responsibilities for the group formation and link these group to banks. The banks directly lend the loan to the SHGs.

**Model III:** SHGs financed by bank through NGOs – Under this model, the NGO act as a nodal agency. The banks give loan to the SHGs through the NGO. The NGO takes responsibility for repayment of the loan. Out of these models, model II is extensively used under SHG-Bank linkage programme in India.
- The regional growth of SHG is highly skewed among the states of India. The southern states performance is significantly better than the other region in the country.
- The continued decline in the number of SHGs linked to Banks in resource poor regions where special SHG-Bank linkage programmes are being implemented, is indicative of the challenges ahead for the SHG-Bank linkage

programme in the country. The savings harnessed by SHGs, however, increased by an impressive 21% over the previous year and the growth has been across the regions barring the north and the north-east.

- With regard to SHG penetration in NER, States like Assam, Meghalaya and Tripura top among the states. While Assam has reported 2817 SHGs Savings linked per lakh BPL population, Mizoram is at the lowest with only 92 SHGs. NE States have also lesser number of SHGs credit linked compared to SHGs savings linked when compared to other regions.
- The credit deposit (C-D) ratio in Northeast is lagging far behind the rest of the country. Northeast's overall C-D ratio of 35.8% is less than half of the country average of 72.6%. Within northeast, Arunachal has the lowest CD ratio of 24.6% while Mizoram has the highest ratio of 58.7%.
- While in SHG-bank linkages, the states of the Northeast rank among the last 5 states in the country, even the alternate channel of MFIs is only recently become active in the state. As far as direct microfinance is concerned, it is still in its nascent stage. It is largely limited to the state of Assam and some parts of Manipur and Tripura. Existing MFIs are facing severe constraints due to a number of factors, including limited funding, lack of experience, inappropriate legal forms, high operational costs and moderate human resource quality. Several small NGO-MFIs are facing huge constraints due to their low capacity, non standardized processes, weak controls and lack of funds. These NGO-MFIs have small portfolios, are not able to mobilize funds and therefore have stagnated.
- Focus on financial inclusion is necessary to bring about social inclusion and mainstreaming the marginalized sections of the society. The state of financial

inclusion in the Mizoram is rather poor. The various financial inclusion models followed in Mizoram can be catalogued as under:-

- Branch banking
  - SHG Bank linkages
  - Farmers club
  - Business correspondents
  - Business Facilitators
- The major participants in SHG-Bank Linkages in the State are State Bank of India, Commercial Banks, Mizoram Rural Banks, and Mizoram Cooperative Apex Bank.
  - Considering the total poor rural population across the districts, it is estimated that the potential for formation of SHGs in the state has been estimated at 9,277. So far, 2,746 SHGs has been credit linked thereby leaving a gap for promotion of further 6,531SHGs. Converging the SHG- Bank linkage Programme in National Rural Livelihood Mission (NRLM) and SHGs promoted by other agencies with NRLM structures would contribute for overall economic development of the rural poor population of the State.

### **6.2.2 Profile of SHG Members**

#### **Socio-demographic profile**

- The study revealed that the average age of the sample members was 38.63 years. 37.9 % of the SHG members were in the age group of 31 – 41 years. The age group 41 – 50 years consist of 28.2 % of the members , 18.2 % of the members consist of the age group 51-60 years , 14.2 % of the members

consist of less than 30 years and a negligible 1.6% of the members are 61 years and above

- Majority of the members were married(73.4%). 11.6 % of the members were single, 11.3 % were widow and 3.7% were divorced.
- Majority of the SHG members have 3 – 4 children(50.5%), 26.3% have 1-2 children, 8.7 % of the members have 5-6 children,1.6 %members have more than 6 children and 12.9 % do not have children.
- Majority of the members have a family size of 5 -8 members(62.1%). 32.1 % of the members have a family size of 1-4 members, 5.5 % of the members have a family size of 9-12 members and 0.3% of the members have a family size of more than 13 members.
- Only 0.8 % of the SHG members were illiterate. Majority of the members (56.1 %) studied till class 10, 22.9% of the members attended middle school, 8.4 % studied till the primary level while 2.6 % were graduates.
- 51.9% of the SHG members were engaged in agricultural pursuit, 22.9% in animal husbandry, 11.3% run small business, 9.7% are involved in petty trade, 1.8% in tiny manufacturing units, 1.3% in services and 1.8% are government employees.
- Earnings of majority of the SHG members (80.5%) are supplemented by earnings of other members in the family. But for 19.5% of the SHG members, their earnings support their whole family.
- Majority of the SHG members (52.4%) dwells in semi-pucca houses, 33.7% dwells in kutcha houses and 13.9 % dwells in pucca houses. Most of the SHG members (83.7%) lived in houses owned by them while 16.3% of the SHG members lived in rented houses.



- The size of land holding is not uniform among the SHG members with some members (14.5%) having land size of more than 5 acres and others with no land holding (17.1% of members). Majority of the members (25%) have 1-2 acres of land, 17.1% have 3-4 acres of land, 16.1% have 2-3 acres of land and 10.3% have less than an acre of land.

### **Reason for participation in microfinance programme**

- The main reason for joining SHG for majority of the members (47.9%) was for income generation, followed by the desire to take up social issues (18.7%). For 12.4% of the members, they join SHG to gain training and skill formation. 10.3% of the members join the group for reasons like group feeling, time pass etc. 1.6% of the members join the group so as to get access to grant or subsidies from the government.
- Majority of the members (68.7%) join SHG on their own decision so as to pursue income generating activities. 22.9% of the members were influenced to join the group by other SHG members, 6.1 % were encouraged to join by family members and 2.4 % of the members were influenced by NGOs.
- The average years of participation in the microfinance programme by the members was 4 years with 63.6% of the members having participated in the programme for 1-4 years. 16.3% of the members have participated in the programme for 5-8 years, 14.8% of the members for 9-12 years and 5.3% of the members for more than 13 years.

### **Change in occupation after participation in microfinance programme**

- 30% of the members experienced change in their occupation for better prospective business activities. 70% of the members experienced no change in

their occupation yet most of them experienced improvement in their income generating activities after joining microfinance programme.

- Majority of the members (75%) experienced improvement in income generating activities after joining microfinance programme. The extent of improvement differs from member to member and also depends on the duration of their participation in the programme. 25% of the members experienced no change in their income generating activities, 45% experienced little improvement, 25.5% experienced a somewhat significant improvement and 4.5% of members experienced a very significant improvement in their income generating activities after joining microfinance programme.

#### **Training programme after microfinance intervention**

- Majority of the members (70.8%) have attended training programmes while 29.2% of the members have not attended any type of trainings. The SHPIs usually NGOs and government agencies organized trainings for capacity building, inculcating financial management skills, business skills etc. for SHG members.
- Majority of the members (20.3%) who have attended trainings received training in book keeping followed by training on leadership (15% of members), Financial management (11.3% of members), marketing skills (10% of members), skill formation (6.6%), social issues (3.9%), health and nutrition (3.7%).

#### **Source of emergency fund**

- Majority of the members (86.2%) borrow from friends and family for emergency needs before participation in microfinance programme,

- 7.4% of members borrow from banks,5.3% of members from money lenders and 1.1% of members resort to selling of their assets before joining SHG.
- The scenario changed dramatically after the members' participation in microfinance programme with 62.6% of members borrowing from the group which leads to lessening the dependence on friends and family for emergency loans from 86.2% of members to 21.6% of members. 2.6% of members borrow from banks and 0.3 % of members borrow from moneylenders post participation in microfinance programme. Thus, 62.6% of the members have so far borrowed from the group for meeting their emergency needs while 37.4% have not availed loan from the SHG.

#### **Bank Linkage/ Credit Linkage**

- The average loan cycle of SHG members was found to be 1.56.
- 30% of the SHG members have not availed loan from both the group and banks.
- Majority of the members (62.6%) have availed loan from the group and very few of the members (7.4%) availed loan from banks directly. This shows internal lending by the SHG is an effective credit delivery mechanism for the poor.
- The study shows that 29.7% of the members have availed loan once, 13.9% of the members have availed loan 2 times, 12.4 % of the members have availed loan 3 times,5.8 % of the members have availed loan 4 times and 8.2% of the members have availed loan 5 times or more.
- The average loan amount availed by the members was Rs. 8,908.816.
- Majority of the members have availed loan of less than Rs. 5,000.

- 17.4% of the members have availed loan amount between Rs.5,001 to Rs.10,000. 11.3% of the members have availed loan amount between Rs.10,001 to Rs.15,000. 4.7% of the members have availed loan amount between Rs.15,001 to Rs.20,000. 4.5% of the members have availed loan amount between Rs.20,001 to Rs.25,000. 3.7 % of the members have availed loan amount between Rs.25001 to Rs. 30,000 and 5% of the members have availed loan amount of more than Rs. 30,001.
- Majority of the members (60%) availed loan for financing productive activities, 3.7% of members availed loan for the education of their children, 2.6% of the members availed loan for medical treatment, 1.6 % of the members availed loan for repairs and construction of houses, 1.1 % of the members availed loan for repayment of old debts, another 1.1 % of the members availed loan for household expenditure and 0.8 % of the members availed loan for purchase of household assets.
- The study shows that 57.4% of the members have no difficulties in repayment of their loans however, 12.6% of the members experienced difficulties with the repayment of their loans.
- The main reason for facing difficulty in repayment of loan by members (75%) was business related problem (Sudden death of livestock, problems in selling their produce, etc.), 23% of the members faced difficulties in repayment due to illness and family problems. 2% of the members faced problem in repayment due to natural disaster that adversely affect their livelihood.
- Number of SHG members who have graduated to having their own personal saving account increased from 30%of members to 80% of members with 49.7% of the members opening personal account with bank after joining SHG.

20% of the members did not have personal account but put their savings in the group account.

### **Insurance coverage**

- The number of insurance agencies, both public and private (SBI, LIC, Birla sun life, ICICI, etc.) has been steadily increasing in Aizawl district yet the Insurance coverage for the sample respondents is a dismal 1.6% of the SHG members. There is a need to create more awareness as well as developing insurance product that meets their requirements.

### **Satisfaction level of SHG members**

- The satisfaction level of SHG members with regard to credit linkages was analyzed. The overall satisfaction level is high; 53.2% were satisfied with the loan size, 49.2% of members were satisfied with the timely availability of loan, 52.1% of members were satisfied with the interest rate and 54.5% were satisfied with the frequency of loan repayment. On the other hand, 10.3% of members were dissatisfied with the loan size availed by them, 12.4% of members were dissatisfied with the timely availability of loan, 9.7% of members were dissatisfied with the interest rate and 7.6% of members were dissatisfied with the frequency of repayment of loans.
- The satisfaction level of SHG members with regard to bank linkages was analyzed. The variables taken were attitude of bank employees, financial transaction procedure and saving products. The overall satisfaction level is high; 69.7% were satisfied with the attitude of bank employees, 70.3% of members were satisfied with the financial transaction procedure, 61.1% of members were satisfied with the savings products. On the other hand, 7.9% of

members were dissatisfied with the attitude of bank employees, 5.8% of members were dissatisfied with the financial transaction procedure and 7.9% of the members were dissatisfied with the saving products available.

- The satisfaction level of SHG members with regard to functioning of group is also analyzed. The variables taken were guidance by SHPIs, conduct of group meeting and relationship between group members. The overall satisfaction level is high; 73.4% were satisfied with the guidance from SHPIs, 75.0% of members were satisfied with the conduct of group meetings, 73.2% of members were satisfied with the relationship between members. On the other hand, 5.3% of members were dissatisfied with the guidance from SHPIs, 0.5% of members were dissatisfied with the conduct of group meeting and none of the members were dissatisfied with the relationship between members.
- The satisfaction level of SHG members with regard to training conducted by SHPIs/ Banks etc. was analyzed. The variables taken were training on book keeping, training on leadership, financial management, health & nutrition, marketing skills formation and social awareness training. The overall satisfaction level was high; 68.7% were satisfied with the training on book keeping, 70.3% of members were satisfied with the leadership training, 65% of members were satisfied with the training on financial management and 56.8% of members were satisfied with the training on health issues. On the other hand, 2.1%, 0.5%, 2.1% and 1.8 % of the members were dissatisfied with the training on book keeping, leadership, financial management and health issues respectively.
- The satisfaction level of SHG members with regard to training on marketing skills, training on product development and social awareness training was

analyzed. The overall satisfaction was high; 60% of members were satisfied with the training on marketing skills, 66.6% of members were satisfied with the training on development of products and 63.2 % were satisfied with the training on social awareness issues.

### **6.2.3 Economic Impact on SHG Members**

#### **Personal income of SHG members**

- The mean personal income of the SHG members increased from Rs.3,175 to Rs. 4,137.105 after participation in microfinance programme.
- The SHG members with no personal income were 1.6% before microfinance intervention, however post microfinance intervention shows all members earn some amount of income.
- The members with personal income less than Rs.1,000 decreased from 26.6% of members to 13.7% of members post participation in SHG. Again, the members with personal income between Rs.1,000 – Rs.2,000 decreased from 21.6% of members to 15% of members post participation in SHG. The members with personal income between Rs.2,001 – Rs.3,000 decreased from 20.5% of members to 19.7% of members post participation in SHG. This shows that the members experienced increased in their income and are moving towards a higher income group.
- On the other hand, the members with personal income of Rs.3,001 – Rs.4,000 increased from 11.1% of members to 13.9% of members post microfinance intervention. Again, the members with personal income of Rs.4,001 – Rs.5,000 increased from 8.2% of members to 17.6% of members post SHG participation. The members with personal income of Rs.5,001 – Rs.6,000 increased from 1.6% of members to 5.5% of members post microfinance

intervention. Again, the members with personal income of Rs.6,001 or more increased from 8.9% of members to 14.5% of members post SHG participation.

- This shows more and more members experienced increase in their personal income after joining SHG. To validate the research finding, z-test was employed and found significant at 95% level of confidence.

### **Household monthly income of SHG members**

- The average household monthly income of the SHG members increased from Rs.7,808 to Rs.9,238 after participation in microfinance programme.
- The members with household monthly income less than Rs.2,000 decreased from 5.3% of members to 0.8% of members post participation in SHG. Again, the members with household monthly income between Rs.2,000 – Rs.4,000 decreased from 26.1% of members to 9.5% of members post participation in SHG.
- This shows that participation of members in SHG benefitted their household as well ,thus their household income are increasing and less household are in the lower income group post microfinance intervention.
- On the other hand, the members with household monthly income of Rs.4,001 – Rs.6,000 increased from 25% of members to 29.5% of members post microfinance intervention. Again, the members with household monthly income of Rs.6,001 – Rs.8,000 increased from 13.7% of members to 17.6% of members post SHG participation.
- The members with household monthly income of Rs.8,001 – Rs.10,000 increased from 22.4% of members to 18.4% of members post microfinance



intervention. Again, the members with household monthly income of Rs.10,001 or more increased from 7.6% of members to 24.2% of members post SHG participation.

- This shows more and more members experienced increase in their household monthly income after joining SHG.
- To validate the research finding, z-test was employed and found significant at 95% level of confidence.

### **Household expenditure of SHG members**

- The average household monthly expenditure of the SHG members increased from Rs.6,956 to Rs.7,891 after participation in microfinance programme.
- The members with household monthly expenditure less than Rs.2,000 decreased from 4.5% of members to 2.1% of members post participation in SHG. Again, the members with household monthly expenditure between Rs.2,000 – Rs.4,000 decreased from 33.4% of members to 16.3% of members post participation in SHG. This shows that participation of members in SHG increased their income and thereby increased their household expenditure as well, thus lesser household are now in the lower expenditure group.
- On the other hand, the members with household monthly expenditure of Rs.4,001 – Rs.6,000 increased from 23.9% of members to 28.9% of members post microfinance intervention. Again, the members with household monthly expenditure of Rs.6,001 – Rs.8,000 increased from 13.2% of members to 17.1% of members post SHG participation. The members with household monthly expenditure of Rs.8,001 – Rs.10,000 decreased from 17.6% of members to 16.1% of members post microfinance intervention.

- There was a substantial increase in the members with household monthly expenditure of Rs.10,001 or more (7.4% of members to 19.5% of members) post SHG participation. This shows more and more members experienced increase in their household monthly expenditure after joining SHG.
- To validate the research finding, z-test was employed and found significant at 95% level of confidence.

### **Household savings of SHG members**

- The average household monthly saving of the SHG members increased from Rs.954 to Rs.1,324 after participation in microfinance programme.
- The SHG members with no monthly household saving decreased from 40.5% of members to 11.8% of members. This shows that microfinance intervention have, indeed inculcated the spirit of thrift and savings among participants.
- The members with household monthly saving less than Rs.2,000 increased from 38.7% of members to 57.1% of members post participation in SHG. The members with household monthly savings between Rs.2,000 – Rs.3,000 increased from 13.7% of members to 18.2% of members post participation in SHG.
- The members with household monthly savings of Rs.3,001 – Rs.4,000 increased from 1.1% of members to 3.2% of members post microfinance intervention. The members with household monthly savings of Rs.4,001 – Rs.5,000 increased from 5% of members to 6.8 % of members post SHG participation.

- The members with household monthly savings of Rs.5,001 – Rs.6,000 increased from 0.3 % of members to 1.6 % of members post microfinance intervention.
- Again, there was an increase in the member with household monthly savings of Rs. 6,001 or more from 0.8% to 1.3 % post SHG participation.
- The savings of SHG members are generally very small since their marginal propensity to consume is very high. However, the study shows more and more members experienced increase in their household monthly savings after joining SHG.
- z-test was employed to test the research finding and was found to be significant at 95% level of confidence.

#### **Value of movable assets of SHG members**

- The average value of movable assets of the SHG members increased from Rs.52,698 to Rs.61,014 after participation in microfinance programme.
- The members with movable assets worth Rs.40,000 or less decreased from 52.9 % of members to 30.3 % of members post participation in SHG. On the other hand, members with movable assets worth between Rs.40,001 – Rs.80,000 increased from 31.1% of members to 42.4% of members post participation in SHG.
- The members with movable assets worth Rs.80,001 – Rs.1,20,000 increased from 10.8% of members to 18.4 % of members post microfinance intervention. Again, the members with movable assets worth Rs.1,20,001 – Rs.1,60,000 increased from 4.5% of members to 5.5% of members post SHG participation.

- The members with movable assets worth Rs.1,60,001 and above increased from 0.8% to 3.4% of members post microfinance intervention. This shows that participation of members in SHG increased their income and thereby increased their accumulation of movable assets post microfinance intervention.
- z-test was employed to test the research finding and was found to be significant at 95% level of confidence.

### **Control/usage of income by SHG members**

- The control or usage of income by oneself is an important determinant of the level of empowerment; therefore the research looks into the pre and post microfinance intervention situation of SHG members. The finding shows that there was a significant improvement in the control and usage of income by SHG members.
- The members who hand over their entire income to their husband or in-laws decreased from 24.2% of members to 15.5% of members after joining SHG. There was a slight increase in members who kept their income by self but ask permission to spend the income from 35.8% to 36.8% of members.
- The members who kept part of their income with oneself and submit the rest to husband/in-laws increased from 4.5% of members to 7.5% of members post microfinance intervention.
- The members who kept income by self and spend as per their will increased from 35.5% of members to 40.3% of members.
- z-test was employed to test the research finding and was found to be significant at 95% level of confidence.

### **Training for skill development**

- SHPIs usually conduct training of various kinds for capacity building and skill formation. The type of training conducted includes training on book keeping, financial management, marketing skills, product development, business skills, leadership and motivation etc.
- 0.8% of the sample SHGs has attended trainings and 29.2 % have not attended any kind of trainings.
- The average number of training attended by SHG members was 2.05. 20.3% of the members attended training once, 15% attended training twice, 10 % attended training thrice, 11 % attended training four times and the rest of the members (14.2%) attended training more than 5 times.
- This reveals the various capacity building efforts of SHPIs and such activities should be further encouraged.

### **Number of working days of SHG members**

- The average number of working days of SHG members before joining SHG was 204 days in a year, the number of working days increased to 232.6 days after joining SHG.
- The study shows that there was an increased in the number of working days of the members for doing productive work. This implies that their productivity has been increased which in turn, would lead to more efficiency and thereby, an increase in their income after joining SHGs.
- z-test was employed to test the research finding and was found to be significant at 95% level of confidence.

**Correlation:**

- The study found that there was positive correlation between increase in household income and increase in savings, expenditure and value of movable assets.
- The study also revealed that there was a positive correlation between duration of SHG and the overall economic empowerment of SHG members.

**Combined economic empowerment**

- For the purpose of the study, economic empowerment index is constructed by rating score of economic parameters measured in terms of individual income, household income, household expenditure, household savings and household assets.
- The average combined economic empowerment score before microfinance intervention was 38.46% which increased to 51.87% after microfinance intervention.
- There is indeed an increased in the economic empowerment of the SHG members after joining microfinance programme. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

**6.2.4 Social Impact on SHG Members****Confidence level of SHG members**

- The study revealed that there was an improvement in the confidence level of the SHG members in meeting officials or visiting offices for business purpose after microfinance intervention. This was largely because many of the members had no need to visit offices before their participation in SHG. z-test

was employed to validate the research finding and was found to be significant at 95% level of confidence

- The study revealed that there was an improvement in the confidence level of the SHG members in dealing with health and financial problems after microfinance intervention. This is largely because many of the members had group support and also acquired knowledge and awareness through their participation in SHG. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the confidence level of the SHG members in voicing their opinion after microfinance intervention. This is largely because the members were given turns to speak up in group meetings and were also required to conduct group meetings. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the confidence level of the SHG members in facing new challenges after microfinance intervention. The members were more confident in facing risk since group fund was seen as a safety net in times of emergency. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in physical mobility of the SHG members after microfinance intervention. This was largely because expanding their business area and operation calls for increased physical mobility. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

- The study revealed that the members gained more respect in their household after microfinance intervention. This can be attributed to the fact that many of the members earned more income, had social recognition and can better articulate their needs and status in their household after their participation in SHG. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

### **Decision making ability of SHG members**

- To ascertain if participation in microfinance programme have an impact on the ability to make decision by SHG members, pre and post participation situation was taken on parameters like decision on household expenditure and savings, decision on taking loan, children's education etc.
- The study revealed that there was an improvement in the ability to take decision on household expenditure by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the ability to take decision on household savings by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the ability to take decision on availing loan by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.



- The study revealed that there was an improvement in the ability to take decision on use of loan by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the ability to take decision on education of children by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The study revealed that there was an improvement in the ability to take decision on solving family problems by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

#### **Social awareness and participation after microfinance intervention**

- To ascertain if participation in microfinance programme have an impact on social awareness and responsibility of SHG members, pre and post participation situation was taken on parameters like attending social/village meetings, social awareness (family planning, government schemes etc.), recognition in society, participation in eradication of social evils etc.
- The study revealed that there was an improvement in the awareness of social issues by the SHG members after microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.
- The participation in village / social meetings increased after microfinance intervention due to increased awareness of social issues and the recognition

that collective effort increased their power to fight social evils. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

- Majority of the SHG members already have a membership in social organization before joining SHG. This is because the women's organization, MHIP is very strong in the State. There was a marginal increase from 79.5% to 82.6% after participation in SHG by members. z-test was employed to validate the research finding and was found not significant at 95% level of confidence.
- The number of SHG members who held position in local bodies increased from 20.8% of members to 24.7% of members post microfinance intervention. This shows that there has been an increased in the ability to take up leadership and challenges by the SHG members after joining SHG. z-test was employed to validate the finding and was not found to be significant.
- The study revealed that the involvement of SHG members in fighting social evils increased post microfinance intervention. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence

### **Training on development of social skills**

- The percentage of SHG members who have attended trainings on developing social skills was very low. This was mainly because training for developing social skills was not conducted regularly by SHPIs.
- Only 38.2% of members have attended training on leadership and motivation, 16.8% of members on government schemes and social awareness and 13.2 %

of members on communication and negotiation. Only 7.9% of members have attended training on health and sanitation. However, there was significant improvement in the development of social skills. z-test was employed to validate the research finding and was found to be significant at 95% level of confidence.

### **Combined social empowerment of SHG members**

- For the purpose of the study, social empowerment index is constructed by rating score of social parameters measured in terms of confidence level, decision taking ability and social awareness and participation.
- The average score of combined social empowerment for the SHG members before microfinance intervention was 67.42 and it increased to 78.55 after microfinance intervention. This shows that there was an increase in the social empowerment of the SHG members after joining microfinance programme. z-test at 95% level of confidence was employed to validate the finding and was found to be significant.
- The study also revealed that there was a positive correlation between duration of SHG and the overall social empowerment of SHG members.

### **6.3 Recommendations**

- **Role of SHPIs:** The sustainability of the SHGs depends to a large extent on the quality of SHGs. The quality depends on the care and attention given by the Self Help Promoting Institutions in the formation stage. It has been observed that there has been a tendency at the field level to hasten the process of formation of SHGs to achieve targets, which affects the sustainability of the

SHGs in the long run. It is therefore, suggested that careful monitoring and attention should be given especially at the formation stage.

- **Capacity building of SHGs:** The capacity –building of various partners in the programme, namely, bank officials, NGO officials, animators, SHG group leaders and SHG members is a gigantic task. NABARD has been paying attention to the capacity building of all the partners in the SHG-bank linkage programme. However, the enormity of the programme warrants other agencies which could also include donor agencies to collaborate in capacity building of the partners in the programme.
- **Graduation from microfinance to micro enterprise:** There are vast numbers of SHGs which have come of age and are struggling to graduate from the stage of microfinance to the stage of microenterprises. Lack of adequate skills as also marketing linkages affect the graduation of SHGs to microenterprise stage. Not many NGOs/ agencies are in a position to provide SHGs the requisite backward and forward linkages as also market survey reports. This affects setting up of microenterprises on a sustainable basis. It is of immense importance that these groups become self reliant units. More awareness training and skill generation activities should be conducted which would enable the members of the groups to acquire sustainable livelihood skills. This in turn, calls for creation of marketing linkage
- **Development of Product and services:** Microfinance products and services should be diversified and made flexible to suit the various client profiles. The existing loan product and other services are limited and confined mostly in urban areas

- **Provision of micro insurance to the SHG members:** Presently there is a dearth of micro insurance products in the market, which can take care of the needs of the SHG members as they require composite insurance products which take care of their health, assets and life risk. Hence it is desirable to evolve suitable insurance products. However, a few insurance companies both in the public and private domain are involved in evolving suitable model insurance packages which can suit the needs of the poor as well as its financial viability and sustainability.
- **Building reliable database:** There should be a reliable database on SHGs in the state and grounding of a mechanism for tracking each and every SHGs through its evolution to maturity and the eventual micro- entrepreneurship. Automation of book keeping, introduction of memory card for active clients will reduce paper work, save time and improve the efficiency of field workers. This will reduce the scope of manipulation, reduce unintended leakages and also maintain up to date books at the SHG level.
- **Government schemes with subsidy components:** Government programmes which adopted the group mode for delivering credit are affecting the sustainability of SHG-bank linkages programme. There have been reports that established SHGs have split or disintegrated as members have a tendency to join schemes where subsidy is available. Such schemes have a dampening effect on SHG-bank linkages programmes. Careful identification of beneficiaries is therefore necessary.

#### **6.4 Suggestion for future research**

The research study was limited to the social and economic impact of microfinance programme on the women members in the context of SHGs. Further studies on microfinance sector in the State should be encouraged. Some suggestions are given as follows:

- Several models of financial inclusion are promoted in the State viz. BC and BF model; therefore, studies to highlight the performance and outreach of such models would show the feasibility of such models in the State.
- In Mizoram, JLG is becoming very popular and various initiatives for formation of JLG are undertaken by NABARD in the states. A study on the status of JLG and its impact on members would give an insight on the viability of the model and a comparative analysis between JLG and SHG approach could also be carried out.
- A study on the micro-insurance sector in the State is of immense importance. The study revealed that only 1.6% of the respondents had insurance coverage. This reflect the poor state of micro-insurance in the State, therefore a study on the type of micro-insurance products and the agencies delivery the product, coverage of the population etc. would help in promoting microfinance to another level.
- The study shows that the number of SHGs bank linked have been declining since 2009, this is mainly due to huge SHGs drop-out rates and therefore there is an immense need to look into the reasons behind these drop-out rates.

#### **6.5 Conclusion**

The SHG movement is a micro-finance movement which has made spectacular development in recent times. With the initiative of NABARD and various government

programmes , there has been significant growth of microfinance sector in Mizoram especially the SHG-Bank linkage programme. It need to be emphasized that the promotion and bank linking of SHGs is not merely a credit programme but a part of overall arrangement for providing financial services to the poor in a sustainable manner and also an empowerment process for the members of these SHGs.

While continuing with its goal of spreading its outreach, especially in the most resource poor regions of the country, SHG-BLP need to reinvent itself to help more and more of its members to use the programme as a platform to expand their economic activities and improve their income levels. This calls for identification of appropriate livelihood opportunities, improvement of their skills, mentoring, market development and many such development initiatives. More importantly it will also call for making available need based credit for taking up economic activities – either through the existing SHG-BLP network by suitably increasing the credit levels or as individual customers of banks.

The study shows that participation in SHGs has led to enhanced economic and social empowerment of the women SHG members in Aizawl district. SHGs have the possibility of developing groups of organized, assertive and empowered women at the grassroots level. However, sustainability of SHGs and graduation to micro-enterprise still remains a challenge. Thus, consistent capacity building and skill development by SHPIs as well as providing market linkages should be encouraged. This coupled with diversification of financial products and services would make SHG-BLP more vibrant and instrumental in empowering the poor in the State.

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	family	
	If yes, Occupation of earning members	
11.	Housing type	1 – Kutcha    2 – Semi Pucca 3 - Pucca
	Ownership	1 – Own    2 – Rent
12.	Agricultural land	1 – No land    2 – Less than 1 acre 3 – 1-2 acre    4 – 2-3 acre 5 – 3-4 acre    6 – 5 and above acre
13.	Monthly savings (amount in rupees)	
14.	Reason for joining group	1 – To take up income generating activities 2 – To avail grant or subsidy from government 3 - To avail cheaper loans 4 – To get training and skill formation 5 – To take up social issues 6 – Others (Social meetings, time pass etc.)
15.	Motivation for joining group	1 – Own decision 2 – Family members 3 – SHG members 4 – NGO 5 – Others (government, banks etc.)
16.	Income earning activity of members	
	a) Business Category/ main occupation	1 – Petty trade 2 – Manufacturing 3 – Small business 4 – Services 5 – Animal husbandry 6 – Agriculture 7- Government servant



	b) Type of business activity before joining SHG	
	c) Improvement in business income	1 – Not at all 2 – Very little 3 – Somewhat 4 - To a great extent
	d) Reason for taking up micro-enterprise	1 – For livelihood 2 – To be self employed 3 – To earn money 4 – Encouragement from group/NGOs/Banks 5 – Encouragement from family 6 – For getting government incentives 7 – Lack of opportunities 8 – Confidence gained by trainings undergone 9 – Other
	e) Problems faced in running micro-enterprise	1 – Problem of timely availability of raw material 2 – Problem of getting timely financial assistance 3 – Problem of labour 4 – Lack of technical knowledge 5 – Problem of marketing 6 – Lack of family support 7 – Lack of cooperation from group members 8 – Poor infrastructure 9 – Others (natural disaster etc.)
	f) Marketing channels for Micro-enterprises product	1 – Work place 2 – Local market 3 – Exhibition / Trade fest 4 – Through middlemen / agencies

		5 – Through NGOs 6 – Through Government agencies	
17.	Reason for not taking up micro-enterprises	1 – Not interested 2 – No technical knowledge 3 – Lack of finance 4 – Lack of awareness	
18.	Training Details		
	a) Training attended	1 – Yes 2 – No	
	b) No. of trainings		
	c) Type of trainings attended with the number of days	Type of trainings	No. of days
		1 – Book keeping and accountancy	
		2 – Leadership and motivation	
		3 – Marketing skills	
		4 – Financial literacy and management	
		5 – Social issues and awareness	
		6 – Health and nutrition	
		7 – Business skills	
		8 – Others	
19.	Satisfaction level		
	a) Counseling and guidance by SHPIs at initial stage	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	b) Conduct of group meetings	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	c) Interaction with other group members	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied	

		5 – Very satisfied
	d) Training w.r.t. Book keeping and accountancy	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	e) Training w.r.t. Leadership and motivation	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	f) Training w.r.t. Marketing skills	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	g) Training w.r.t. Financial literacy and management	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	h) Training w.r.t. Social issues and awareness	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	i) Training w.r.t. Health and sanitation	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
	j) Training w.r.t. Business skills	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied

<b>Part- II Linkage with Banks</b>		
1.	Do you have personal saving account?	1 – Yes 2 – No
2.	Time of opening account	1 – Before joining 2 – After joining
3.	Name of Bank	
4.	Have you availed loan	Before joining SHG
		After joining SHG 1 – Yes

		2 – No	2 – No
5.	Amount of loan availed (in rupees)		
	1 <sup>st</sup> Loan		
	2 <sup>nd</sup> Loan		
	3 <sup>rd</sup> Loan		
	4 <sup>th</sup> Loan		
	5 <sup>th</sup> Loan		
6.	Purpose of loan	1 – For financing productive activities 2 – Repayment of old loans 3 – Medical treatment 4 – Repairs of house, equipments etc. 5 – Children’s education 6 – Acquisition of household assets 7 – Consumption expenditure	
7.	Any problem in repayment	1 – Yes 2 – No	
	If yes, reason for default in repayment	1 – Illness / family problem 2 – Business related problem 3 – Wrong utilization of fund 4 – Problem with group members 5 – Lack of monitoring by NGOs / Banks 6 – Natural disasters	
8.	Do you have insurance	Before joining SHG	After joining SHG
		1 – Yes 2 – No	1 – Yes 2 – No
	If yes, type of insurance		
9.	Any suggestion on loan product / services		
10.	Any suggestion on insurance product / services		
11.	Source of money for emergency needs	Before	After joining SHG

		joining SHG	
		1 – Money lenders 2 – Friends and relatives 3 – Group savings 4 – Banks 5 – Others (sale of assets etc.)	1 – Money lenders 2 – Friends and relatives 3 – Group savings 4 – Banks 5 – Others (sale of assets etc.)
12.	Satisfaction level		
	a) Attitude and behavior of staff	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	b) Procedure for financial transaction	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	c) Getting adequate loan amount	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	d) Timely availability of loan	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	e) Interest rate and processing charges	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	f) Repayment frequency	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	
	g) Saving products	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied	

	h) Insurance product	1 – Very dissatisfied 2 – Dissatisfied 3 – Neither 4 – Satisfied 5 – Very satisfied
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<b>Part- III Economic Impact</b>			
Sl. No.	Descriptions	Before joining SHGs	After joining SHGs
1.	Average monthly individual income (in Rupees)		
2.	Average monthly household income (in Rupees)		
3.	Average monthly household expenditure (in Rupees)		
4.	Average monthly household savings (in Rupees)		
5.	Maximum loan availed (in Rupees)		
6.	No. of days employed in a year		
7.	Household assets		
8.	Fixed assets		
9.	House type	1- Kutcha 2-Semi Pucca 3 -Pucca	1- Kutcha 2-Semi Pucca 3 -Pucca
	Ownership	1 – Own 2 – Rent	1 – Own 2 – Rent
10.	Usage / control of income	1 – Handover to husband or in-laws	1 – Handover to husband or in-laws 2 – Keep by self but asked permission from in-laws

		<p>2 – Keep by self but asked permission from in-laws</p> <p>3 – Keep by self and spend as per one’s will</p> <p>4 – Submit a part of the income and spend the remaining as per one’s will</p>	<p>3 – Keep by self and spend as per one’s will</p> <p>4 – Submit a part of the income and spend the remaining as per one’s will</p>
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<b>Part- IV Social Impact</b>			
A. Perceived Confidence Level			
Sl. No.	Descriptions	Before joining SHGs	After joining SHGs
1.	Confidence of meeting officials	<p>1 – Not at all</p> <p>2 – Very little</p> <p>3 – Somewhat</p> <p>4 – To a great extent</p>	<p>1 – Not at all</p> <p>2 – Very little</p> <p>3 – Somewhat</p> <p>4 – To a great extent</p>
2.	Confidence of facing problems (financial, health etc.)	<p>1 – Not at all</p> <p>2 – Very little</p> <p>3 – Somewhat</p> <p>4 – To a great extent</p>	<p>1 – Not at all</p> <p>2 – Very little</p> <p>3 – Somewhat</p> <p>4 – To a great extent</p>
3.	Confidence in voicing opinion	1 – Not at all	1 – Not at all

		2 – Very little 3 – Somewhat 4 – To a great extent	2 – Very little 3 – Somewhat 4 – To a great extent
4.	Confidence in taking up new challenges	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
5.	Physical mobility	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
6.	Respect from the family	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent

#### B. Decision Making Ability

Sl. No.	Descriptions	Before joining SHGs	After joining SHGs
1.	Decision on household savings	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
2.	Decision on household expenditure	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
3.	Decision on taking loan	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
4.	Decision on the use of loan	1 – Not at all 2 – Very little 3 – Somewhat	1 – Not at all 2 – Very little 3 – Somewhat



		4 – To a great extent	4 – To a great extent
5.	Decision on children's education	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
6.	Decision on solving family problem	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
<b>C. Social Awareness and Participation</b>			
1.	Awareness of social issues	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
2.	Attending village/local meetings	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent
3.	Membership in social organizations	1 – Yes 2 – No	1 – Yes 2 – No
4.	Position held in local bodies	1 – Yes 2 – No	1 – Yes 2 – No
5.	Involvement in eradication of social evils	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent	1 – Not at all 2 – Very little 3 – Somewhat 4 – To a great extent

<b>Part- V Skill formation and access to infrastructure facilities</b>			
Sl. No.	Descriptions	Before joining SHGs	After joining SHGs
1.	Training programme attended	1 – Yes 2 – No	1 – Yes 2 – No

2.	Book keeping and management skills	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
3.	Communication and negotiation skills	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
4.	Business skills	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
5.	Leadership ability	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
6.	Business risk taking ability	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
7.	Knowledge of market and government schemes	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
8.	Marketing skills	1 – Extremely poor 2 – Poor 3 – Satisfactory	1 – Extremely poor 2 – Poor 3 – Satisfactory

		4 – Good 5 – Excellent	4 – Good 5 – Excellent
9	Health care facilities	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent
10	Sanitation facilities	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent	1 – Extremely poor 2 – Poor 3 – Satisfactory 4 – Good 5 – Excellent

## **Annexure- 2**

### **CASE STUDY OF ‘CHANGKANG TUM PAWL’**

Since the conception of SHG movement in Mizoram in 2003, the State has its share of success stories. Just one case may be referred to in this instance; this is a case study of an all women member SHG of Shiphir town in Aizawl District. The name of the SHG is “Changkang tum Pawl” which translated means “Aiming for Progress”. Formed in 2003, there were 15 members initially; they are presently functioning strongly as ever with 12 members. The initial group fund consist of Rs.150 which was the compulsory contribution of Rs.10 by each of the members in their first group meeting, today the group fund stands at a substantial amount of Rs. 1.8 lakh. Special savings are maintained in the group fund for those who wanted to save more than the compulsory contribution of Rs.10; the amount was revised to Rs. 20 from 2010 onwards. All the members had graduated to having individual saving bank accounts. Any member who missed 3 consecutive meeting was to be terminated from the group.

Like any SHG, the group lends support to its members in times of needs, be it financially or emotionally and is a source of strength and encouragement for the women members. For instance, the group lend countless times to its members in case of medical emergencies and in 2012, the group built a semi-pucca house for one of their member, Zonunmawii, who had no living relatives and was abandoned by her husband. The group played a major role in enabling the Farmers’ club (Federation of SHG) to establish a market shed in their locality where the members could sell their products. Earlier, the members had to sell their products to middle men at low prices.

The group also had many social contributions and among the many social contributions by the group, what is truly impressive is that they function as a ‘credit

institution' and 'water supplier' in their locality. There are about 100 houses in their locality and they have no access to public water supply. The group purchased 2 water tanks which held 10,000 liters in 2008, since then, the group has been providing water to the locals for a mere Rs.10 per bucket. Many households in the area did not own a water tank so this has greatly benefitted the locals who otherwise, would have to go miles to get a bucket of water.

Again, what is greatly appreciated by the locals is that the group functioned like a credit institution, lending to those in need of emergency money in their locality. The group lends at 5% interest rate to outsiders while they lend at 2% rate of interest among their group members. Many locals prefer the hassle free credit and amazingly their recovery till date is 100%. The president of their group Pi Ramhluni, is currently a candidate for the Village Council Election to be held on the 30<sup>th</sup> April, 2015. She stated that her active participation in SHG and their tireless effort for the social development of their locality is what gave her recognition in the society. She also stated that she, who is barely educated, would have never dreamt for such a position if it was not for her involvement in SHGs activities.