

**SOCIO-ECONOMIC STATUS OF WOMEN IN
MICRO CREDIT SELF HELP GROUPS IN
CHENNAI, INDIA**

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ABSTRACT

The Microcredit Self Help Group (SHG) programme in India is an important institutional device used to improve the status of women in India in terms of poverty reduction and women empowerment. The SHG is an effective strategy to provide financial services to poor women, who are excluded from accessing financial services, and offered micro credits for their income generating activities and other non-economic loans targeting improvement in the standards of living.

The aim of this dissertation was to establish the extent to which women's participation in SHGs and their involvement in the group activities improved their socio economic conditions. The objective was to study the socio economic status of women in the SHGs in urban areas by comparing the living conditions of the members before joining the programme and their conditions three years after the programme intervention. The programme intervention was expected to reduce the level of poverty and increase the empowerment of women in SHGs.

This study confirms the theoretical premise of Micro Credit Paradigms such as Poverty, Financial Sustainability and Empowerment Paradigms and Theory of Joint Lending Liability. This study adds to the empirical evidence in the area of SHGs in an urban setting.

Data was collected from the selected women in SHGs formed by government- funded, non-government organisation under the scheme of Mahalir Thittam in the city of Chennai in, Tamil Nadu. A three stage stratified random sampling techniques was adopted. The NGOs were selected as per the demographic region. Both quantitative and qualitative methods were used in the study. The focus of the quantitative study was to investigate whether there were significant differences in income, savings, assets, expenditure, basic amenities, as well as the attitudinal and behavioural changes in the women before and after the intervention of the SHG

programme. This study used the Gini coefficient and Lorenz curve to find the income inequality and the Structural Equation Modelling (SEM) to study the impact of micro credit in the SHG women.

The qualitative part of the study was to gain deeper insights into some of the variables covered under the quantitative study. The quantitative and qualitative analysis helped to study the changes in the social background of the women in SHGs, their economic status and the financial sustainability of the SHGs. The findings showed that the social and economic status of the women members had improved and there was improvement in the level of income, expenditure and savings. The level of self-confidence and self-esteem of the women showed a positive change. The women were more assertive towards community and social matters.

The study recommended that the government develop a strong mechanism to monitor the NGOs and SHG leaders (Animators) so that the funds provided by the government would benefit the poor women. Only then these women can be empowered to help themselves, their family and their community.

ABSTRAK

Model Mikro kredit Self Help Group di India merupakan institusi yang digunakan untuk memperbaiki status wanita di India bagi mengurangkan kadar kemiskinan dan memperkasakan wanita. SHG adalah strategi yang efektif untuk menyediakan perkhidmatan kewangan kepada wanita miskin di dalam kumpulan berpendapatan rendah. Melalui SHG, isi rumah yang miskin yang tidak mempunyai capaian kepada perkhidmatan kewangan ditawarkan mikro kredit bagi aktiviti yang menjana pendapatan dan pinjaman bukan ekonomi yang menyasarkan pembaikan di dalam taraf hidup.

Tesis ini adalah bertujuan untuk melihat sejauh mana penyertaan wanita di dalam SHGs and penglibatan di dalam aktiviti kelompok mempengaruhi kedudukan sosio ekonomi mereka. Objektif tesis ini adalah untuk mengkaji kedudukan sosio ekonomi wanita di dalam SHGs di bandar dengan membandingkan keadaan kehidupan mereka sebelum dan selepas menyertai program. Program ini dijangka mengurangkan paras kemiskinan disamping memperkasakan wanita di dalam SHGs.

Sumber data adalah daripada kumpulan wanita terpilih di dalam SHGs yang ditubuhkan oleh badan kerajaan dan bukan kerajaan di bawah skim Mahalir Thittam di bandaraya Chennai, Tamil Nadu. Teknik sampel rawak berstrata tiga peringkat digunakan. Badan Bukan Kerajaan dipilih mengikut demografi wilayah. Kedua-dua kaedah kualitatif dan kuantitatif digunakan di dalam kajian ini. Fokus kajian kuantitatif adalah untuk mengkaji samada terdapat perbezaan yang signifikan di dalam pendapatan, tabungan, asset, perbelanjaan, kemudahan asas serta perubahan sikap dan gelagat wanita sebelum dan selepas perlaksanaan program SHG. Bagi mengkaji ketaksamaan pendapatan sebelum dan selepas menyertai SHGs, koefisien Gini dan keluk Lorenz digunakan. Indeks perkasaan diuji menggunakan Model Persamaan Berstruktur (SEM). Keputusan analisis menunjukkan model SEM adalah signifikan.

Kedua-dua analisis kualitatif dan kuantitatif bertujuan untuk mengkaji perubahan latar belakang sosial, status ekonomi dan kestabilan kewangan wanita di dalam kelompok SHGs. Kesan program ini diukur berdasarkan perbezaan keadaan sosio ekonomi ahli sebelum dan selepas menyertai program tersebut. Keputusan kajian menunjukkan status sosial dan ekonomi ahli adalah lebih baik dan terdapat pembaikan di dalam tingkat pendapatan, perbelanjaan dan simpanan. Paras keyakinan diri dan rasa hormat diri juga menunjukkan perubahan yang positif. Selain itu, mereka menunjukkan sikap positif terhadap komuniti dan perkara-perkara sosial.

Kesimpulannya kajian ini mengetengahkan cadangan dan implikasi polisi terutamanya kepada kerajaan India dan NGO bagi meningkatkan capaian dan keberlangsungan SHGs untuk memperbaiki pembangunan wanita. Adalah dicadangkan juga supaya kerajaan membangunkan mekanisma yang kukuh bagi memantau NGOs dan fasilitator program supaya dana yang diberikan oleh kerajaan memberi manfaat kepada wanita miskin. Dengan itu mereka dapat diperkasakan dan mampu menolong diri mereka sendiri, keluarga dan masyarakat.

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LIST OF ABBREVIATIONS

Abbreviations	Name in Full
IFAD	International Fund for Agricultural Development
IRDP	Integrated Rural Development Programme
JGSY	Jawahar Gram Samridhi Yojna
JRY	Jawahar Rozgar Yojna
MFI	Micro Finance Institution
MRP	Mixed Recall Period
NABARD	National Bank of Rural and Agricultural Development
NGO	Non-Government Organisations
NREP	National Rural Employment Programme
NSSO	National Sample Survey Organisation
RLEGP	Rural Landless Employment Generation Programme
SBL	Self Help Group Bank Linkage Programme
SEM	Structural Equation Model
SGRY	Sampoorna Gramin Rozgar Yojana
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHASU	Scheme of Housing and Shelter Up gradation
SHG	Self Help Group
SUME	Scheme of Urban Micro Enterprises
SUWE	Scheme of Urban Wage Employment
TNCDW	Tamil Nadu Corporation for Development of Women
UBSP	Urban Basic Services for the Poor
UNDP	United Nations Development Programme
URP	Uniform Recall Period
USAID	United States Agency for International Development

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CHAPTER ONE

GENERAL OVERVIEW OF RESEARCH

1.1 Introduction

India is the tenth largest economy in the world in terms of nominal GDP and the third largest by purchasing power parity (PPP). It is a large country encompassing a vast amount of people, all with different regions, political views and social standings on one hand and on the other hand this is coupled with the fact that the distribution of wealth and resources is highly unequal in terms of regions and gender. The Human Development Report (2013) released by the United Nations Development Program (UNDP), India ranked at the low 136 among 186 countries on its human development index (HDI) a composite measure of life expectancy, access to education and income levels.

Research studies of the development of nations and communities clearly show that the social progress and economic welfare of people are inter-dependant. Development also ensures social justice and gender equality. While several factors contribute to the development of a community in terms of physical and material benefits, only gender equality can uplift the social status of the people from poverty, ignorance and abuse, and bring about quality and contentment of life. According to the latest census in the year 2011, the total female sex ratio in India is 940 per 1000 males and the female child ratio is 944 girl children per 1000 boys of the same age group. The overall female sex has increased to 0.75 percent in the Census 2011 as compared to the previous census of 2001. However, gender equality does not exist in India even today, and no country can afford to focus on development without taking into account women, who constitute more than half the population.

Throughout history of India, women have always been relegated to inferior status than men, and are always subjected to ill-treatment. This is reflected in a few situations,

such as work, where they are given barely functioning roles, and hold non-essential posts. The relegation of women to lower status in society, and their corresponding low literacy and perceived low income earning capabilities will most definitely slow the overall development of mankind. Shohba (2007) says that the activity of women continue to be unrecognized and underestimated. The lack of involvement by women, who makes up half the population and one third of the labour force, but works two-third of total working hours, owning a sliver of properties and earning only a tenth of the wages, makes the report incomplete. This is the legal economic profile of the women in the world. The role of women in the development of a community is crucial.

The great world leader and philosopher, Mahatma Gandhi, states that, “women are an embodiment of ‘ahimsa’, ‘weak in striking’ and ‘strong in suffering’.” Gandhi perceived the suffering of women as an embodiment of their superior powers of endurance, courage, strength and fearlessness, rather than being symbolic of their helplessness as an inferior sex (Joseph, 2005). Another Indian Nobel Prize Laureate, A. Sen (1983) discusses the lack of even the most basic of requirements of survival and sustenance for women in many developing countries. The gap in development is visibly seen as the female-male ratio of (0.96) in developing countries of Asia is lower compared to the (1.06) ratio in Europe and North America. To meet the challenging needs of modern life, the participation of women is crucial. Saint Swami Vivekananda said, “As a bird cannot fly on one wing, so no society can make progress unless its women join in all activities”.

The gender discrimination is one of the root causes for the existence of child marriages, and the harassment of women like wife beating and wife burning, discrimination in employment, education, health and nutritional facilities and lower food intake of women. This sort of gender discrimination is unacceptable. Gender distinctions are not accidental or a fact of nature but are inculcated institutionally (Epstein 1988). A.Sen (2001)

conclusively proved the fact that discrimination is all encompassing, effecting relationships based on gender, caste, class and income, due to the fact that a large number of women who are poor in the context of India were born into the former lower castes. Another dimension of gender inequality is that women are traditionally expected to do arduous and demanding work. Working outside the home does not reduce the women's responsibility at home. This gender inequality and discrimination occur in all spheres of the social and economic life of women in India. Women development should be an important component of the economic development of a country. This would lead to multidimensional changes in the levels of socio-economic aspects of women.

1.2 Statement of Research Problem

The obstacles to the emancipation of women in India have not been eliminated, and women are still facing discrimination from various quarters. In 1950, the Constitution of India was formulated. Article 14 of the Constitution guarantees that men and women are equal and it prohibits any form of discrimination against women. In the Ninth Five Year Plan of India, the contribution of women in development was emphasized. It focused on the direct participation of people, both men and women, at the grass roots. This clearly upholds the principle that men and women are equal. Yet the male literacy level in India is 75.85 per cent, while the female literacy level is 54.16 per cent (Census, 2011).

The Human Development Report (1990) put forth the fact that much of labour contributed by women remains in a state that is considered 'invisible', according to the National Accounting Census, despite of enormous productivity and social mark. Women in India suffer by being socially and economically invisible. Economic invisibility stems from the perception that women are not relevant to the wage and market economy. This might be

due to the fact that the involvement of women is stronger in informal sectors and small scale businesses, on top of their household responsibilities. This rampant inequality among citizens caused wealth concentration in a small percentage of the people, while the rest remain downtrodden and unaffected by any progress. Social invisibility, on the other hand, is the result of the general second-class treatment given to women.

Women are disqualified from formal employment opportunities due to their lack of skills and education. Owing to this, they have to get jobs in the more informal sectors of the town. This results that women dominate the informal economic sectors, such as small business owners, maids and cooks, due to the fact that 89 per cent of the workers in this sector are women¹. Singh (2007) explains the fact that limited access enhances the vulnerability of poverty. This hampers the women's ability to improve their household conditions, working environment, and also restricts them from starting new ventures.

Credit is a major obstacle, due to the fact that the formal institutions need collateral security against credit when the poor are unable to meet the requirements. When credit is not available from the formal sector, the poor approaches informal institutions such as moneylenders, traders, and big landowners. The rates of the informal and unsanctioned institutions are invariably higher compared to those that are imposed by their more formal colleagues. Although the interest rates that are imposed by informal institution/individuals lack a hierarchical structure or are wildly varied across geographical locations, it can also institute sort of implicit or concealed charges upon the borrowers, and this concealed charges can often be exorbitant, ranging from above 20 percent, and sometimes even 100 percent per annum (Ramkumar, 2009). The moneylenders are often called loan sharks. In urban areas, the pawnbrokers are very common. They are a type of moneylenders who

¹(<http://www.ifmr.ac.in>)

demand collateral in the form of gold jewellery or valuables. If the loan is not repaid on time, then the collateral becomes their property. Due to the lack of financial services and access to services and productive inputs, the poor are pushed into greater poverty.

With India's increasing population, the migration of labour force from the rural to urban areas is increasing due to high employment opportunities in urban areas. According to Census (2011) nearly 14.7 percent of the total rural-urban migrants are searching for better employment opportunities. Most of the new migrants are disqualified from formal employment opportunities due to lack of education and skills due to this reason the migration labour force is faced with problems of unemployment, under employment, and also limited access to basic needs such as housing and lack of infra-structure facilities and hence they are forced into poverty trap. According to NSS survey (2010) the urban poor in India accounts to 20.9 percent. Hence, access to financial services to the poor is essential. Thus providing microcredit services for rural and urban can improve their opportunities and result in better living conditions.

The Micro Finance Institutions extend loans that can help the poor in many ways. The SHGs cater to the needs of the poor in rural and urban areas by delivering financial services. The SHG programme is one of the areas of attraction to development economists, policy makers, bankers and other researchers throughout the world. There are many research studies conducted by the government of India, World Bank, UNICEF and other private research institutions and NGOs. The majority of the research studies, however, focus on rural areas. The SHG programme among the urban poor is minimally researched. It is hoped that this study will help to fill the gap.

1.3 Back ground to the Research Topic

The Government of India has introduced many community development programmes to uplift the status of women in terms of their socio-economic conditions in order to reduce the vulnerability of poverty. At the grass root level, women's participation and development often take place through interventions in the form of development programmes or projects. The participation of women in such community development programmes enhances their personal development, and makes them more socially sustainable. These programmes offer them up to the chance of having access to hard-to-get resources, and will also inevitably enhance their decision making power via the implementation and execution of various training and skill development programmes.

One such programme is the creation of the Microcredit Self Help Groups (SHGs) in the 1990's by the National Bank for Agriculture and Rural Development (NABARD), supported by non-governmental agencies. Since its inception, they have been under the patronage of the Central Government of India under a programme called Swarna Jayanthi Gram Swarozgar Yojana (SGSY). SGSY utilizes SHGs, acting as an organizational conduit that delivers subsidised assistance to households earning income that are below the stipulated poverty line, intended to encourage these households to take part in self-employment activities to supplement their meagre income.

The SHG is one of the channels used for the development of women at the grass root level, both in rural and urban India. The Group or collective approach is one of the basic objectives of SHGs. The SHGs support the poor women by encouraging savings and facilitating the capital. These groups work for group solidarity, self and group awareness and the social and economic empowerment of women through a democratic process.

SHGs are informal groups of women who work together for economic and social development. Through the SHGs, 10-20 women form groups to save money by participating in economic and other non-economic activities. Apart from meeting the immediate needs of the members, the groups are a medium through which women access credit, learn habits of saving and thrift, repay loans, engage in economic and other productive activities, and work for the women's holistic improvement through education and other awareness raising activities. Moser (2002) states that the group model was implemented with the immediate aim of fulfilling a practical need, such as obtaining credit, and the long-term goal of fulfilling strategic needs. Participation in such groups aimed to address both the practical and strategic interests of poor women. The main strategy adopted was to facilitate the access of poor women to employment, upgrading of skills, training, credit and other support services so that women as a group could take up income-generating activities for supplementing their incomes. Participation in groups enables the women to become agents of change, improving their position in society, empowering them and transforming gender relations and societal attitudes.

This research study is focused on urban women SHGs engaged in the Microcredit programme in Chennai city, the capital of Tamil Nadu. Tamil Nadu is considered the most urbanized state in India, with a total population of 72,138,958 (15.6 %) comprising of 36,158,871 (15.5 %) males and 35,980,087 (16.05 %) females. The rural population stands at 37.19 million and urban population stands at 34.95 million. The sex ratio is 995 females per 1000 males. The literacy rate among men is 86.81 per cent, while the literacy rate of women is 73.86 per cent (Census, 2011). Chennai (formerly Madras) is the fifth most populous city in India. It is situated on the Coromandel Coast of the Bay of Bengal, and it is also the fourth largest agglomeration in India. It has an estimated population of 4,681,087 (7.7 %), of which males and females make up 2,357,633(6.22 %) and 2,323,454

(9.39 %) respectively (Census, 2011). Chennai is a place where most people like to settle in Tamil Nadu because of its phenomenal growth in industrial and other services. Extreme poverty topped the list of people living in the streets, with the highest being Chennai at 73.75 percent (<http://www.vakindia.org>, 2010)².

Micro financing remains a popular income-generating tool utilized by the non-governmental organizations to enhance the living standards of the poor in developing countries. A global consensus has emerged that providing small loans or microcredit to the poor is the key element to reducing poverty and improving the socio-economic development of the women (Daley-Harris, 2009). One important initiative instituted by the state government of Tamil Nadu was to set up the Tamil Nadu Corporation for Development of Women Ltd (TNCDW), intended to uplift the status of women in rural and urban areas. The Tamil Nadu Corporation for Development of Women Ltd was incorporated in 1983 under the Companies Act of 1956. Its registered office is based out of Chennai, but its operative area encompasses the entire state.

The objective of the Tamil Nadu Corporation for Development of Women Ltd is to empower women and enhance the development of their socio-economic status. One of the programmes implemented by TNCDW is Mahalir Thittam. It is based upon the Self Help Group (SHG) approach, which functions with the assistance of the International Fund of Agricultural Development (IFAD). Mahalir Thittam was implemented in partnership with NGOs to help disseminate the information of SHGs, and to provide training and monitor them. The SHGs have to register with the NGOs and the NGOs in turn registers under the Mahalir Thittam of TNCDW³. The total women enrolled in SHGs in Tamil Nadu were around 75,66,497 with a total savings of Rs. 2,973 crores ([TNCDW, 2010](#)). This shows

²<http://www.vakindia.org>, 2010

³<http://www.tamilnaduwomen.org>

the outreach of the SHGs in terms of enrolment and savings. Since the SHGs play a role in the uplifting of women by showing them how to get microcredit, mobilise the savings into capital and improve the skills and knowledge through various training programmes, it is important to study the performance of the SHGs and their contributions to the development of urban women from the lower strata.

This study aims to investigate the socio-economic conditions of women in SHGs. It focused on the participation of women beneficiaries in SHGs, and the manner in which the women experienced improvement in their socio-economic status in terms of demographics, living conditions, health, income, expenditure and savings through the implementation of the project. Their participation in SHGs would help to overcome the dominant structural barriers, and improve their socio-economic status by reducing the poverty level, and in turn result in the empowerment of women in society.

1.4 Research Questions

This study set out to examine the status of women who participated in the SHGs in Chennai city. The following are the research questions that guided this study:

1. Does women's participation in the SHGs lead to an improvement in their socio-economic conditions?
2. How sustainable are the women SHGs from the financial view point?
3. Have the SHGs succeeded in empowering women?

1.5 Research Objectives

The Objectivities of the research study are as follows:

1. To examine the nature of the economic activities of women in SHGs and their performances.
2. To identify the pattern of income, expenditure and savings of women in SHGs.
3. To study the performance of women SHGs with respect to financial sustainability.
4. To examine the role of SHGs in the empowerment of women.

1.6 Research Methodology

The data for this study is taken to reflect the objectives of the study. The research design is an exploratory study, based on using multiple sources of evidence, namely structured interviews using a questionnaire. In-depth interviews using open-ended questions were carried out to gain deeper insight with the responses given in the structured survey. The main purpose was to compare the conditions of women in SHGs before they joined the programme and after three years of the programme intervention. The data was collected from respondent using self-reporting method based on their reflection on the past conditions and present situations of living.

Field surveys were carried out in Chennai. The demographic area of Chennai is divided into 3 categories: North Chennai, Central Chennai and South Chennai. The required samples were chosen by adopting a three-stage stratified random sampling

method, the first stage being the NGO, the second stage being the group and the third stage being the group members on the basis of the demographic regions. From the 29 registered NGO's under the Mahalir Thittam , 14 NGOs are located in North Chennai, 8 NGOs are located in Central Chennai and 7 NGOs are located in South Chennai. North Chennai is the industrial epicentre in the city and also this area is adjacent to the sea Bay of Bengal. Central Chennai is the commercial heart of the city and the South Chennai is predominantly hosting a large number of IT and financial companies. The predominance of NGOs (14 NGOs) are more in North Chennai, most of the people resides here are living below poverty line as compared to other areas. From the 14 NGOs located in North Chennai 2 are selected, from 8 NGOs located in Central Chennai and 7 NGOs are located in South Chennai one NGO each are selected. The four NGOs were selected in the ratio of 2:1:1. Women SHG members from the 4 NGOs were selected for quantitative and qualitative in-depth interviews are further explained in detail in the chapter four.

The Ms-Excel and SPSS and AMOS software were used to analyse the data. These included data on the programme beneficiaries and the programme performance. Data on the former includes aspects of the target population such as their demographic and socio-economic characteristics. The data on programme performance covered the type of loans that were provided, repayment performance, savings and training to assess the effectiveness and efficiency of the programme. The significance of the correlation among the variables was tested by using appropriate data analysis and interpretation in the study.

1.7 Limitations and Scope of the study

The impact was measured as the difference in the social and economic indicators between the pre and post situations. The real impact could have been measured more accurately if comparisons had been made between a group with the programme intervention and another group without programme intervention. This may not be an accurate impact assessment

study as it does not use another group for comparison. This is considered as a major limitation of this study. This is applicable for both the qualitative and quantitative analyses.

Another major limitation of the study is that no suitable poverty index was used to measure the impact of the SHG in poverty eradication. Due to time and monetary constraints, it was not possible to do an in-depth study about the poverty index. The research used a simple World Bank estimate to study the impact of poverty.

The pre and post collection of data was based on self-reporting interviews. Also the responses are based on recall or recollections of the events based on the respondents' memory at the time of the survey. A pilot survey was conducted to ensure the reliability and validity of the data.

It is hoped that the findings of this research study would prove to be useful for government departments, NGO's, agencies and post graduate researchers who wish to do further research in the areas mentioned above.

1.8 Layout of the Study

This dissertation comprises 6 Chapters.

Chapter 1 gives the general overview of the areas covered in the dissertation, including, the background and importance of the research study, the research objectives, methodology, limitations and layout of the study.

Chapter 2 elaborates the contextual aspects of poverty in India, urbanisation and urban poverty, feminization of poverty and its results, the various poverty alleviation programs in India, the historical account of women and their development in India.

Chapter 3 focuses on the review of relevant literature which explains the history and the need for women's microcredit and SHGs, theories, principles and applications related to this study and the empirical and conceptual framework of the literature.

Chapter 4 explains the methodology, the research framework of the study and the sampling framework of both the quantitative and qualitative measures.

Chapter 5 discusses the results from the data analysis. It gives details of the statistical tests used and the interpretations made for the different variables of the study, both quantitative and qualitative.

Chapter 6 deals with the results of the various interpretations made for both the quantitative and qualitative measures. The conclusion of the dissertation offers recommendations for the improvement of the social status of women and directions for future research.

CHAPTER TWO

SOCIO-ECONOMIC STATUS OF WOMEN IN INDIA

2.1 Introduction

The context of this study is detailed into two specific segments. The first details a review on various issues of poverty, feminisation of poverty, urban and rural poverty, with greater focus given on the review of the various poverty alleviation programmes in India, while the second discussed issues related to the social standing of females in India

2.2 Overview of Poverty in India

India has recorded a consecutive period of record growth for the past four fiscal years. Its real GDP increased to over 8.5 percent per year, and it is expected to achieve a nine percent growth towards the completion of the Eleventh Five Year Plan Period (2007-2012), which places India in the club of the world's fastest growing economies (Topalova, 2008). However, this achievement is stained by the fact that India still accounts for one of the nation's having the largest concentration of hard core poor globally. It is imperative that we take into account the length at which the very needy of India have been able to keep up with the available opportunities that are the by-products of the ever growing economy. When the overall welfare of the country's large population is assessed, India faces great political pressure to solve this problem and to ensure continued growth. India's population passed the one billion mark in the year 2000. Its rate of growth had started declining from 2.2 percent in the period 1950 – 1970, to 2.1 percent in 1970 to 1990. It decreased further to 1.8 percent due to many socio-economic and political factors. The rate of poverty reduction in the past decades has been low despite comprehensive and extensive schemes. This has become an issue of vital concern since it gained independence in 1947. The

implementation of such programmes has been very slow, and it is one of the toughest challenges that the government currently faces.

According to the poverty estimates for the year 2009-10 realised by planning commission, estimated that 355 million people are living below poverty line, of which 278.2 million in the rural areas and 76.4 million are in urban areas⁴. Despite the government's effort to reduce the poverty at national and state levels, the problem still exists. At the last count, the Gross National Per Capita Income of India was US\$ 3900 in the year 2012⁵, which makes India a nation that harbours quite the number and concentration of destitute compared to any other nation. Another estimate given for India signifies a steady but sure decline into abject poverty. "The revised estimates suggest that the percentage of people living below \$1.25 a day in 2005 (which, based on India's PPP rate, worked out to be Rs. 21.6 a day in urban areas and Rs 14.3 in rural areas) decreased from 60 percent in 1981 to 42 percent in 2005. Even at a dollar a day poverty declined from 42 percent to 24 percent in 2005".⁶

The poverty rate is decreasing at rates of less than a percent annually. In order to actually reduce, or even eradicate poverty in India, the government will need to curtail or mitigate the unequal access to opportunities, which prevents the nation's poor and destitute from participating in the nation's growth (Ravallion & Chen, 2011). The eradication of poverty is dependent on a strong and committed government. It is a challenge for the economic policy makers and the politicians to organise programmes and policies that directly affect poverty. The next section of this chapter discusses the definition of poverty, causes of poverty, and urban poverty.

⁴ <http://www.census2011.co.in/>

⁵ <http://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>

⁶ <http://www.worldbank.org.in>

2.2.1 Defining and Measuring Poverty in India

Lacking the means to fulfil even the very basic necessities of life defines poverty in most cases. However, this definition is not absolute, as each country has their respective definition vis-à-vis poverty. The Planning Commission of India defines the poverty line as gauged by food intake; 2400 calories in rural areas, and 2100 calories in urban areas. The Planning Commission stated that if a group of people are incapable of meeting this caloric intake, then they are considered to be surviving below the poverty line. In 1993, the Commission drew similarities between poverty and tangible dimensions of deprivation, which posits the lack of food, nutrition, clothing, shelter, water and basic education to distinguish poor and non-poor, with food intake particular poignant in this regard. The very term of 'poverty' is by itself a concept based on relativity, as it is difficult, if not almost impossible, to draw a clear line between the rich and the poor. David Ricardo (1817)⁷ stated that, 'A MAN is rich or poor,' says Adam Smith, 'according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life.'

With this line of thought, poverty is typically gauged by the levels of income. The World Bank estimated that any person who earns less than US\$ 1 daily is considered to be below the standard international poverty line. However, the World Bank recently adjusted the daily income to US\$ 2 as the income below the poverty line. This translates to about Rs. 49 for the rural population and Rs. 57 for the urban population, respectively (Gopalan, 2006; Sharma, 2006).

Ravallion, Chen, & Sangraula (2009) have put forward two arguments for measuring the poverty line. In the first argument, the poverty line is regarded as the money metrics of utility, and mentioned that people evaluate their income relative to the mean of

⁷<http://www.marxists.org/reference/subject/economics/ricardo/tax/ch20.htm>

their country of residence. Since this argument assumes that the relative income is a source of utility, it fits into the mould of so-called “welfares”. The idea that utility limits poverty lines is uncommon, it agrees with literature regarding economical welfare measurements. The second argument put forward is that poverty lines should accommodate the differences of the cost brought forth by social inclusion. This invariably implies that expenditure are required to be expansive enough that they cover commodities regarded to have an active role in the context of dignity of social customs economic activities, or those described as being “non-welfarist”.

According to Swaminathan (2001), the majority of the people who are subsisting below the poverty line(s) are informally employed. For the vast majority of the Indian poor, the income level fluctuates from day to day. It is very difficult to identify the poor in India by using the official poverty line, due to the fact that poverty is unrealistically defined, and mostly corresponds to the cost of purchasing the minimum amount of required daily intake of calories. Fixing an indicator of purchasing power that has the capability to provide the bare minimum of necessities proves to be a monumental task. The issues of the proportion of the poor people living in India and poverty trends are serious problems that the government and other non-government organisations need to address.

2.2.2 Poverty Estimates in India

The Poverty Estimate Trends in India can be divided into three periods based on income poverty. The first period is from 1950 to mid-1970s, the second period from the mid-1970's to 1990, and the third period from 1991 to the present time. During the first period (1950 to mid-1970), nearly half of India's population lived under extremely dire conditions. For example, back in 1951, almost 47 percent of the population living in the rural areas were classified as living below the poverty line. It increased to 64 percent between 1954 – 1955,

decreased to 45 percent from 1960 to 1961 and increased to 5 percent in 1978. During the second period (mid 1970's to 1990) the poverty level declined significantly. The rural income poverty fell from 51 percent to 39 percent, and further descended into 34 percent, in the period of 1989-90 (Planning commission, 2012).

During the third period after 1991, the National Sample Survey (NSS) data showed that the level of poverty in India had significantly changed. The rural income poverty rose from a mere 34 percent (1989-1990) to almost 43 percent (1992), and decreased again to 37 percent (1993- 94). This is because of the reason that the contribution of agriculture sector has lagged as compared to the other sectors. The contribution of agricultural sectors was less than half of the rural GDP. Meanwhile, the urban income percentage had increased, at 33.4 percent (1989-90) to 33.7 percent (1992), and fell again to 32 percent (1993 – 94). From 1994 to 1998 the level of poverty declined drastically. The period 1999-2000 showed the poverty level in rural areas at 28.3 percent, while the urban area level was at 27.5 percent. This is because of the process of rural transformation out of agriculture toward the non-farm sectors which resulted in generation of non-farm employment opportunities in rural areas. The urban growth and development in infra-structure increased more opportunities in urban areas.

As the government agency responsible for estimating poverty in India, the Planning Commission had been active in engaging both the absolute number and percentages of the poor at national and state levels. In order to effectively complete this task, they employed the Expert Group Committee under the chairmanship of Prof. D.T. Lakdawala (Expert Group on the Estimation of Proportion and Number of Poor) since March 1993. This method places emphasis on gauging poverty from data gathered from large sample surveys on the household consumer expenditure that was carried out by the National Sample Survey Organisation (NSSO) of the Ministry of Statistics, along with its

implementation. The utilisation of this method allows the Planning Commission to release the poverty estimates for different time periods in India.⁸ The National Sample Survey by state, rural-urban poverty lines for the years 2004 – 2005 are given in Appendix 1. This data displays the success in gathering data from two differing consumption distributions (2004-2005). The amount of the population that lives below the poverty line, in terms of percentages for the time period 2004-05 is given in Appendix 2. Table 2.1 below shows the poverty rates of India between 1983 and 2005.

Table 2.1: Poverty Rates of India between 1983 and 2010

Poverty Rate (in percentages)			
Years	All India	Rural	Urban
1983 *	44.5	45.7	40.8
1987-88 *	38.9	39.1	38.2
1993-94 *	36.0	37.3	32.4
2004-05 *	27.5	28.3	25.7
2009-10 **	29.8	33.8	20.9

Poverty rate is defined as the share of the population below poverty line.

* shows the poverty estimate by Lakdawala committee ⁹

** shows the poverty estimate by Tendulkar committee

Source: National Sample Survey Organization Fund staff estimates

The poverty estimates clearly state that poverty afflicts not only rural areas but also urban areas. It is therefore prudent to assess the role of both urbanisation and urban poverty for a better comprehension of the effect of Indian poverty to its development. Later in the year 2009 Tendulkar Committee was constituted under the chairmanship of Prof. Suresh Tendulkar to review the methodology of poverty estimation. This committee recommended poverty estimate based on uniform ‘poverty line basket’ (PLB) to both rural and urban population with explicit provision in price indices for private expenditure on health and education.

⁸ <http://www.planningcommission.org>

⁹ http://www.planningcommission.gov.in/reports/genrep/re_hasiml701.pdf

2.3 Urbanization, Urban Poverty in India

2.3.1 Urbanization: an Overview

The term “urban” refers to an area which has a high population density, combined with a predominance of industries and services, which provide them with sources of income and employment. Cities are rife with chances for both economic and social developments, as they create employment and generate income via large-scale businesses. There is a need to sustain and increase urban productivity for the growth of the economy. The national economic growth and poverty reduction efforts are highly dependent on the productivity of cities and towns. In order to realise a globalised urban-system in India; the focus needs to be upon growth and productivity, and it is important to develop the cities in India. This depends on the financing of urban infrastructure.

The level of urbanisation forms the indices of the socio-economic structure of a region, due to the fact that urban centres are crucial in the context of economic development. Statistically speaking, urbanisation denotes the ratio of urban population to the total population size of a designated area. Almost 50 percent of the global population call a city their home. Most of the city growth occurs in developing countries. Cities that are inhabited by more than 10 million people are aptly dubbed mega-cities. Projection indicates that by 2015, 22 out of the 27 mega cities would be located in developing countries.¹⁰ Almost 37 percent of global citizens make cities their home. This rose to 45 percent in 1995, followed by an increase to almost 50 percent in 2005.

The development of the economy precipitates the migration of the rural population from rural areas to urban cities, which in turn catalyses urbanisation. The advent of urbanisation creates economic opportunities for the burgeoning labour force, although it also places undue pressure on the environment. In the context of the third world, the natural

¹⁰<http://www.urbanindia.nic.in>.

growth of its population forms the largest factor in the urbanisation of a locality (Athar Hussain, 2009). Migration is precipitated by an existing income disparity between rural and urban settings. The rate of urbanisation, which is by itself strongly correlated with the per capita income, tends to lean towards the higher categories. This is complemented with the employment that is available in cities, which forms a strong driver of economic growth (Gilbert, 1992). The urban sector has a competitive edge over the rural sector on the overall economic growth.

The population of the urban areas relative to the country stands is estimated to be about 32.8 percent (Census, 2011), whereas it was estimated to be only 25.7 percent in the 1991 census. This shows an increase of about 2.1 percent in the proportion of urban population in India (1991 to 2011).

When the absolute number of people living in an area is taken into account, the state of Maharashtra is first, with a total of 41 million people in it, making up a total of 14 percent from the total population of the country. Uttar Pradesh comes in second, accounting for about 35 million people, followed by Tamil Nadu, with 27 million people. Thus, the rural-urban migration forced people to work in the informal sector which resulted in lower wages and forced them to live in poor living conditions with lack of basic amenities. This is one of the major reasons for the existence of urban poverty (Sadah Shamsad., 2008; Tim.C, 1989).

2.3.2 Urban Poverty: Definition and Characteristics

Urban poverty has not been given any definite or precise definition. However, two broad complementary approaches have evolved from the interpretations given by the economists and anthropologists. The common definitions uses income or consumption that are added along with the other social indicators, such as life expectancy, infant mortality, nutrition,

the proportion of the household income spent on food items, education, amount spent on school enrolment, access to hospitals or drinking water are used to classify the poor people. (Wratten, 2009). Another alternative definition used by the anthropologists and social planners working with rural communities in the developing countries are the non-material deprivation and social differentiation (Satterthwaite, 1995). The study of Masika (1997) states that anthropological interpretations give greater value for the qualitative dimensions, such as independence, security, self-respect, identity, close and non-exploitative social relationships, decision-making freedom, along with legal and political rights.

The main reason for the rapid increase in urban population is the migration of the labour force from rural areas because the rural agricultural workers could not sustain themselves on the limited viable land, or compete with modern cultivation techniques. This resulted in their migration into cities in search of work and for better life; however, this is hindered as they lack the work-related skills to enter the formal urban sector. This has forced them to find work in the informal urban sector. Urbanisation is attributed to acute poverty in rural areas, instead of available economic opportunities in urban areas (Yesudian, 2007). Existing poverty in urban areas are a reflection of rural poverty in most developing countries. Cities offer rural migrants a possible escape from joblessness, underemployment, oppressive agrarian conditions and low-productivity subsistence work. However, the number of potential migrants among the rural poor is too great for the urban economies to absorb and integrate. Thus, rural poverty puts pressure on the urban labour processes, and contributes to the growth of low income strata in the cities, and this causes the urban- rural gap to widen and increases the levels of urban poverty.

However, a debate is raging on whether urban poverty actually differs from rural poverty, and whether the policies enacted to address both issues should focus on different aspects instead. Certain researchers feel that both rural and urban poor are correlated, and

needs to be considered as a unit, as such, they have many common structural causes such as socially erected difficulties to opportunities and macroeconomic policies. The rather salient connection between the two has been pointed out countless times, as the households have both urban and rural components (Satterthwaite, 1995).

According to Anzorena (2002), urban poverty has several characteristics. They include inadequate income, asset and shelter, lack of provision of public infrastructure, provision of basic services like schools, health care, public transport system and limited basic consumption.

The rights of the poor via the operation of the law, civil and political rights and health are neglected and discriminated. Due to bureaucratic structures, they receive less support initiatives from the political systems.

2.4 Feminization of Poverty

In the process of urbanisation, female migration had increased, despite the constraints on women are imposed by both family and society, due to the fact that households are in dire need of income, along with the increased job openings available for women (Unides, 2010). On the other hand, the process of urbanisation tended to affect the gender roles, relations and inequalities, and thus had resulted in more feminisation of poverty (Chant, 1997).

In 1978, Diana Pearce published a paper, which invariably states that the United States has “feminised” the concept of poverty. She went further by stating that the economic status of women has been experiencing a steady decline (1950-1970s), with nearly two-thirds of those regarded as poor are women above sixteen years of age. Pearce’s argument was largely related to the status of women, until the mid-1990s (Pearce, 1978). The Fourth UN Conference on Women of 1995 stated that nearly seventy percent of the world’s poor is female. This prompted the organiser of the Beijing Platform for Action

(BPFA) to include feminisation of poverty as one of the twelve critical areas for eliminating the unending and increasing problem of poverty among females.

The UN Report of 1992 stated that “the number of rural women living in poverty in the developing countries has increased by almost fifty percent over the past 20 years to 565 million. Of this number, 374 million are in Asia and 129 million in Sub-Saharan Africa”. Meanwhile, the poverty levels within rural men increased by thirty percent, and among women it had increased to forty-eight percent over the past 20 years (Power, 1992). According to Wennerholm (2002), the very feminisation of poverty is not only responsible for putting the spotlight on the squalid conditions these women are living in, but also serves to highlight the effect of the implementation of macro-economic policies on women, which resulted in women increasingly being called to take part in the process of development and promotion of consciousness of the presence and vulnerability of female-headed households.

Hence, it can be concluded from the literature that the female poverty is characterised as follows: i) Women are prone to higher incidence of poverty compared to men ii) the level at which women suffer poverty is more severe compared to men (extreme poverty) iii) The suffrage of women vis-à-vis poverty is more long term than short iv) The weight of poverty on women is disproportionate relative to men v) women are hindered from escaping poverty due to the inherent barriers that exist vi) Feminisation of poverty is direct correlated with the feminization of household headships vii) In the poor category, Women- headed households are the lowest in the hierarchy, and viii) Households with female headships transmit poverty to their children. These characteristics translate into different degrees of effect on both social and economic conditions of the poor in different zones.

Beginning in the fluctuation of what is defined as a family, there are significant changes over the last three decades, due to poverty in female-headed households. There are

many demographic trends that are important. The first of these factors is the fact that the age of marriage has invariably increased. Young women were married off at the age of 20, while men were married at the age of 20 back in the 1950s. This is not the case currently, where typically, men are married at the age of 26, while women at 24. The second major factor of change is the increasing numbers of divorces, which has the unintended effect of more women living separately from men, and are thus increasingly self-reliant. Informally, it is common knowledge that women are paid less in some industries, chief among them are industries that are informal in nature. Being employed in these industries increases the oft-chance that a woman might end up being poor(er). Marriage no longer offers security, as more couples engage in relationships outside of marriage, which raises the chances of women bearing children out of wedlock. The family burden falls on the shoulders of women, and this result in more female-headed households.

In developing countries like India, Pakistan and Sri Lanka, the females heading the households are predominantly widows and widowhood is the main cause of deprivation, both socially and culturally. Moghadam (2005) came to the conclusion that regardless of the criteria or perceived measure taken, female-headed household will come in at the bottom. As such, it would be justified for widows to receive social assistance. Lipton (1994) pointed out that women in India are underrepresented in poorer households, but also took note of the fact that households headed by widows lacking the presence of adult males are depend on child labour. Thus, the female poverty chain continues, and it results in another problem, child labour.

The social position of women today portrays them as being neglected legally, politically, culturally, and also subjected to discriminations on religious grounds. These issues serve to highlight the fact that the effect of poverty on women are more severe not because they earn a lower income, but because of their inequality that is rooted in the lack

of resources, political right, scuttled social options, on top of being especially more susceptible to risks and crises. There is discrimination against women in terms of health and nutrition, originating from the households practising female infanticide. These reasons exhibit the “missing women syndrome”. According to Dreze & Sen (2001), India suffers what is known as a demographic shortfall, affecting a total of 10 million women. The intra-household inequalities and preference of sons in developing countries such as India is owed to the commonly held belief that men and boys are more beneficial vis-à-vis economic contribution to the household, and the fact that boys are considered assets of the family parents’ insurance policy in the advent of old age or retirement. In contrast, women are regarded as being unable to generate income at a level rivalling men, and a burden to the family, as the cost of marriage is exorbitant. These economic calculations with gender bias have led families to invest less. This contributes to women having less self-control and decision-making powers which, in turn, force them into the black hole of poverty.

Structural adjustment in the developing world of the 1980’s became a euphemism for radical experimentation in free-market economics. (Sahn, Dorosh, & Younger, 1999). In developing countries there is a need for the federal government to concentrate more on the welfare issues. But in reality the government spends less on things like health, education and development rather the structural adjustment policies focuses on debt repayment and other macro-economic issues.

Still, women are more vulnerable to poverty due to the ingrained gender bias in the context of household resource allocation, decision-making, public policies and legal codes. The status of women in the historic and pre-independence times clearly shows that women have been left out from the development of the society which was one of the main causes for their vulnerability. The next part of the chapter discuss about the various policies for women development in India.

2.5 Policies for Women Development in India

During the Post-Independence period, the government has made an enormous effort in enhancing the socio-economic status of Indian women. The first of the social reforms was the abolition of Sati. After independence, the government focussed on giving women equal status in every aspect of life.

The Constitution of India resolved to grant all of its citizen's social economic and political justice, liberty of thought, expression and belief, equality of status and opportunity, dignity of the individual and the unity of nation (Joseph, 2005).

Every major policy and plan emphasised the perspective role of women and expressed its concern. The *First Five Year Plan (1951-1956)* stated that the federal objective of planning in India was to increase the people's living standard, and offer them opportunities to improve their respective lives. This plan emphasised social services like health, education, sanitation, housing and rehabilitation to build up human capital. However, the *Second Five Year Plan (1956-1961)* persisted in a welfare approach. The participation of the female work force stood at 27.96 percent as against 57.12 percent for males. (Prasant, 2003). The *Third Five Year Plan (1961 – 1966)* is more focused upon the enhancing of female education as part of the strategy to improve and develop the status of women. However, efforts in providing condensed courses for adult women on health, nutrition and family planning were continued throughout this period, and were subsequently continued into the next plan period (1966 to 1969). This subsequent period was declared as a planned holiday by the federal government, due to severe drought and other related economic issues. Instead of Five Year Plan, three different Annual Plans were formed to meet the needs of the nation. There were no positive results from these programmes as the government had other major issues to focus upon.

The *Fourth Five Year Plan (1969 – 1974)* and the *Fifth Five Year Plan (1974-1979)* continued its emphasis on poverty, education, the attainment of economic equality and social justice as its key objectives, and female literacy as the secondary objective. During this time period a concrete measures were taken to shape the policies and programs against women. In 1974 a ‘Status Committee Report’ was published by Dr. Veena Muzumdar named “Towards Equality: Report of the committee on the status of women in India”. It highlighted the fact that women did not enjoy any rights and privileges in the constitution of India. This resulted in a holistic and comprehensive examination of all rights and status of the women. This provided the guidelines for the formulation of social policies for women development in India.

It was only the *Sixth Five Year Plan (1980 – 1985)* that left its mark in the history of women’s development. The focus of this plan was to alleviate the working conditions of women, along with simultaneously raising both their economic and social status. Programmes such as Integrated Rural Development Programme (IRDP), Training of Rural Youth of Self Employment (TRYSEM) and programmes specifically targeting at women such as the Development of Women and Children in Rural Areas (DWCRA) were established. (Sundram, 2001). The main aim of the IRDP and TRYSEM programme was to assist the poor rural families and provide them with sufficient resources and employments in order to upgrade their standard of living and reduce their poverty level. (Jayaraman, 2005). This continued into the next *Seventh Five Year Plan (1985-1990)*, where for the first time, the federal government created a separate department called the Ministry of Human Resource Development for the development of women and children at the national level. The Women Development Corporation had been setup by a few state governments, including Tamil Nadu, for training, along with providing employment for women hailing from the more desperate sector of society. The overall approach of this perspective plan

was to deal with women in a holistic manner. During the period from 1990-92, the government did not have a plan.

The *Eighth Five Year Plan (1992-97)* emphasised human development as their ultimate goal. Most of its programmes were geared towards the elimination of poverty and reducing unemployment. The integrated rural development strategy and approach were introduced, with the explicit objective of economic growth and poverty alleviation. This plan, which covered the era of economic liberalisation and market-friendly economy, has enabled women to function, to a certain extent, as participants and equals in the development process of the nation. It intends to create employment, contain population growth, eliminate illiteracy, make elementary education compulsory and widespread, improve healthcare facilities, and provide potable drinking water (Krishnaraj, 1988). Also, in the context of women's development, the Eight Plan marks a shift in the approach from participation to empowerment. (Gulati, 1995).

The 73rd and 74th Amendment Act of 1993 to the Constitution of India reserved a third of seats in local bodies of Panchayats and Municipalities specifically for women; laying a strong foundation for their active partaking in the decision-making process at local levels. As mentioned earlier the Fourth World Conference on Women, which was held under the auspicious head of the United Nations at Beijing in 1995, strengthened the social support network system for women and provided many employment opportunities to women.

All these positive results laid a strong foundation for SHGs in India under the SGSY programme to work during this period. This programme, which aimed at providing the women with proper training and arranging credit for them to start their own businesses, and also helped them by providing the necessary infrastructure and opened them to a wider

market. The success of this process and programme encouraged the banks and agencies to partake in it as well.

During the *Ninth Five Year Plan (1997-2002)* women, for the first time in the history of planned development, were given a sub plan, which was pragmatically different from the earlier plans and focused on their growth, equality and participation. In preparation for the Ninth Plan, an approach plan had also been developed by the Planning Commission, which was accepted by the National Development Council. The strategy laid out in the component of women's plan in the Ninth Plan contain a provision for ensuring that 30 percent of benefits or funds from all ministries and departments were allocated for women. The plan coordinated and organised the existing services, resources, infrastructure and manpower that were currently available for both women-specific and women-related sectors. It also recommended that special attention be paid to ensure that funds or benefits were directed to programmes that had a holistic approach towards empowering women (Srivastva, 2008). The plan further proposed that the empowerment of women, both social and economic, envisaged the promotion of self-sufficiency for women and aimed at gender equality.

The *Tenth Five Year Plan (2000-2007)* emphasised the development of women utilising a group approach to eliminate gender discrimination and regional imbalances in socio-economic development. Over the last two decades, government and non-government organisations and donor agencies have become acutely aware of the actual status of women. On one hand was the women's economic need to earn, while on the other, the vulnerable socio-economic role of women in developing countries made it difficult for them to actually do much. Despite this, there were actually some positive indicators regarding women development. As a case in point, the presence of women in the

parliament rose from 4 percent (1952) to 8.9 percent (2001), which is rather insignificant compared to developed countries.

At the village and district levels, nearly one million women are heads and members of the local government institutions. Although, when taken in the absolute context, the number of females increased to 21.79 percent in a decade; the ratio of male to female is still conclusively lower than what it was a hundred years ago. However, the greater efforts of the government and initiatives from the NGOs and other welfare organisations have improved the status of women, and brought about the empowerment of women at different levels of approach and practice in the different states.

The debate on finding and implementing policies for poverty reduction has been going on for the past three decades. The next part explains the various poverty alleviation programmes in India.

2.6 Poverty Alleviation Programmes in India

The economic growth undergone by India in the past decade has not been enjoyed on an equal basis by everyone, where some segment of society are lagging, while some are not even able to experience the benefit of these growths. This occurrence can be explained by a few factors; the modern economy is technology-driven, which transfers the technology from a labour-intensive to a capital-intensive economy. (Yesudian, 2007). In a nutshell, the advent of modern economy does not generate as much job; due to the fact that it sometimes replaces the labour into machines. This causes more unemployment, which is one of the prime causes of poverty in India.

The economic reforms are not widespread, and have not delivered prosperity to regions that need it the most. The division of these benefits are mostly unequal, with some segment of the society unaware of any benefits due to them. There exists a wider gap

between small sections of society which enjoys all the resources of the economy, whereas a majority of the population merely exist without meeting their basic necessities. Such groups lack the means or capacity to take part in the economic development process, and require direct government intervention in order to ensure that they do not lag behind the development process. These groups require welfare measures that alleviate poverty, which will help improve, or even eliminate, their dire economic and social conditions.

Beginning the 1950s, the Indian government has started, sustained and refined multiple planning schemes to lift the poor out of their dire situation. The elimination of poverty, in the Indian context, is considered a long-term aim. This is reflected in the fact that one of the guiding principles of planning in India has always been the alleviation of poverty among its subjects.

2.6.1 Rural Poverty Alleviation Programmes in India

The federal government categorises rural poverty alleviation programmes into four broad areas: into self-employment, wage employment, food safety and social security programmes. Apart from the federal programmes, each state government has additional programmes to reduce the severity of poverty in their areas. The Self-employment programme began in the 1970s, situated in rural areas as the *Integrated Rural Development Programme (IRDP)*. The main aim of this programme is to diversify and increase the income sources of small farmers and landless labourers. The beneficiaries of this programme were provided with subsidised credit, along with training for productive employment opportunities, so that they can generate their own employment opportunities to increase their sources of income. (Yesudian, 2007).

IRDP was plagued by many shortcomings, as the credit was given to poor, landless labourers who lacked entrepreneurial skills. This resulted in the mismanagement of investment, and the collapse of micro enterprises. The attitude of the banking systems was

totally indifferent, as they hesitated to provide credit facilities to these poor landless labourers and the benefits went to the non-poor workers. The marginal impact of the self-employment programmes made the Planning Commission to set up a committee to assess both the self-and wage-employment programmes (1997). The result of this assessment caused the committee to suggest that the individual beneficiary approach should be changed to a group-based approach.¹¹ As a result, the government replaced the prior programme with *Swarnajanthi Gram Swarozgar Yojana (SGSY) Programme (1999)*. The SGSY paid attention on groups that lend money, or are focused upon the development of micro enterprises. It is also a credit-cum subsidy programme, where credit is considered as the major component, while subsidy is considered as its minor component. Banks were comfortable in providing credit to the SHG members.

The main objective of the *Wage Employment Programmes* was to supply the poor with a source of income during lean agricultural seasons, as well of floods, droughts and other natural calamities. Under this programme, the villagers improve the village's infrastructure, usually by deepening the village ponds, constructing village schools and improving rural roads. This programme not only created jobs, but also developed the infrastructure and public assets. The *National Rural Employment Programme (NREP)* and *Rural Landless Employment Guarantee Programmes (RLEGP)* was started in the Sixth Five Year Plan to support the wage employment programme. These two programmes were merged in April 1989, into the *Jawahar Rozgar Yojana (JRY)* programme. The JRY was meant to generate jobs for the unemployed and underemployed in the rural areas via the creation of economic infrastructure, community and social assets. Its performance however, proved lacking, due to the fact that over time, only a handful of jobs were created. This is mostly blamed on the lack of funds for this programme.

¹¹www.planningcommission.org

The JRY was revamped in 1999 into the *Jawahar Gram Samridhi Yojana (JGSY)*. This programme had the secondary objective of developing the rural economic infrastructure through employment generation. The programme was put into place by the village panchayats, and created specific benefits with regards to the scheduled castes and tribes. This programme was not a great success, as its implementation was left to the panchayats, many of whom lack the formal training and skills required to successfully implement a programme of this magnitude. Funds were lacking, and the programme was plagued by the occurrence of corruption at all levels.

The *Employment Assurance Scheme (EAS)* was launched in 1993, covering 1,778 drought-prone desert and tribal and hill area regions. The EAS was designed to provide manual work during the lean agricultural seasons. The work that is going to be carried out is expected to lead to sustained economic and social infrastructures. At the initial levels, the scheme was mostly driven by demand, however, since 1999; the resources were allocated based on the levels of poverty of individual states.

The *Food for Work programme* was launched mainly to channel the food distribution to the people who were below the poverty line, and were unable to meet their basic needs. Starvation and hunger seemed to be present everywhere in the country. As a poverty alleviation programme to overcome this serious issue, the Public Distribution System (PDS) is important. This programme intends to enhance the security of food via wage employment; where edible grains are shipped to states free of charge.

Sampoorna Gramin Rozgar Yojana (SGRY) was started in 2001. The three different programmes, JGSY, EAS and Food for Work Programme were merged into one single programme called SGRY. Among the main objectives of these programmes were to generate wage-sustained jobs, come up with a durable economic infrastructure in the rural areas, and also the sustained food and nutritional shipment to the poor. The work associated

with this programme is often labour-intensive, and the workers involved with them usually earn minimum wages. Payments are often done in cash or in kind, mostly edible grains. The cost of the programme is borne by both the federal and state government, at a ratio of 75:25.

Social Security Programmes were designed for those who make up the very bottom of the BPL, basically those who are destitute. The central government launched the National Social Assistance Programme or NSAP in August 1995. Under NSAP, there are three schemes. They are National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS), and National Maternity Benefit Scheme (NMBS).

The federal government sponsors these programmes; however, their guidelines are bereft of any understanding of the local conditions. The hierarchical nature of these programmes had caused it to be underutilised. Since the advent of the Ninth Five Year Plan, the federal administration is active at every level in the wage employment programme, which benefited the poor. It came to a point where the self-employment programmes were actually enhanced over a period of time by the Self Help Group (SHG), which was initiated through the SGSY programme. This was totally managed by the government, and it helped alleviate poverty.

2.6.2 Urban Poverty Alleviation Programmes in India

As explained in the earlier part of this chapter, the rural poor migrated to towns and cities to search for jobs that will give them a better livelihood. Their income is lower, and they live below the poverty line in slums without any basic amenities. Estimations indicate that almost a quarter of the population in large cities call the slums home. The government is taking a dual approach to improve the standard of living of the poor in the slums by providing them with basic amenities.

The *Nehru Rozgar Yojana* is a self-employment and wage employment programme in the urban area. It has three schemes, Scheme of Urban Micro Enterprises (SUME), Scheme of Urban Wage Employment (SUWE) and Scheme of Housing and Shelter Up gradation (SHASU). The beneficiary of this programme may choose to receive an additional loan of Rs.19, 500 from the Housing and Urban Development Corporation (HUDCO). These programmes are designed with the improvement of the living conditions of the urban poor in mind, especially the slum dwellers, who form a large group in the urban areas.

The largest urban poverty alleviation programme that is currently operating is the *Urban Basic Services for the Poor (UBSP)*. This programme is largely based on the tenets of communal and environmental development. The implementation of this programme covers a total of 25 states and 6 union territories, encompassing 296 cities. This programme is a joint partnership of the government at the state, central, city level, along with NGOs and UNICEF. In contrast to other urban poverty programmes, which are created with specific objectives, the UBSP differs in that it encourages communities to tailor their own plans in accordance with local needs. UBSP has strong health, water and sanitation components (Yesudian, 2007). The three urban poverty alleviation schemes namely Urban Basic Service for the Poor (USBP), Nehru Rojgar Yojana (NRY) and Prime Ministers Integrated Urban Poverty Eradication Program (PMI UPEP) are clubbed into a new scheme namely Swarna Jayanthi Shahari Rojgar Yojana (SJSRY) in the year 1997. This program provided self employment opportunities to the urban unemployed and under employed. The SJSRY is funded on the basis of 75:25 between central and state governments. SJSRY consists of two special schemes Development of Women and Children in Rural areas (DWCRA) and Development of Women and Children in Urban areas (DWCUA). After few years the government changed the name of DWCRA and DWCUA as Self Help

Groups. Where the women functions as a group to set itself as thrift and credit society. The groups can avail grants worth of Rs. 25,000 from this scheme. This opened a way to the development of SHGs in the urban and rural areas.

Almost half of the population in states such as Tamil Nadu and Maharashtra are urban dwellers. The state government, cooperating with the federal government, are coming up with plans to mitigate problems related to the urban poor.

The poverty alleviation programmes helps in the development of the nation in one hand, on the other hand there is a need for a strong development of financial sector. The following part of the chapter will look into this in greater detail about this.

2.7 The Development of Financial Sector in India

The majority of people in developing countries like India are caught in a poverty trap because their collateral-stable assets hinder them from using formal credit mechanisms. This results in poverty. When poor people cannot access formal institutions, they seek credit from moneylenders. These informal institutions exploit the poor people and play a dominating role in credit creation. In the post-independence period, the government wanted to end the regime of the laissez-faire domination of the informal institutions.

In the pre-independence period, the growth of the banking sector was very slow, and was mostly controlled by the private sector. They experienced periodic failures between 1913 to 1948. As a result, the general public practically lost their confidence in the banking institution. The deposit mobilisation was rendered to a crawl, while most funds were handed over to the traders. Banks were minuscule then. To streamline the banking activities, the government introduced the Banking Regulation Act in 1949. In 1948, the Reserve Bank of India was given extensive powers as a Central Banking Authority to supervise the banks in India.

In the post-independence period, the federal government of India implemented measures in order to allow it to play a more direct and active role in the economic life of the country. This precipitated a much more involved state with respect to the different segments of the economy, which included both banking and finance. The Imperial Bank of India was nationalised in 1955, which was itself introduced with the explicit aim of reaching out, via banking, to the rural and semi-urban areas. This aim prompted the formation of the State Bank of India, mostly acting as a principal agent of RBI in handling banking transactions of both the Union and State governments. Within half a decade, the State Bank of India were operating 415 branches, exceeding their original target of 400. This tiny bit of history serves to show that the period between 1955 to 1959 marks the beginning of public-sector banking in an independent India.

The major process of the nationalisation of banks was carried out on the 19th July 1969. The nationalisation of fourteen major commercial banks in the country was largely the efforts of then Prime Minister of India, Mrs. Indira Gandhi. Jayaprakash Narayanan, one of India's national figure and leader, remarked that this step was a “masterstroke of political sagacity”. This was followed by a second wave of bank nationalisation, involving seven more banks in the 1980s. Nationalisation effectively brought almost 80 percent of the banking sector under government purview and ownership. Post-nationalisation saw the increased number of branches of the banks throughout the country.

The year 1969 saw the extensive earmarking of a substantial amount of banking resources to meet the credit needs of the poor. The nationalisation of the banks was due to several factors; chiefly among them were the capability of extending financial services to underutilised and generally neglected sectors. (Singh, 2007). This also served to improve public confidence in the institution of banking, due to it now being under the purview of the federal government. It was recognised that the non-availability of credit was the main

reason for the ills of the poor. In response to this, the banks instituted many pro-poor financial services that were duly sanctioned and given implicit support by both the state and federal governments.

During the 1970s, market failures limited credit flow to the poor, with women being the most affected. In order to overcome this problem the Reserve Bank of India took many steps. A special programme, dubbed the 'priority sector' was implemented, and neglected sectors and under-privileged borrowers were being given both attention and support. Public sector banks were instructed to extend credit to the agricultural sector, small scale industries, and self-employed individuals.

In the 1980s, the government of India launched the Integrated Rural Development Programme (IRDP), which was quite a substantial poverty-alleviation credit programme, aiming to supply the poor with government-subsidised credit via banks. Its purpose was to provide the poor with inexpensive credit and with enough finances to lift them out of the poverty. The government also introduced the Jawahar Rozgar Yojana to uplift the economic conditions of rural women and children. After that, they introduced the Training Rural Youth for Self Employment (TRYSEM) programme.

In the 1990s, the Narasimha Rao government embarked upon the policy of liberalisation and licensing of many small private banks in India. This period created a new generation of the banking sector. Though there was a revolution in the banking sector, the Narasimham Committee Report of 1992 stated that the productivity, efficiency and profitability of the banking sector were progressively declining. Still, many of the poor remained beyond the reach of established financial institutions, which precipitated the call of using micro finance programmes to mitigate this.

NABARD (National Bank for Agriculture and Rural Development) was set up by the Government of India as a development bank, aiming to facilitate credit flow for the

purpose of agricultural promotion and development, along with integrated rural development. The mandate is inclusive of all economic and allied activities in the rural zones, simultaneously promoting sustainable rural development, and ushering rural prosperity. The Government of India, in conjunction with the Reserve Bank of India, supplied a capital base of Rs.2000 crores to NABARD. With this advent the government need a strong system to initiate the capital and sustainable development.

In 1991, the Reserve Bank of India encouraged commercial banks to establish relationships with non-governmental organisations and SHGs. In effect, NABARD issued certain guidelines for a pilot project involving the creation of relationship between banks and SHGs (1992). “Such linkage programmes led to an increase in loan volume to and by SHGs, a shift in lending patterns from non-income generating activities to productive ventures. This ensures an excellent repayment rate and a significant reduction in transaction costs. These developments have also contributed to the empowerment of women in and through the SHGs” (NABARD, 1999).

The success of the micro finance programme prompted the government to adopt it as a poverty-alleviating instrument, which serves as a vehicle in improving the conditions of the poor. NABARD was instructed to extend the schemes in order to promote SHGs as a conduit to increase funds for rural micro enterprises. The banks were also advised to package microcredit as pivotal to their corporate strategic plan.¹²

¹² http://www.aidindia.org/aipsn/health/microcredit_entprises.htm

The federal government implemented certain measure to guarantee the effective credit delivery via microcredit institutions and SHGs, which formed imperative vehicles for the purpose of income generation on a much larger scale. The micro financing thus targeted to create access for women to the financial services, which was crucial to the development of SHGs in India.

CHAPTER THREE

MICRO CREDIT AND SELF HELP GROUPS IN INDIA

3.1 Introduction

This chapter will discuss the development of literature in the areas of microcredit and SHGs in India with reference to poverty reduction and women empowerment. It will review past studies conducted in the above mentioned areas. Also it will offer the underlying theories which form the basis of this study.

3.2 Microcredit and Development

The advent of micro credits can be backtracked all the way to the mid-1980s when the theorist, Lysander Spooner in 1846 extol the virtues of providing small amounts of credit to both entrepreneurs and farmers in order to mitigate the severity of poverty.

Throughout history, informal sources of credit have proven to be the most popular and widely-used method of gaining access to funds. Informal credit was the norm in communities, where there were no micro-finance institutions. It operated on a voluntary basis, with verbal promises to lend and repay. Family members, close friends and distant relatives, as well as neighbours, have all been sources of credit at one time or another (Drolet, 2006). Other informal sources have included the actual goods and services exchanged through bartering or other types of agreements between traders. It was only recently that credit had become more formalised through financial institutions serving the poor (Joseph, 2005).

The history of microcredit is deeply rooted in Asia. The past decade saw the implementation of microcredit schemes into many developing economies. Some famous examples include the Grameen Bank of Bangladesh, Banco Sol of Bolivia, Bank Rakyat of Indonesia, and the SHGs of India.

The origin of the Grameen Bank can be traced back to Prof. Muhammad Yunus, a banker and an economist based in Bangladesh (1976). The Grameen Bank System of group lending has created the basis for this system. The main objective(s) of the Grameen Bank was the provision of extensive banking facilities to the poor in order to eliminate the exploitation rampant among moneylenders, create job opportunities, and through this, increase the income level of the poor¹³.

During the period 1997-2005, the total number of people being granted microcredit increased from a mere 13.8 million, to a whopping 113.3 million, with 84 percent of these being women (Supriya Garikipati, 2008). The past 30 years have witnessed a great boom in micro financing. By year's end in 2006, 3,316 microcredit institutions stated that they manage to secure more than 133 clients, with about Rs. 92.9 million 2009 (Daley-Harris, 2009; Deininger & Liu, 2009).

3.2.1 Definition of Microcredit

Anderson, Locker, & Nugent (2002) define microcredit as the provision of small amount of loans to support income generating activities to the poor in developing countries. NABARD (2010) states, "Microcredit refers to provision of small amounts of credit to the poorest of poor who were not served by the formal financial institutions for many reasons and remain unreached".

A. Rahman (1999b) posited that microcredit is the provision of financial services to the poor. It is formed by the extension of small amounts of collateral-free loans to individuals or jointly-liaable group members for the purpose of self-employment opportunities for income generation. Microcredit is lending small loans to the self-employed poor, and is also called micro finance and micro lending. The Microcredit

¹³<http://www.grameen-info.org>

Summit Campaign (1999) confirms the fact that Microcredit programmes extend small loans to the poor for the purpose of self-employment project that are income worthy, which allows them to improve both themselves and their respective families. (Daley-Harris, 2009)

The Master Circular of the Reserve Bank of India (2008) mentions microcredit as the provision of saving, credit and other financial services and products of very small amounts to the poor people living in rural and urban areas for helping them to increase their income levels and their standard of living. Microcredit institutions are those, which provide these facilities. Hence, microcredit lacks a standard definition. In order to streamline regulations, financial institutions that were unaffiliated with banks are entitled to exemptions from RBI regulations if these institutions grant loans for a dwelling unit in the excess of Rs.50, 000 till Rs.125,000 (Kothari & Gupta, 2007). This posits microcredit as the conduit through which growth can be realised, whether in the context of social, cultural, political or economic channels. It grants empowerment and self-reliance to the people without the support of financial aid or subsidies. However, realistically speaking, the poor needs better access to many other financial services, such as a micro savings and insurance, along with both social and economic security. Thus, a new approach of finance, namely micro finance, comes into existence.

3.2.2 Microcredit vs. Micro Finance

Micro finance is broader than microcredit. It is widely understood that micro finance is an approach that places more emphasis on the provision of financial/social intermediation. What this means in this context is that for example, the financial intermediation encompasses services such as savings, credit and insurance, while social intermediation represents organisation of groups voicing individual aspirations, raising concerns on behalf of the policy makers, and also develop self-confidence and bargaining power.

Robinson (2001) says that micro finance provides small scale financial services to people “who engage in various activities such as farming, fishing or herding; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commission; who gain income from renting out small amounts of land, vehicles, animals or machinery or tools and to other individuals or groups at the local levels of developing countries, both rural and urban”. Both microcredit and finance differs in terms of functions and concepts (K. Rahman, 2006). In the context of function, the main difference between micro finance and microcredit is the very type of service. Microcredit almost single-handedly focuses upon both loan distribution and recovery, and is directly correlated to the formation of groups and compulsory savings. This is duly reflected in the model constructed by Grameen Bank.

3.2.3 Need for Group Strategy for Women

The importance of groups in the context of poor women springs from the need to assist women who need to earn an income to survive despite their socio-economic vulnerability caused by a lack of resources, heavy domestic responsibilities and exposure to various forms of exploitation.

Generally, women have not been able to shed the burden of their domestic and societal responsibilities in addition to their economic role. Women employment, unlike men's, is unsteady. It is marked by interruptions during childbirth, and early child-rearing years. The constraints of child care and domestic responsibilities also restrict women's occupational mobility and choice (Visvanathan, Duggan, Nisonoff, & Wiegersma, 1997).

Women display a higher turnover rate in employment than men; they enter casual and temporary employment more frequently, and they cluster disproportionately in certain occupations (Sujatha.V, 2001). Groupings offer the following women-specific economic

benefits: pooling access to financial and technical assistance, economies of scale, reduced competition experience in collective decision-making, creation of a base for social solidarity, and political action, which help them mitigate some of their problems in employment. In addition, when women work in groups, the scope for greater flexibility and manoeuvrability is provided (Raheim & Bolden, 1995).

The group approach is a viable set up to empower women economically, socially and technologically for an improved life. “Grouping together is the beginning, standing together is the strength, thinking together is a success and working together is the development” (Devi, 2008). Thus, the group approach strengthens women development, and when women work for the group, it usually results in self-development. Microcredit programmes hinges on principles in order for it to function; group approach and mutual trust.

3.2.4 Microcredit Approach for Women

Since the mid-1990s, micro finance programmes have been aggressively recruiting women, which reflect their key strategy of simultaneously mitigating poverty and the empowerment of women (L. C. Mayoux, 2006). A report submitted by the State of Microcredit Summit Campaign (2001) stated that a total of 14.2 million of the world’s poorest women are granted financial services via specialised Micro Finance Institutions (MFIs), banks, NGOs and other non-banking affiliated financial institutions. These women make up almost 74 percent of the 19.3 million world’s poorest people that are now being served by micro finance institutions. These women are now granted access to credit, which enables them to start investing in setting up a business, which they can operate and run (themselves). In spite of their inherent hardship at earlier stages, the majority of these women are prompt in

their payments¹⁴. According to the United States Agency for International Development's (USAID) Annual Micro Enterprise Results Report (2000), approximately 70 percent of USAID-supported MFI clients were women (USAID, 2001)

According to (Rahman, 1999b) there are three objectives of Microcredit that target women.

Firstly, increasing women's access to credit will most probably increase their capabilities in earning, which invites improvement to both their households and socio-economic conditions. In many developing countries, women are regarded as the sole primary caregivers for families. If these women are given a chance to improve their incomes, this improvement will not only be confined to her, but will extend to her whole family as well. Women tend to spend their incomes and earnings on the household and the family. Providing women with extra income is most useful to the entire family, as women try to spend their income on the children's needs rather than their own. Children should be given proper education so that they can escape from the poverty trap that their parents are already in. Several institutions have confirmed this fact. In a nutshell, extending assistance to women is beneficial, and creates a greater multiplier effect in terms of societal impact.

Secondly, women form the majority of the world's poorest. In its Human Development Report, (UNDP, 1997) confirmed that almost seventy percent of the 1.3 billion people living on less than a dollar a day are women. Women experience a higher rate of unemployment, and are relatively more disadvantaged than men. Generally, women are paid smaller wages, and are more involved in informal work compared to men. In order to mobilise their economic and social conditions, women need to access the financial services.

¹⁴<http://www.microcreditsummit.org>

Thirdly, organising women into groups tend to improve their group solidarity, thus strengthening their socio-economic empowerment. By focusing on women and supporting them, microcredit becomes an effective empowering tool.

However, a woman's capability to change her life via financial access is largely limited by her capabilities, social standing, and current situations. The eradication of the exclusion of women at the social, economic and political levels would help them contribute to sustainable development (Swain R.B and Varghese.A., 2009). The objective of the women is to be self-employed and control the modest increases of income and savings in order to decrease their poverty level. Great examples of institutions that practice this concept are the Grameen Bank of Bangladesh, along with the SHGs in India. The various ideological influences show the real impact of microcredit practices throughout the world. The following part of the chapter elucidates the various approaches of the SHG approach in India.

3.3 Emerging Trend of Microcredit SHGs in India

SHGs are not a new concept in the Indian development process. The traditional Indian society functioned mainly on the basis of self-help and mutual aid. All the rural banks in India had nobly implemented specialised poverty-alleviation programmes in order to create job opportunities via credit loaned out by banks for almost unreachable to the formal banking system (Sankaran, 2005).

The Groups were formed by a NGO named Mysore Resettlement and Development Agency (MYRADA) between 1984-85, and were initially called Credit Management Groups. In 1987, National Bank of Agriculture and Rural Development (NABARD) sanctioned a grant to MYRADA for the express purpose of the institutional capacity building of SHGs in order to match the group's savings. In fact, several NGOs, notably the

Professional Assistance for Development Action (PRADHAN), working in Rajasthan and Tamil Nadu, realised that the IRDP system of providing credit to the poor was ruining the banks as well as the poor. They experimented with lending to groups, and persuaded the banks to do so as well (Shinde.K.H and Ingole P.S., 2011).

SHGs in Tamil Nadu started by the state government supported programmes such as the International Fund for Agriculture Development's (IFAD) pilot project through the Women Development Corporation of Tamil Nadu. (Gariyali, 2002). SHGs in Andhra Pradesh started the Total Literacy Campaign and in Maharashtra NGOs like Chaitanya have been active in forming SHGs. Many state governments adapted these initiatives in lending to poor women, as per the SHGs.

3.3.1 Characteristics of Self Help Groups

The SHG is a small homogeneous group of poor people in rural areas who voluntarily agree to contribute to a common fund, from which loans can be given out to members with group consent. This reinforces factors such as group solidarity, self and group awareness, and social and economic empowerment based on justice and democracy¹⁵.

The SHG comprises of poor women residing in rural area who voluntarily form groups dedicated to the elimination of poverty among its very own members. Part of their methodology in doing so is to regularly save part of their income, and when enough, change this saving into a common fund. "All for all" is the principle behind the SHGs concept. Thus, a group of individuals, usually small groups of persons, form the SHGs that provide mutual aid to one another regarding common problems, and operate with self-determination and joint responsibility.

¹⁵<http://www.nabard.org>

Based on the spread of SHG in India can be divided into three different time periods:

- i) *The Early Years (1980's):* From then onwards, SHGs mushroomed in India, with the support of the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI), other leading NGOS, and multilateral agencies, such as IFAD.
- ii) *Phase I 1987 to 1992:* NABARD were more focused upon providing support to the initiatives carried out by NGOs in the promotion of SHGs. The SHG-Bank Linkage Programme was launched in 1992, which became more effective in Phase II.
- iii) *Phase II 1992 till the present:* The SHG – Bank Linkage Programme was launched back in 1992 as a two-year pilot project. The Reserve Bank of India, central and state governments supported the Bank Linkage Programme. Thus the role of NABARD becomes more significant in promoting the SHGs in India.(Fernandez, 2006)

The Appendix 3 to Appendix 7 shows the various information's on the Self Help Group Bank Linkage Performance in State wise, Growth trends in SHG bank linkage, Loans outstanding of SHGs, Loans issued from Banks to MFIs and Savings of SHGs placed with banks respectively under the control of NABARD.

Under the SHG Bank Linkage Programmes, three models of credit exist. They are:

Model I -The SHGs formed and patronised by banks. For the past half-decade, almost a fifth of SHGs are grouped under this category.

Model II – SHGs that are formed by NGOs or other formal bodies but rely on banks for financing. This model makes up the majority, generally constituting 72 to 75 percent of the total number of SHGs.

Model III – SHGs that are bankrolled using Non-Government Agencies as a proxy for channelling the required credit. This is the least opted for model, and only makes up for 6 to 9 percent of total SHGs. (NABARD, 2009).

The banks sanction Savings-Linked Loans to SHGs. The loans are provided to the SHGs in the ratio of 1:4 (four multiples of savings) as per the group savings of the SHGs.

The current structure of the interest rate outlined by NABARD at multiple levels under the SHG Bank Linkage Programme is detailed below:

1. NABARD to Bank (Refinance): the interest rate charged by NABARD under this category is around 6.5 percent.
2. Banks to SHGs: the rate of interest charged under this category is 12 percent.
3. Banks to Non-Government Agencies / Village Offices (VO): the rate of interest charged for them is around 10.5 percent.
4. NGO/VO to SHGs: the interest rate charged for this category is 12 percent.
5. SHGs to Members: This is autonomous. The concerned SHG has to decide on their rate of interest. Normally it is around two to five percent per month.

3.3.2 Legal Framework governing Microcredit SHGs in India

Providers of microcredit such as the Commercial Banks, Public Sector Banks, Private Sector Banks and Local Area Banks are governed by the legal frame-work like the Reserve Bank of India (RBI) Act 1934, Bank Regulation (BR) Act 1949, State Bank of India (SBI) Act, SBI Subsidiaries Act, Acquisition and Transfer of Undertakings Act of 1970 and 1980. The Regional Rural Banks are governed by the legal frame work of RRB Act 1976, RBI Act 1934, and BR Act 1949. The co-operative banks are governed under the framework of the Co-Operative Societies Act, BR Act 1949, and RBI Act 1934 for scheduled banks.

Co-operative Societies and registered Non-Banking Financial Corporation's (NBFCs) are governed under the legal framework of the RBI Act of 1934 and Companies Act of 1956. The unregistered Non-Banking Financial Corporations are governed by the RBI Amendment Act of 1997. Others, such as societies and trusts are governed under the Societies Registration Act of 1960, and the Indian Trusts Act and State Moneylenders Act. (Microfinance India, 2010).

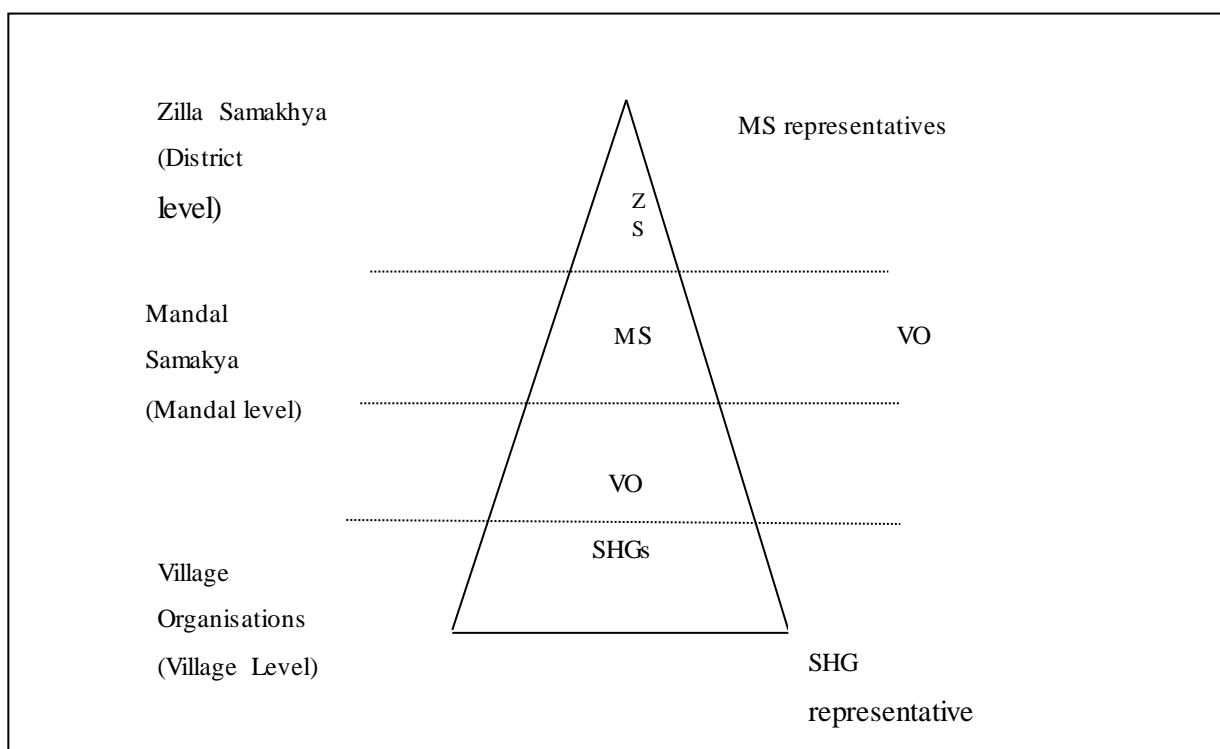
3.3.3 SHG Federations

By understanding the need prevailing in the country, many state governments and Non-Government Organisations began to pay more attention to developing this SHG model, based on their own state norms, keeping in the mind the single-minded goal, which is to enhance the socioeconomic standing of the poor, with special emphasis on women. SHG models are functioning in different forms in the states. The following chapter provides a review of some of the important models operating in the different states in India.

In a market-driven economy, SHGs play an important role. In some cases, groups working on their own are unsuccessful. Hence, there is a need for federations. The SHG federations assist in realising the benefits that are inherent in larger organisations, without negating the advantages that are embedded in a correspondingly small organisation. When a group of SHGs function together under a federation, they can achieve many advantages, mirroring scaled economies, reducing transaction costs, and making the provision of these services actually feasible. However, India is unique in that its SHG federations have undergone a different sort of evolution, and are known by quite a multitude of names. Federations are classified according to 1. Geographical Coverage, 2.Functions, 3.Legal Status, 4.Structure and Mode of Functioning, 5.Source of Funds, 6.Size, and 7. Promoters.

Figure 1 illustrates a generally accepted four-tier federation structure, which is embedded with explanations regarding almost every geographical federation in the nation. The linear version of the four-tier structure is visualised with the assistance of ZillaSamakhya (district federation) of the Society for Elimination of Rural Poverty (SERP). The SHGs are federated at three levels as Primary Level Federations (PLF), which in turn are federated as Secondary Level Federations (SLF) and finally into Apex Level Federations (APF). At some levels, the SHGs are directly federated into SLF, and in some cases PLF get federated into ALF. Breaking down the four-tier structure, a basic unit is known as SHG, while the PLF is known as Village Organisation, the SLF is known as Mandal Samakhya and finally, the ALF is known as Zilla Samakhya.

Figure 3.1: Four Tier Structure of the SHG Federation

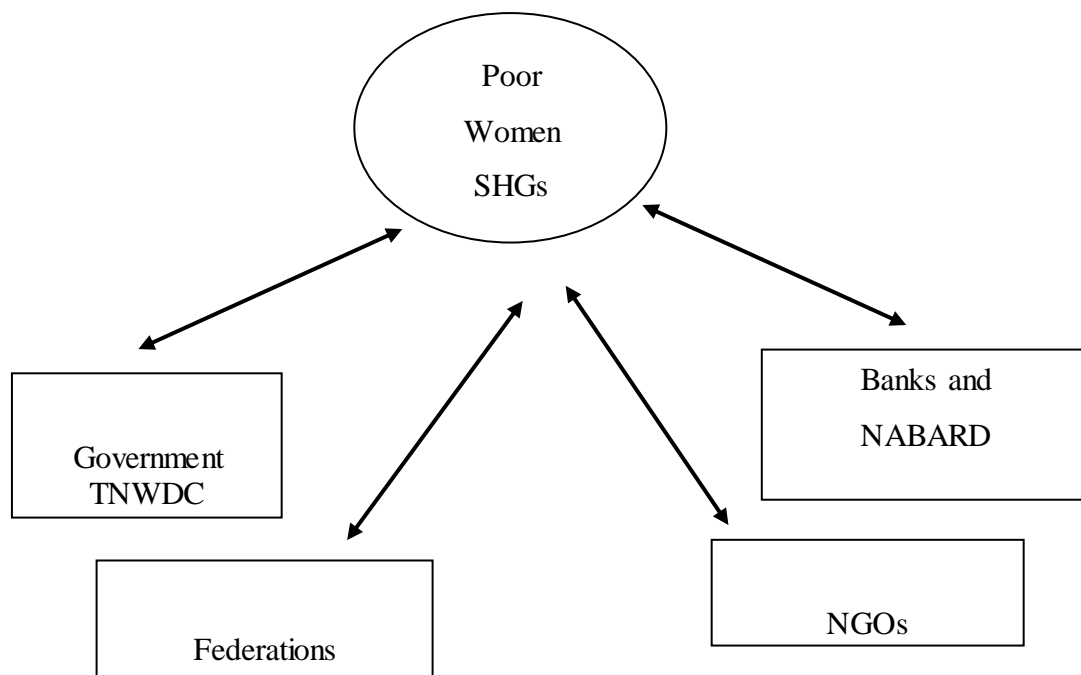


Source: SHG Federations in India- APMAS, 2007

Generally, the primary level federation hovers at the sub village, panchayat or cluster levels of village federations basic units. It differs from state to state. Some of these include: 1. Village Organisations (VOs) in Andhra Pradesh ii) Panchayat Level Federations (PLF) by Sreema Mahila Samiti (SMS) in West Bengal and Kudumashree in Kerala, MahalirThittam Model in Tamil Nadu.

The following part of this chapter provides information on SHG functions in Tamil Nadu and in Chennai duplicates the Mahalir Thittam Model of the Tamil Nadu Women's Development Corporation. The Mahalir Thittam Model in Tamil Nadu is given below:

Figure 3.2: Mahalir Thittam -Women Centric Approach to Development



Source: Micro finance Report, 2010

The women in rural areas function in federations and also in urban areas. The Mahalir Thittam model is networked through Non-Government Organisations. For this purpose, it has a Project Management Unit (PMU) at state level unit; Project

Implementation Unit (PIU) at district level and Block Level Unit. These units give guidance and support to SHGs for their development. There are four main stages based on the experience of working with women in SHGs in Tamil Nadu: Pre-formation, Group formation, Stabilisation stage and growth and expansion stage.

1. Pre-Formation Stage: This stage takes 1 to 2 months. During this stage the profiles of the women are gathered for initial assessment. The women join collectively for initial interaction with the group to start with the group formation.
2. Group Formation Stage: This stage takes a minimum of six months. This is a very important stage as the newly- formed groups organise themselves, develop their norms, conduct regular meetings, save regularly, learn to mobilize their savings through inter-lending, timely repayment of the loans, attend trainings to enhance their skills and capabilities, maintain proper books of accounts and develop leadership skills and plan their micro investment plan. Two members of the group needed to be elected as president (animator) and secretary.
3. Stabilization Stage: This stage takes six to two years. During this stage the SHG Bank Linkage will take place. Capacity building is one of the main goals in this stage. With the credit provided the SHGs will start their micro investment.
4. Growth and Expansion stage: This stage goes beyond two years. During this stage the SHG plan for their expansion through strengthened linkages with banks, creation of assets for groups and members, attempts at cluster development and federation of SHGs and introduction of new products. They mobilize the social capital and plan for long term benefits.

The following part of the chapter will review the research studies conducted on the microcredit system, with specific reference to the SHGs in India.

3.4 Role of Microcredit in Women's Socio-economic Development and Poverty Reduction

The practitioners of development are always on the lookout for possibilities to reduce poverty via micro finance operations, and supporting the less fortunate. The studies Pitt & Khandher (1998) and Khandher (2005) are highly supportive of microcredit. Their work concluded that generally, microcredit is effective in slashing poverty levels, and its effectiveness is multiplied if the ones doing the borrowing are women, and the effectiveness of this policy is benefits the hard core poor the most. Morduch (1998), propagated the idea that microcredit is instrumental in assisting families manage their expenditure, and reduces their hunger pangs during their bad times.¹⁶

Schuler, Hashemi, Riley & Akhter (1996) reported that microcredit has accomplished improvements through increasing the level of self-employment of women and improving the socioeconomic status of rural women. Nearly five million women, which are about 50 percent of the landless labourers, and destitute families located in Bangladesh, are the patrons of the microcredit programmes. King & Mason (2001) made the observation that the involvement of women in microcredit programmes over time reduces their economic dependence of men, strengthens their positions within their families, draws them into the public sphere and exposes them to new ideas. The engagement of women in income-generating activities would reduce their desire to have children, which causes the demand related to family planning services to skyrocket, while simultaneously cutting down the social cost of fertility regulations. Therefore, microcredit programmes, in the long run, are duly influential to the levels of socio-economic development of rural women (Ahmed, Siwar, Idris, & Mia, 2011).

¹⁶<http://www.cgdev.org>

Many research illustrated the positive effect of microcredit programmes in enhancing the socio-economic situation of the borrowers who are classified as hard-core poor Hashemi (1997); Mosley (2001); B. E. Coleman (2006); Datta (2004); T. Islam, (2007).

Khandker (2005) uses the household panel data from Bangladesh to address three issues. Firstly, his paper assessed whether the poor who lacked both physical (such as land) and human capital (such as education) actually participated more in micro finance programmes. Secondly, the paper assessed the long-term impact of micro finance on poverty. Third, it assessed the aggregate of micro finance to determine if the programme was helping the poor. This study's results showed that micro finance was very important to both borrower, who are classified as hard core poor, and the economy of the locality. The positive impact is apparent in the context of households, where the per capita consumption was increased, mostly with regards to non-food and non-land assets. This position micro finance as a tool that is effective in eradicating poverty in Bangladesh. Utilising the loans granted by multiple MFIs, women hailing from rural regions became involved in various productive activities, earning high incomes. The additional money earned by the women increased the households' disposable income which, in turn, enhanced the pattern of consumption and the living standards of families in the rural area (B. Sen, 1992). Thus, micro finance increases the economic wellbeing of poor families, and improves the food security and nutrition status of the families, which results in good health.

Microcredit has been hailed as a significant antidote against poverty in the 21st century (A. Rahman, 1999a). The movement has been keen to engage women who are categorised as poor, not only with the intention to get them out of poverty, but also to allow them access to resources that are vital in increasing their decision-making power Sundram, (2001), K. S. Mohindra & Haddad (2005).

Mitra (2007) posits that the poor are already in possession of survival skills and entrepreneurial spirit, and her study illustrated that the ready access to credit is capable of developing the poor, while also putting an end to cyclic poverty.

According to B. E. Coleman (2006), the comparison between borrowers of microcredit and non-borrowers showed that the borrowers are in much better state prior to the initial loan. The borrowers located in Northeast Thailand were discovered to be in a highly desirable position prior to the penetration of microcredit. This positions the rather well off villagers to be twice as likely to take upon the role of a borrower, and also in a position to take out larger loans. This shows that giving the poor women credit improves their social economic conditions, and is also instrumental in assisting them in escaping the trap of poverty.

The study conducted by Nader (2007) in the context of Cairo is adamant that the Egyptian socio-economic settings are constricting the job opportunity of women, and are detrimental to their respective socio-economic status, which propels them into a very harsh and unforgiving labour market. On the other hand, other studies highlighted the fact that the implementation of structural adjustment policies is detrimental to women and their welfare. In this study, microcredit is advocated as a positive impact towards women's wellbeing in terms of income, enhancing women economic independence, and self-esteem.¹⁷

The study Ahmed, Siwar, Idris, & Begum (2011a) explains that women in rural Bangladesh "have lower socio-economic status compared to men. They have limited access to income-generating as well as social activities due to a number of social, cultural and religious barriers. Thus, the microcredit programme is intended for improving the socio-economic status of rural women in Bangladesh". This study was conducted on the frame of the empirical data gathered via interviews of two groups of women in rural locations; a

¹⁷<http://www.ifmr.ac.in>

group with access to credit, while the other without. A multiple regression analysis was carried out in order to spot factors that are influential towards the respondents' contribution to the monthly income of a family in those regions. The study highlighted the positive effects to the education level, the size of family, job opportunity, and finally, monthly income. The study concluded that the microcredit programme is beneficial through the sufficient and the timely access to credit for activities that are income-prone and productive to the benefit of the education level of women, along with their skill development. Yet, the level of education for women in rural Bangladesh is low. When the borrowing families enjoy financial solvency, they tend to invest more on education for their children. As a result, the literacy rate increases, and this gives them a brighter future.

The microcredit programme has accomplished these improvements by increasing the level of self-employment of women, and positioning the socio-economic status of rural women to a favourable setting. Roughly five million rural women in Bangladesh are involved in various microcredit programmes. The involvement of rural women in the microcredit programme over time reduces their financial dependence, enhances their position vis-à-vis their respective families, propels them into the public setting, and also allows them to be exposed to new ideas (Hashemi, Schuler and Riley, 1996). Being engaged in income generation will inevitably reduce the desire to conceive children, while simultaneously skyrocket demands for family planning services, which invariably cut down on the social cost of the regulation of fertility (Ahmed et al., 2011). Hence, microcredit programmes have a great influence on the socio-economic development of rural women.

Many studies have set out to analyse the capability of programmes derived from microcredit in improving the fiscal standing of the borrowers, however, what the studies lack are analysis of the fact of whether these programmes are beneficial towards the health and nutritional intake of the members of the household. (Hamad & Fernald, 2012)

conducted a study in Peru, and utilised variables such as the age adjusted body mass index (BMI), haemoglobin levels and food security survey module. The longer microcredit participation was associated with higher haemoglobin concentration and improved food security. Thus, the involvement of microcredit improved the health and nutritional status, as the respondents had improved in their income-generating capacities.

Recently, a study conducted by Montgomery & Weiss (2011) analysing the effect of the Khushhali Bank in Pakistan showed that although about two-thirds of the total participants borrowed microcredit for livestock raising, agricultural activities or micro enterprises, a positive effect was practically non-existent with respect to the sales or profits from these activities. Their study also noted an insignificant positive impact on aggregate consumer expenditure on food, or educational expenditure per child. (Wahab, Malarvizhi, & Mariapun, 2011). However, their study reported a positive significant impact on both health expenditure and health care.

K. S. Mohindra & Haddad (2005) prioritises public health in his study, concerning himself with the health improvement efforts with regards to poor women worldwide. His paper detailed a conceptual framework that was derived from Amrtya Sen's capability approach. This study states that the participation of women in the programme set by microcredit significantly enhance their health, and provide the women with their choice of values. A study done by Wahab et al., (2011) employed cross sectional designs with a quasi-experimental approach to examine how participation in microcredit schemes affects the hard-core poor households' assets. An asset tended to be more stable over time, and is a good indicator of economic wellbeing. The aforementioned study measured the impact of Amanah Ikhtiar Malaysia (AIM) as a tool of asset creation. The structural equation model was used to find the level of increase in asset creation.

There are certain fundamental differences between the current micro credits policies practiced in India, with those implemented in other developing nations, such as Bangladesh. Contradicting the Graeme model practiced in other developing nations, the Indian banking policy has solicited the involvement of public banks in their microcredit scheme, reaching out to the poor via SHGs (Ramakumar & Chavan, 2008). The model adapted by SHG in India encourages institution-building of organisations in the shape of groups, clusters or federations. The poor, however, always lack self-organisation. This whole process is a form of assisted self-help (Uphoff & Esman, 1984) where the state, financial institutions and NGOs are vital in the mobilisation and assistance of the poor or destitute (A. Sabhlok, 2007).

Recently, there has been considerable growth in rural development initiatives, aimed at promoting self-sufficiency and raising the socio-economic status of women through microcredit SHG programmes in India (Puhazhendi & Satyasai, 2001). These studies Swain & Varghese (2009); Nagayya (2000); and Rajeshwari (2002); Vijayanthi, (2002) have illustrated that despite its lack of resources, the programmes implemented by SHG have been quite efficient in the enhancement of the socio-economic standing of its beneficiaries.

Fisher, Sriram, & Harper (2002) are firm believers of the fact that by providing the appropriate financial services, along with the suitable mechanism, the microcredit programme will be reachable to the poor. The provision of microcredit to the poor will help them leave the state of poverty. By granting loans rather than outright grants, the provider of these micro credits can sustain itself by cyclical resource replenishment. This makes microcredit comprising of the 'holy trinity' of outreach, impact and sustainability (Kotir & Obeng-Odoom, 2009).

Tripathi (2006) has observed that though there may be some benefits in providing micro finance, we should not expect it to help the very poor, because micro finance has more to do with the social politics than economics. According to Banerjee, Duflo, Glennerster, & Kinnan (2009) clearly states in their study that if the microcredit is used for income- generating activity, it will enable greater investment and exponentially increase the level of consumption in the near future. On the other hand, if the credit is not utilised to business start-up, the borrower consistently using microcredit to pay for a more expensive debt or borrow against future income and thus it may make the borrower become poorer, and be caught in the trap of the money lender to repay debts.

Nagayya (2000) is adamant that the unspoken agreement of supplying credit to the poor via SHGs is fast becoming a vital tool in the promotion of enterprises that have the potential to generate income. During the course of his study, he analysed the national initiatives that were implemented with the purpose of supporting women, and aimed at poverty reduction. He posited that NABARD was indispensable at the various implementation stages of this purported programme. This study concluded that it is vital that the coverage of the SHGs are expanded into advanced portfolio of banks to design a corporate strategy that reduces the default risk and transaction cost¹⁸.

In his studies, Douglas (2009) states that micro credit has given the poor women a possibility to increase the schooling of their children as it reduces the constraints through formal credit markets and decreased the constraints within the poor households. It provides them an opportunity to invest in their children's future by reducing the dependence on money lenders. Thus, as Banerjee et al., (2009) indicated, if these loans are used to fund households' enterprises, microcredit may have a devastating effect on human capital

¹⁸<http://www.planningcommission.org>

investment. If these loans are invested in providing education for children, it helps them escape the cyclic poverty trap, and promote the long-term development of the country.

Lombe, Newransky, Kayser, & Raj (2012) came up with two types of microcredit programmes: the use of loans, and group experience. Group experience, in this study, is broadly measured using the number of years one is a purported member. A comprehensive analysis of the nature of group experience, along with the value the programme participants attach to the group and interaction with members of their group may be useful. This study showed positive results in that the socio-economic status of the women with more group experience was better than women with less group experience. According to Swain & Varghese (2009), the SHG members reported that the total amount of savings increased with the length of participation in programmes organised by microcredit. On top of that, their study also discovered a positive impact on livestock accumulation, but there was a lack of effect on land value, business wealth or physical assets. Their study also indicated that the combination of credit and training is rather positive upon asset creation. This shows that the longer years of participation the members have in the SHGs, the greater the impact on their status. This would reduce the poverty level.

The SHG inculcated and strengthened the habit of savings in the women members. Savings on a monthly basis seemed to be the preferred practice. More than three fourths of the SHG members' preferred monthly savings. The savings of the group varied according to the age of the group. Savings were primarily the capital of SHG. In the initial stage the loans were made available only from their group savings and the bank entered when the members had established their creditability there was no fixed relationship with amount of savings and the SHG loans issued, but it existed with the monthly saving contribution. (Parida & Sinha, 2011). The average annual savings of the members increased 5.5 times in the post SHG situation. This showed the cultivation of the thrift habit among the members

after joining the SHG. Most of the members did not save any amount in the pre SHG situation, but after joining the SHG due to mandatory savings in groups they had to start saving. (S. Kumar, Singh, & Singh, 2009).

In his study, Panda (2009) noted a substantial increase in a borrower's household income by almost 11.4 percent, making the asset position 9.75 percent higher than that of non-participants. Their savings also increased to a level close to 42.53 percent. This study illustrated that these factors also increased the level of annual employment among the poor (Wahab et al., 2011). It concluded that through the credit, not only the income, the amount of savings and assets increased as well.

Puhazhendhi & Satyasai (2000) discovered the significant effect of the SHG Bank Linkage programme, both on the social and economic spheres of the member's household. Among the major findings in this study is the fact that the average net income per household were duly increased by almost 33 percent, while employment levels were increased by 17 percent; the composite index of different socio-economic parameters rose to 65 percent, and the index of economic indicators increased to 52 percent after the intervention of the programme. This extensive study shows very clearly that there is enhancement to the socio-economic situation of the respondents'. This study shows that the programme reacts positively to the income of women, their employment, and living standards.

Choudary (2009) study on "Development as Social Transformation: Assessing the Value of Social Capital in Micro Finance and its Role in the Success of the Grameen Bank" evaluated the Grameen Bank Model as a micro finance tool to combat poverty in Bangladesh. This paper details the role of the formation of social capital in the context of the alleviation of poverty. It explicitly describes how social capital is pivotal to the social and economic development of societies. Her paper suggests that micro finance may not

reduce the overall poverty. However, the pioneering Grameen Model, which depends on peer monitoring networks, group trust, and solidarity, can create a valuable stock of social capital contributing to transformative social development.

Zaman (2008), in his study on “The Theoretical Aspect of Muhammad Yunus Dream- Putting Poverty in Museums” states that poverty is an unbreakable curse and constitutes an undefined region of existing economic theories. According to him, microcredit patronizes the poor, who are dependent upon loans to survive. The mere concept of social business is insufficient to render the concept of poverty obsolete, due to the fact that social business is incapable of providing encouragement to entrepreneurs in expanding their businesses, as they are poor. This article details an Unbiased Pareto Improvement (UPI) model that integrates the poor into mainstream society at a relaxed pace. An absolute Pareto enhancement, made independent lacking any bias, is duly called the Unbiased Pareto Improvement. The economy will eventually reap the benefits in the form of new values, welfare and employment opportunities.

Vanroose (2007) paper on “The Transformation of Micro Finance Institutions: Beneficial for the Poor?” analysing the fluctuation of institutional forms of micro finance institutions and its overall impact on the poor. The commercial institutions allow access of financial services to the needy, and to date, the impact of the transformation process on the poor remains unsubstantiated. The impact of micro finance on poverty was assessed and the study put together some recent events. The paper shows that micro finance does impact on poverty. This paper concludes that micro finance faces considerable obstacles in fulfilling its promises, and champions a more scaled approach towards the practices of micro finance.

In his study on “Micro Finance for Micro Enterprise Development: An Inquiry for a New Paradigm” Shetty (2008) reports that micro finance is the latest experiment against

poverty alleviation in developing countries. It was started as a conduit to narrow the gap between supply and demand for credit by the poor. The allocation of credit services with respect to the poor for consumption needs or for income-generating activities is called 'minimalist approach'. The study observed that over the years this approach had failed and thus there was a need for an alternative approach, which would deliver both financial and non-financial services to the poor. The current paper attempts to propose a new paradigm for the development of micro enterprises through micro finance called the 'maximalist approach'. Empirical studies state that the finance that parallels non-financial services is more impactful to the lives of the poor.

The research of Anderson et al., (2002) on "Microcredit, Social Capital, and Common Pool Resources" displays the conceptual scheme that aids in the understanding of the effect of the microcredit of small loans to destitute borrowers from resources linked to a common pool. This study evaluated how the common-pool resources resulted in changes in their household consumption and production, it also focuses upon both women and its social capital. A non-random survey conducted on micro finance organisations by the researcher showed that there was an "increased environmental awareness and potential CPR (Common Pool Resources) through micro finance", but that it required empirical research to demonstrate the actual impact. There is no data available to spot both household level microcredit actions or ecological and CPR measures. The data were gathered through the mechanisms of email. 765 members of the Microcredit Summit were sent mail and 147 organisations responded, including 7 donors. Of the respondents, 82% (121) were classified as NGOs, 13% (19) as the public, and 4% (6) as private organisations. Most respondents were more concerned about environmental issues. Nearly 37% (55) of the respondents gave a positive reply while 54% (79) gave a negative reply by stating that there were no

connection between microcredit programmes and the environmental resources, in particular common pool resources.

Kundu (2008) conducted a study on the “Impact of Swarna Jayanthi Gram Swarozgari Yojana Scheme (SGSY) on Health, Education and Women Empowerment”. This study was done in the Murshidabad district in West Bengal. The survey was done on 181 SHGs over a period of 6 months from January 2011. This study showed that the programme was able to reach the poorest and the most susceptible rural population, which were mostly married women. The study concluded that the SGSY helped the members to reduce their acuteness of poverty. It failed to reduce their vulnerability but improved their empowerment. The group leaders had not taken advantage of the opportunities to improve their economic conditions more than their fellow members.

Shobha (2007) study on the “Performance of Women Beneficiaries of the Prime Minister’s Rozgar Yojana in Coimbatore City” concentrated on self-employment as the key to empowerment. The research study was conducted in the Coimbatore district in Tamil Nadu. 400 self-employed women were selected, out of which 200 respondents were beneficiaries of the Prime Ministers’ Rozgar Yojana, and the other 200 were non-beneficiaries. All the women beneficiaries were verified to have absolute self-confidence, status in the family and society, economic impact and communication skills. The positive impact of the study on the beneficiaries of the Rozgar Yojana programme was that the status of women improved a lot after the women had taken the loan from the aforementioned organisation. The results also showed a positive social impact, but a lower economic impact among the non-beneficiaries. This study observed that the income was not much affected due to the fact that most of the women are informally employed. The income earnings were very low, so the financial change could not change the economic status of the women.

Based on their research, Kothari & Gupta (2007) presented a paper on “Microcredit in India: An Overview of the Regulatory Scenario”. This article stipulated that there is a lack of specific regulations vis-à-vis microcredit in India, and the regulations that exist are applicable only to the providers of microcredit. These regulations conformed to the norms set by the Reserve Bank of India.

Sapovadia (2006) did a study on “Micro Finance: A Tool to Socio-economic Development”. He explained four principal areas to increase access to financial services and low income households 1. Fundamental Framework: this describes the legal and regulatory framework which helps the micro finance institutions function effectively 2. Institution building: this focuses on the training practices that are essential to develop the sustainable operations and help for the capacity building 3. Innovative Approaches: this describes states the availability of financial products such as leasing and lending which will help increase financial services. 4. Awareness and Training: As the most vulnerable community, the poor needs motivation and guidance. This area provides the awareness and training for the poor to enable them to develop their own skills. Sapovadia’s study concluded that micro finance was a vital tool to reduce poverty and a suitable development instrument for NGOs, banks, the government and poor members.

In the study on “Does SHG Participation Lead to Asset Creation?” Swain & Varghese (2009) evaluated the SHG participation for a long-term perspective of asset creation. The data used in this study was collected by NABARD for the SHG-Bank Linkage programme. The house-hold survey utilised an experimental designation, which implemented pre-coded questioners to gather data from two districts each from five states, namely by Andhra Pradesh, Tamil Nadu, Uttar Pradesh, Orissa and Maharashtra for the year 2003. The total sample size was 1000 respondents, of which 114 of them were from villages lacking SHGs, 604 had antiquated SHGs, 186 with new SHGs, while 52 were non-

members. These members were selected to reflect a more inclusive sample group, and to create a comparable socio-economic group as SHG respondents. This study concluded that older SHGs are positive, as per asset creation. With longer participation, SHGs earned more income and additional sources of income from sources like livestock. The training given by the NGOs also had a positive impact on asset creation.

The research of Deininger & Liu (2009 b) on “Economic and Social Impact of SHGs in India” assessed the impact of forming SHGs to mobilise savings and foster social empowerment. The authors used a household survey to assess the economic and social impact of the formation of SHGs in India. They found a positive impact on empowerment and nutritional intake in the programme areas. Female social empowerment in the programme areas had increased, irrespective of participation status. The nutritional benefits were higher in new members than the old existing members. This study reported that there was a higher consumption, but not much income growth or asset formation by the participants during the period of the survey. This study also found the main impact of the SHG programme increased in the consumption and diversification of income sources rather than the exploitation of new income sources.

In his study on “History and Spread of the Self-help Affinity Group Movement in India” Fernandez (2006) from the Mysore Resettlement and Development Agency (MYRADA) focuses on the role played by IFADs and MYRADA in promoting the SHG movement in India. The paper explains the different phases of SHGs and its contribution to both agriculture and on-farm credit. It also provided reasons for the rather quick spread of the movement, and also certain factors that degraded the SHG movement in India. It gives a brief picture on the Millennium Development goals, and whether the SAG strategy supports the millennium goals. Fernandez’s paper gives a good insight into various issues related to the SHG movement in India.

Sinha (2006) conducted a research on “SHGs in India – A Study of the Lights and Shades” for EDA Rural Systems Pvt. Ltd., and the Andhra Pradesh Mahila Adhivruddhi Society (APMAS) which focused on the benefits of the SHGs in India, which they describe as ‘Lights’ and the drawbacks as ‘Shades’. The main objective of the formation of SHGs in India was to provide low-cost financial services for the development of poor women. SHGs benefit women in both economic and social aspects. As part of the economic impact, it creates income-generating activities, which will reduce the level of poverty in the long run. “SHG can also be a community-development programme through women becoming active in social and community issues to fight against women abuse, alcohol, and the dowry system”. This study was incumbent upon a sample of 214 SHGs in 108 villages in nine districts of four states, including Southern Region- Andhra Pradesh (60 SHGs) and Karnataka (51 SHGs) and the Northern Region- Orissa (50 SHGs) and Rajasthan (53 SHGs). The study showed that there were different shades of light. Social aspects were geared towards light, while financial aspects were prone to shades. The study suggested that “both the financial and social aspects needed greater clarity on the systematic approach to building capacity and providing guidance”. The study concluded that the loans by the women participants were mostly used for household expenditure rather than launching economic enterprises.

A study conducted by Fouillet & Augsburg (2007) on “SHG –Bank Linkage Programme- Regional spread of SHGs” in a sample size of eleven states of India showed positive reaction towards the living standards of the SHG members’ vis-à-vis asset ownership. The benefits are inclusive of increased savings and borrowing capacity, the advent of income generating activities, increased income levels and average value of assets including livestock, and consumer durability. The housing conditions had also increased overall. The members had developed their savings habit through the SHG.

Mishra J.P (2001) did a study on “The Socio-economic Analysis of Rural SHG Schemes in Block Amaniganj District, Faizabad”. The members in this study were mainly from other backward classes who were mainly involved in agriculture, small businesses, and labour services. 93% of the SHGs were male, while 7% were female. Their average savings were ranging from a total of Rs.15 to Rs. 50. The advent of SHGs raised income level from 10% to 15%. Major issues include the lack of training, credit and marketing facilities and entrepreneurship, social evils, and exorbitant interest rates. It was suggested that the Commercial Banks and RRBS should make provisions for liberal amount of credits at cheaper interest rates to poorer borrowers.

In their 2000 study on “Micro Finance for Rural People: An Impact Evaluation” Puhazhendhi & Satyasai (2000) examined the influence of micro finance on the standard of living of purported SHG members. They compared the socio-economic conditions of 560-member households from 223 SHGs, situated in eleven states, pre and post-association with these groups. The overall impact of the SHG-Bank linkage programme was significant both at the social and economic spheres of the household of the members. This study also surmised that the average net income per household were recorded to be increased by 33 percent, with an employment increase of 17 percent, a 65 percent rise in the composite index of different socio-economic parameters, and the index of economic indicators increase of 52 percent after the intervention of the programme.

Puhazhendi & Satyasai (2001) further researched the “Economic and Social Empowerment of Rural Poor through SHGs”. This work evaluated the efficiency of SHGs, with special emphasis upon both social and economic empowerment. A structured questionnaire was used to gather primary data from 560 sample households in 223 SHGs from eleven states, representing four different regions across the country. The findings revealed that the SHGs had a positive impact on both economic and social empowerment of

the rural poor, with the effect on the latter more pronounced compared to the former. The programme was found to be more progressive and famous in the southern region, whereas it was quite low in the others. The older groups are more efficient compared to its younger counterparts.

Gadenne & Vasudevan (2007) did a study on “How do Women in mature SHGs Save and Invest their Money? Evidence from SHGs in India”. This study was conducted in two rural areas south of India: 34 groups in the Chitradurga District of Karnataka, and 35 groups in the Kancheepuram district of Tamil Nadu. They were organised and supported by NGOs such as MYRADA and Hand in Hand in the Chitradurga and Kancheepuram districts. Three members were chosen from each group that made up the SHG. The researchers explained that the granted loans were used for income-generating activities, and through that, SHG members could increase their welfare status over time. From this study, it was evident that the members had switched from consumption-oriented loans to production-oriented loans. However, there were a few members who were unable to start a new income-generating activity, because the loans were insufficient to cover their initial investment.

Suresh (2008) analysed the both demographics and socio-economic status of women in multiple family structures in rural south India. The breakdown of their results is; 55 percent of married women in the reproductive age group lived with their nuclear families, 28 percent lived with extended families, and 4 percent lived with sub-nuclear families. The women living with sub nuclear families were made up of divorcees or widows, and were in a much dire state in terms of socio-economic standing compared to their other counterparts. The younger married women are prone to living with their in-laws, while better-educated women lean more towards living with joint families. With this in mind, any federal welfare schemes should place more emphasis on sub nuclear families

lead by women, in order to enhance the socio-economic conditions of each member of the unfortunate household.

The study conducted by Rajeswari (2002), entitled “An Analysis on the Socio-economic Study of women’s SHGs in Chennai City” focused on income, expenditure and savings as indicators of socio-economic status of women SHGs. The study selected 230 women members in Chennai city for data collection, and this paper concluded the presence of positive effect on women in terms of income, expenditure and savings after joining the group.

All of the studies above on the microcredit outreach programmes towards poverty reduction and enhancement of socio-economic standing of women concluded that income-generating activities through microcredit results in poverty reduction. Furthermore, some of the studies stated that poverty reduction and women development were possible through high nutritional intake, as healthier women can play a better role in their income generation. However, some researchers state that, sustainability and longer participation in the microcredit will result in socio-economic improvement in the short run, and the alleviation of poverty reduction in the long run. Hence, it can be concluded that an increased income through microcredit will help women to perform better in their life. This will in turn increase income, savings and consumption patterns because when the level of income of the poor families increases issues like nutritional intake of food, group solidarity and sustainability will naturally follow in due course of time.

3.5 Microcredit and Women Empowerment

Some number of evaluations is positive with regards to the effect of credit programmes on the lives of women (Kabeer.N, 2001). The ready access to both savings on credits has the power to initiate and strengthen a chain of interlinked and mutually reinforcing ‘virtuous spirals’ of empowerment (L. Mayoux, 2000). As such, women’s empowerment is considered as an on-going dynamic process of individual and compiled resistance against the factors that are suppressive to women. It places heavy emphasis on the reorganisation of all resources available in a society, encompassing the social, economic, political, intellectual and cultural aspects, where women are given equal opportunity, access and control over these means. Achieving women’s empowerment is increasingly becoming a stated goal of many development organisations around the world, including microcredit programmes directed towards poor women. The ideas of empowerment differ according to contextual circumstances, differing world views and political persuasions, and it is hotly debated among the feminist development scholars and practitioners.

The first batch of analysis pointed out that women are capable of using both savings and credit for economic activity, which increases incomes and assets, and control over these outcomes (L. Mayoux, 2000). A. Sen (2001) ‘development as freedom’ approach has formed an initial point for the very definition of the term empowerment. Sen further argued that the aim of development is not limited to realising certain indicators, but rather includes the expansion of choices (and thereby freedom). Kabeer (1999) utilises this approach in his very own definition of empowerment as the shift from the inability to make choices, to the ability to do so. She further emphasised this definition by setting conditions that must be recognised for it to be valid, and taking into account the internalisation of norms. The outcome of the choices must be an encompassing position, and the choices that are being pursued must be rife with transformative significance, which changes the very social

structure in ways that are duly sustainable (Jakimow & Kilby, 2006). Thus, empowerment, in the context of the acquisition of freedom of expression and social recognition, is a process that allows the attainment of equality between genders.

Empowerment is defined by feminist development scholars as residing within the definitional boundaries set by four powers i.e. the ‘power with’ (enables women to analyse and articulate their collective interests), the ‘power to’ (enables women to develop necessary skills and have access to the necessary resources to realise their aspirations), the ‘power from within’ (spiritual strength to achieve self-acceptance and self-respect) and ‘the power over’ (changing the underlying inequalities in power and sources) (L. Mayoux, 2001). Women insight of the change in their social status can improve their psychological power. Status refers to a person’s relative position in a total system. Building self-esteem and self-confidence in one self can provide own self can motivate a person to act and ‘build power within’ (Kabeer, 1999). Thus, empowerment indicates a change from a state of powerlessness to one that recognises and empowers women, which will grant them greater control over their respective lives.

Propounding a theory of ‘alternative development’ premised on the idea of empowerment, Friedmann (1993) states there are three forms of power: social (i.e., information, knowledge and skills), political (i.e., resistance and collective action), and psychological (i.e., power from within). These relations of power are operative in the different elements of life, which covers both economic and political, and at different levels for individuals, households, communities, markets and institutions.

The study of Joseph (2005) stated that empowerment in the context of NABARD (2002) is a women SHG member seen as having the following six components: information about economic resources of the family and participation in economic decision making; self-developed information as an individual power over local politics, and the

active participation in the socio-political decision-making process; information regarding other decisions pertaining to the general welfare of the family; increased interactions with the other members of the group or community, and improvement in the technical and managerial skills of the members. It is difficult to assess the intended empowerment, as its concrete aspects must be defined in each specific cultural context.

Based on her study in Bangladesh, Kabeer (1999) posits that there are a multitude of rationales for lending money to women, which are distinguished from empowerment purposes. The fact of the matter is that women are prone to sharing almost all of their income with their household members including males, compared to males with females in a different context. This basically means that when women are granted loans, it is most likely that the entire family and community, as opposed to only herself, will benefit. In a nutshell, purposive interventions are instrumental in redirecting resources towards women, which helps to smash barriers preventing such an act. This has improved their entrepreneurial potential, which will perhaps lead to more sustainable women's empowerment. Thus, a proper intervention, in terms of NGOs or government officials, is needed to assess how far these loans are utilised. When such interventions are constantly monitored, women will become better entrepreneurs, and invest their loans in income-generating activities which can give them greater empowerment.

Kabeer. N (2001) says that Pahl & Pahl(1989) made an analytically important distinction between what she defines as control, which is the ability to make policy related decisions with regards to allocation of resources, whereas management is linked to decisions regarding the implementation of the policy, and budgeting is defined as observing income and expenditure. Thus, empowerment evolves when women has control to manage and budget their own resources.

Similarly, SHGs, via microcredit, is imperative towards the lessening of the susceptibility of the poor towards poverty via the creation of assets, income, and consumption smoothing, by the provision of emergency assistance and empowerment, restoring self-confidence in women by granting them control over assets (Umashankar, 2006). In the context of India, studies conducted on microcredit groups dealing with dairy farming have resulted in an increase in net profit levels and a shorter payback time of loans (N. Lalitha & Nagarajan, 2002). The IFAD review regarding mainstream gender issues reported increased levels of self-confidence and self-esteem amongst women, along with the enhancement of the capacity to articulate their needs, and rise in respect in their respective households.

As stated by L. Mayoux(2000), the presence of these virtuous spirals has the potential to mutually reinforce wellbeing and changes with respect to the position of women, which precipitates the effect of increasing their ability to increase their income generation. Empowerment may be further reinforced if it is within a group, emphasising savings and credit delivery, as women has access to a larger network of information and support with regards to economic activities. The formation of these groups is instrumental in supporting women who are going through hardships within their respective households or communities, and they are also capable of connecting with larger movements advocating women positional changes¹⁹.

Thacker (2007), states that the role of women in productive activities is a salient strategy in alleviating societal poverty, and for the overall empowerment of women. Micro enterprises cannot be seen only as a means of economic empowerment but also as a tool of social and political empowerment. Thacker's study explained three aspects: the area, the women and the products. This study concluded that the skills and capacity of the women, in

¹⁹ <http://www.iimb.ernet.in>

these groups in the early formative stage showed that they lacked the skills to take control to run a business independently. It strongly suggested that SEWA should adopt a cluster type of approach towards product manufacturing and provide technical and marketing training to the members.

Several studies on women's empowerment in India and in other countries had been conducted. It is interesting to study the factors that contributed to the empowerment of women in different cultures, although the focus of the researchers' studies is India.

Paromita (2007) in her PhD thesis on "Credit, Capital, or Coalition: Micro Finance and Women's Agency" investigated the effect of microcredit programmes in the context of improving socio-economic empowerment of women. The basic research question was: Does this transformation occur through the economic mechanism? The study explained how women's access to loans without collateral through social networks enriched their group activities. The data collected was based on interviews with four hundred Hindu and Muslim women who were members of two separate but similar micro finance programmes in rural West Bengal, India.

Another PhD research was done by Razvi (2006) on "Empowerment of Low-Income Women in India: Emergent Female Grassroots in Ahmadabad, Gujarat". According to her, Indian women's position is very complex regarding the social and economic factors that hinder poverty alleviation and the empowerment of low income women. Gender inequality and discrimination were prevalent here. This study combined factors such as gender economy and social development for the express purpose of analysing the current status of women.

Jakimow & Kilby (2006) did a study on "Empowering Women: A Critique of the Blueprint for SHGs in India" The SHG programmes' success had encouraged the primary mechanism to empower women. This study criticised the success of SHG in empowering

women as an assumption, rather than proven, due to their limited comprehension of power relations. Their article is geared towards mitigating this issue via the analysis of the programmes organised by SHG possessing the women empowerment potential. This persisted because of the top-down approaches used. They found that the SHG programme lacks the ability to transform social relations based on their very own marginalised empowerment. The SHG programmes in India have the potential to empower women via a bottom-up orientation, and their study surmised that “SHG programmes cannot reduce all the constraints preventing the pursuit of interests”.

Reddy & Manak (2005) from APMAS conducted a study on “SHGs: a Keystone of Micro Finance in India – Women Empowerment and Social Security”. They summarised the history of micro finance and the rise of SHGs in India. Their paper discussed the SHG Model and the financial management of SHGs in India. The study discussed the impact of SHGs on politics, social harmony, social justice and the community. This paper comprehensively illustrates the overall SHG movement in India.

Joseph (2005) did PhD thesis on “The Relevance of Involvement in Microcredit SHGs (SHGs) and Empowerment: Findings from a Survey of Rural Women in Tamil Nadu”. The purpose of this PhD dissertation was to study the women SHGs and their group activities, and to objectively evaluate the socio-economic impact of the empowerment of women via SHGs. The study area was Tiruchirappalli district in Tamil Nadu. The sample size was 235 women SHG members from the Activist for Social Alternatives (ASA) organisation. ASA is an NGO, which has been operating since 1986 in the role of a facilitating agency for the empowerment of destitute, lower caste, women. Data selected for analysis was based on the operational model of empowerment. The study analysed the women members’ socio-economic status, before and after three years of joining the SHGs. In a nutshell, the study seems to agree that the programme is positively related to the

empowerment of women. There was a significant change to their income, expenditure and savings level.

Vijayanthi (2002) study on “Women’s Empowerment through SHGs: A Participatory Approach” was conducted in five slum areas of Pulianthope of Chennai city to assess the empowerment of women in SHGs. A sample of 102 women participants were selected for a structured interview schedule. The variables used to assess the empowerment were demography, awareness of issues such as health, water, sanitation and women in decision making at the individual and group level. Factor analysis was used to study the empowerment indices. This study concluded that participation in such community development programmes empowered the women, and this was the only way to improve the lot of the voiceless women.

The literature review on microcredit and empowerment banks on the fact that empowerment originated on bureaucracy, backed-up by a limited choice of equality and consequent failure of individuals or groups of people to meet their needs. In such cases, the individuals or groups of people experience powerlessness. It is essential to transform such powerlessness through the injection of credit, which will help them to take control over their lives through self-employment and involve them in income-generating activities.

From all the studies, it can be concluded that the common indicator used in microcredit for women empowerment includes factors such as control over loans, decision-making abilities, and mobility outside the household. It is widely perceived that if women can achieve autonomy in these facets of their lives through access to microcredit, then the structures of inequality contributing to women’s subordination can be mitigated. Undoubtedly, such indicators are useful in understanding the impact of microcredit in the process of empowerment. Empowerment can be seen in the context of individual development, group development, or the local community or issues related to the gender

and political matters of societies. It is worth mentioning that the outcome differs from society to society. The studies mentioned in the literature review deal with empowerment opinions and ideas with reference to developed countries. They may not fit into the context of developing countries like India. The IFAD empowerment indices have been already tested in many studies in India. The present study will be based on these indices.

3.6 Microcredit and Financial Sustainability

Sustainability means the existence of microcredit on a permanent basis, with the ability to generate income to cover the costs of providing financial services to SHG members. The term financial sustainability refers to the ability of the MFIs to efficiently utilise the funds and grants for the purpose of income generation (Roshane Zaigham, 2011; Schreiner, 2001).

The loan repayment performance is crucial for MFIs' sustainability (Yaron, Benjamin, & Piprek, 1997). A more advanced stage, referred to as financial self-sufficiency, compared the total income with the total expenses on one hand, while grants and subsidies received on the other. Sustainability is realised when the organisations have the ability to independently generate adequate income in order to meet their current requirements without endangering the future needs of the institution to operate smoothly. Most of the loans were taken for income-generating activities, the repayment of the loans are under the close supervision of the supporting institutions. The ability to make timely repayments to banks, in turn, depends on the repayment patterns of the individual members (Zeller & Meyer, 2002).

Generally, most MFIs, particularly those adopting joint-lending methodology, exhibit high repayment performance (Chamhuri & Quinones, 2000). Moreover, there is consent that joint group-lending has a high repayment performance compared to individual

lending. The researcher supports the idea that screening, monitoring, enforcement etc., which take place in group-lending, contribute to a great extent in covering the gaps caused by the absence of collateral, information asymmetry and moral hazards (Sadiki, 2009). In this regard, J. E. Stiglitz (1990) opines that with zero monitoring costs, joint-liability lending has a positive repayment performance and substantially reduces the monitoring costs.

The common question, particularly with the poverty-focus approach, is whether the poorest can manage to pay the high interest rates determined by the market mechanisms (M Cohen, 1996). In fact, for the purposes of maximising the welfare of the poor and motivating the poorest to access microloans, the interest rate is expected to be the as low as possible (Morduch, 2000). To emphasise the ability of the poorest to afford high interest rates, Schreiner(2001) explains the fact that the poor are prepared to take different microloan cycles, and that repayment is the relevant evidence to show that they have the ability. Furthermore, analysis reveals that, in general financial costs of microloans, particularly the interest rate, constitute proportionately an insignificant portion of the total costs in running income-generating activities (Woller & Schreiner, 2004). In another study, Besley & Coate (1995) shows that strong ties among the group members had a positive impact on repayment performance. They maintain that, based on these strong ties, failure to repay would lead to sanctions not only of issues related to MFIs, but even their areas of residence. In other words, they theoretically affirm that the repayment performance is high as group members are prepared to take strong measures including social sanctions.

M. Sharma & Zeller (1997) adds some interesting observations in relation to joint-lending repayment performance. Their study established three major findings. First, the group members from remote areas experienced a high loan repayment performance because they wanted to maintain a good relationship with MFIs. If they needed to access micro

loans in the future proper repayment was important. Second, the study found a poor repayment performance for group members who were close relatives. Third, a positive group repayment performance was made possible by members who used to rely on their own initiative, rather than the influence of agencies or other individuals.

The authors argued that the ability and preparedness of borrowers to pay the interest rate was dependant to a great extent on the industry or sector in which the micro loans were invested. This, in turn, was the basis for establishing the rate of returns on investment and, normally, where there was a high return the borrowers accepted loans and paid high interest rates. For instance, borrowers who invested in petty trades generally had a high profit margin and high stock turn over and this encouraged them to pay high interest rates. (Sadiki, 2009).

According to Sievers & Vandenberg (2007), SHGs are expected to be self-sufficient via interest and principal repayments, service fees, and, in the case of embedded services, channel their contribution to the marketing and sale of other products.

Deininger & Liu (2009a) did a research study on “Determinants of Repayment Performance in Indian Microcredit Groups”. In this study, they evaluated the effect of monetisation and the arrangement embedded in loan recovery methods on the microcredit groups’ repayment performance, which is an obscure area of study. The data was collected from more than 2000 federated groups in 299 Village Organisations (VOs) in a programme aimed at delivering microcredit to the poor rural folk in Andhra Pradesh. The data covered 3350 expired loans by 2147 SHGs in 299 VO’s. The SHG funds were from three sources, namely commercial banks via Village Officers, internal savings by SHGs and grants provided to the Village Officer under the Community Investment Fund (CIF). Nearly 40 million rupees (about 1 million USD) was transferred through these loans and 60% from CIF resources. Only 63% have been fully repaid and 23% loans are still outstanding. The

repayment rates are still lower compared to banks (87%) and internal loans (89%). The study used the Tobit Model to analyse the research.

The study of Kumar (2008) “SHGs and Financial Behaviour: A study in Micro Finance” states that the high transaction costs in group-lending resulted in high defaults. The financial operations of SHGs in terms of thrift, the amount and number of loans and interest rate determination are reviewed in this study. The per capita amount had a positive relation to the members’ perception of their educational status. The unity in purpose and intention of loans and the practice of rotation in lending, backed by a higher economic status among the concerned group members reflected a higher lending ability. Members used their own funds for saving and the external funds were used for investment.

Sievers & Vandenberg (2007) conducted a study on “Synergies through Linkages: Who Benefits from Linking Micro-Finance and Business Development Services?” The findings showed that access to both financial and business development services (BDS) is instrumental in encouraging growth of both micro and small enterprises. However, initial effort at combining these two factors proved unsuccessful. It was surmised that the provision of credit was insufficient in the reduction of bottom-up poverty reduction, which spells the needs for a new approach vis-à-vis BDS. For successful credit linkages three key factors were needed: enterprises, BDS providers and micro finance institutions. A total of thirty linked programmes were studied via a six part typology.

Krishnamurthy (2011) in his study on “Narrative Approach to study the Business Model of Flower Sellers and the Role of Micro Finance in Chennai City” interviewed 20 flower sellers located in the Choolaimedu area. The study used a model provided in the website²⁰ to find the dimensions of business. 20 participants were involved in the micro finance. The study found that the SHG women who got loans from MFIs had also got loans from money

²⁰ <http://www.businessmodelgeneration.com>

lenders as it was easy for the women to repay their loans on a daily or weekly basis. As such the loans accumulated for monthly repayment were difficult for them to repay as most of the SHG loans had to be repaid on a monthly basis. The local money lenders could be easily accessed by the women during their times of urgent need as they did not need to wait for the loans.

All of the studies above on financial suitability concluded that there was a positive contribution of members towards improved repayment performance and reduction in transactional costs. However, the negative fact was that the high interest rates charged resulted in defaults in repayment. Hence, it can be concluded that financial sustainability of SHGs are incumbent upon the repayment of micro loans and interest rates, the maintenance of group savings and the generation of income from the micro loans.

Group solidarity of the SHG members, their interest in the continuing the group are also resulted in financial sustainability of the SHGs. The SHGs provides an opportunity to build self-help, mutual cooperation and collective action to strengthen their social and economic development. Forming sustaining institutions for the poor will help and result in collective action, greater solidarity, bargaining power, economies of scale and larger linkages. When the SHG started, they were formed to inculcate friendship amongst the members. A well- functioning SHG involved cooperation built through the members' bonding relationships with each other. For most of the women, the SHG was the first situation where they were expected to work collaboratively outside their family circle (S. G. Sabhlok, 2006). The study by Kerr (1994) stated that face to face communication enhances the likelihood of the individual members to cooperate and, in turn, strengthens solidarity in the group and results in better group functioning through good cooperation. From all the studies, it can be concluded that the common indicator used in microcredit for financial sustainability repayment of credit and interest rates, effectively

using the credit for income generating activities. However this study will focus on group solidarity and willingness to continue their participation in the group. If a group possess solidarity which will enhance their income generation, share of knowledge in using the funds productively which will be useful in income generation in a positive way. Also other indicators like repayment performance, payment of interest rate and income generation through SHGs will also useful in determining the financial sustainability of SHGs.

3.7 Theoretical Framework of the study

3.7.1 Theory of Joint Liability Lending

Joint liability lending implies the act of financial institutions lending to a chosen group of borrowers, and making them jointly liable for the repayment. These institutions make it their business to grant loans to people not considered creditworthy by the mainstream. The very concept of joint liability is coined and implemented where conventional method of loan recovery fails, particularly when the borrowers lack collaterals. The programmes that are based on this principle have been praised for providing access to credit to poor households in both developed and developing nations (Park & Shen, 2003). This practice traces its roots back to the mid-nineteenth century, where a credit cooperative movement was successfully introduced in Germany, incumbent upon the idea of joint liability. The programme showed a remarkable track record of successful repayment, and was widely imitated in numerous locations on the European continent (Ghatak, 2000). This proves that giving loans to groups has been given due recognition during older times and it had been found to be successful.

The Grameen Bank's Group Lending programme in Bangladesh and the SHG lending programme in India have several distinctive factors. The rural and urban poor are granted access to small loans for small-scale non-agricultural enterprises. This scheme

requires no collateral from the borrowers, and the interest rates remain on par with those charged by conventional banks. In the case of India, the commercial banks act as micro-finance institutions and lend micro loans to the clients. People intending to take out loans are advised to form small self-selected groups within their respective localities. The loans are then granted to each individual; however, liability is jointly distributed among the group, making each member liable for each other repayments.

The two distinguishing features of the contractual method employed by Grameen Bank and other lending institutions in explaining their spotless repayment record are the self-selection of group members, and joint liability. Under joint liability, a borrower's payment is higher when the group members' repayment rate of loans is higher. If borrowers have some information about each other's projects and they are allowed to select their own group members, they carefully choose their externalities through joint liability which will make them to select their peers based on the information available (Ghatak, 2000).

The advent of joint liability is positive vis-à-vis group formation matching. i.e., safe borrowers will tend to stick together, which leaves risky borrower little choice but to band together. This is rather intuitive, due to the fact that safe partners repay more often, and are more efficient in income generating activities and earning higher incomes. This enables them to organize and repay their debts in a systematic manner than the risky partner. (Ghatak & Guinnane, 1999). Banks do not know details regarding the type of borrowers, as they lack screening tools such as collaterals. Furthermore, the poverty of the potential borrowers compels the banks to grant loans at the same nominal interest rate. This has the effect of singling out risky borrowers, as the safe borrowers are more than willing to accept a higher degree of joint liability.

Group lending slashes transaction costs, which are detrimental for borrowers taking out small loans. Peer pressure, social capital, members from the same locality and other

bonds of kinship and occupations support the credit contracts, which is not possible with other conventional banking systems (Besley & Coate, 1995; Ghatak & Guinnane, 1999).

By utilising the local information and the social capital present among the borrowers, the joint lending liability (JLL) can effectively address the four major problems faced by lenders, such as: i) To establish what type of a risk the potential borrower has (adverse selection) ii) To ensure that once the loan is made, it will be utilized properly and will be in a position to repay it (moral hazard) iii) To be able to find out how to handle project failures and learn to handle the inability to repay (auditing costs) iv) To find methods to force the borrower to repay the loan if they are unwilling to do so (enforcement) (Ghatak & Guinnane, 1999). However, Besley & Coate (1995) pointed out the fact that borrowers, who are capable of repayment under the auspices of individual liability, might be powerless to do so in the context of group liability. This situation is especially poignant when the members of the group come to the realization that they are incapable of meeting payments as a group. If faced with such a situation, no further loans will be granted (if rules are adhered to), and group members who would otherwise repay would decide to default instead, due to the fact that the encouragement in the form of future credit is non-existent. This model is also beneficial in that it illustrates how social collaterals can enhance joint liabilities (exception in the case of the default situation described above). (Giné & Karlan, 2009).

JLL is considered superior than conventional bankers in the social context for two distinct reasons. Firstly, members of a society are more aware of each other's strengths and shortcomings. Secondly, JLL succeeded where credit markets failed, where a bank is incapable of implementing approvals against poor people who difficult on repayment of their loan, due to their poverty (Ghatak, 2000). Theories regarding peer monitoring are encouraged by the fact that group members are compelled (via incentives) to take remedial

action against a partner that is misusing their loan due to the presence of joint liability (J. E. Stiglitz, 1990). M. Sharma & Zeller (1997) expressed caution in relation to joint liability lending for what is termed as possibilities of group members to invest in high-risk projects. This is based on the fact that group members invest in high-risk projects, where they are jointly liable for repayment. The investment project risk will, therefore, be a burden to the whole group rather than to the individual member. Furthermore, the entire group defaults because they are influenced by the default of other group members, and this is described as a domino effect or debtor. (Besley & Coate, 1995).

Due to JLL, four mechanisms of design stand out: 1. The use of group liability to reduce screening, monitoring and delivery costs 2. The promises of repeat lending as a repayment incentive 3. The use of regular and more frequent payments, 4. The offer or sometimes requirement of savings (Yaron et al., 1997). Thus, in the context of group lending, individual borrowers are liable not only for themselves, but for others in the group as well, but savings in the form of better selection of projects allows banks to pass on certain benefits to the borrowers, usually in the form of reduced interest rates. The microcredit SHGs work on basis of the joint liability where small groups of homogenous women are entitled to credit and thus are jointly liable to repay their loans. The poor households who were neglected by the formal financial institutions are provided with financial services through SHGs for the purpose of income generating activities envisaged to improve their socio and economic status and to help them escape from the trap of poverty. This theory gives a broad spectrum to the research objectives, the role of microcredit to women SHGs in terms of their financial sustainability. Thus, group lending improves welfare and raises the repayment rates, which in turn improves the socio-economic standing of women in the microcredit programmes.

3.7.2 Theory of Social Capital

Social capital is defined as the norms and social relations rooted in the social structures of societies, enabling people to co-ordinate action and realized desired goals. (J. Stiglitz, 1998) posits that a nation's economic development is ingrained in its social organisations, and the act of addressing structural inequities does not only require economic changes, but is also incumbent upon societal transformation. J. S. Coleman (1993) pointed out that people is generally egalitarian. They actively discriminate and deny other opportunities to the poor, especially the younger generation. The hope and aspiration of this section of the people are neglected and this dampens the innovation and creativity of the people. Andrist (2008) points out that norms regarded as a negative imposition on certain individuals, might form common interest to others. Furthermore, a level of conspiracy is inherent in enforcing norms, as the cost of doing so is evenly shared among the community.

Social capital is the relationship, the attitudes and the values exist in the society that rules the people which ends in social and economic development (Grootaert, 1998). The work of Coleman (1993) and Helliwell & Putnam (1995) has emphasised the social role of economic growth.

Social capital can be considered as networks of horizontal and vertical linkages. Horizontal linkages are optimistic social networks that help to contribute the overall productivity of a society, such as volunteer associations. Vertical linkages are classified by hierarchical relationships and an unequal power distribution among members (Anderson et al., 2002; Grootaert, 1998).

Social capital permits the formation of both negative and positive association, incumbent upon its function. Social capital valued by certain action may be useful to a particular section of the society but harmful for others. There are many studies on social capital. Social capital has been demonstrated to be capable of solving collective action

problems, such as forest management, water irrigation distribution, and the reduction of neighbourhood crime (Woolcock, 2000). Seibel, Llanto, & Quiñones (2000) investigated the link between social capital and micro finance in the context of the Philippines. He evaluated the workability of Grammen norms, such as regular attendance in meetings, insistence on timely repayment of loans in the women development. Dowla (2006) determines that social capital is indicative of higher repayment and savings. In addition, social capital assists members in separating between wilful defaults, and defaults that are caused by true negative personal shocks. Microcredit works in groups, thus, the social relationships built in the group via cooperation produces social capital for group members, effectively converting them from high-risk borrowers to low-risk ones (Bebbington, 2006). The microcredit requires borrowers to establish cooperation to function in as a group in order to qualify for the availing credit. The borrowers have to cooperate in order to receive a loan and to operate the loan in proper income-generating activities.

This theory is central to this study as the focus is on microcredit's role in enhancement of the socio-economic standing of women in SHGs. It is quite obvious that microcredit SHGs use the community-based approach and practice. Microcredit SHG women play an active role and extend their involvement in income generating activities. Without filtering the cultural norms, the microcredit SHGs enhance the status of poor women in India through various awareness programmes in terms of increased literacy, self-employment, nutrition and family planning. This SHG approach is currently very dynamic because it helps women significantly contribute to their household incomes and economic affairs. Thus, the theory of social capital helps the microcredit SHG women members to function and cooperate with each other, thus enabling them to strengthen their group solidarity.

3.7.3 Cultural Theory on Poverty

Lewis (1965) propounds the theory of culture on poverty, based on a study conducted in Mexico. He argues that the culture of poverty emerged as a result of the marginalization, both socially and economically, of a certain part or class of the population. The poverty culture is characterised by low aspirations, political apathy, helplessness and disorganisation among others. A society that is victim of the culture of poverty usually tends to develop a persistent mechanism, regardless of the presence of the overall structural conditions for change (Sadiki, 2009). In other words, the culture of poverty insists that the poor remain in poverty, not merely due to their economic conditions but as a result of their cultural values and practices.

The Culture of Poverty Theory maintains that basically poverty arises from the different perspectives and living methods of the population that distinguish them from the non-poor segment in the community. In fact, the argument levelled here is that the culture of poverty hinders these poor individuals from making use of available opportunities and resources to reduce or eradicate poverty among them (Maqboul, 2005). Moreover, this theory advocates the existence of an inter-generational phenomenon where poverty is passed over to the next generation over time.

The culture of poverty theory has been muddled by criticisms. For instance, this theory distinguishes between the poor and non-poor based on the poor working class only it then attempts to generalise the theory to the rest of the society, assuming that they to possess similar cultural traits, which in reality might be quite different. Even constructs such as the absence of effective participation and integration of the poor do not reflect cultural traits. Furthermore, this theory makes an assumption that all individuals living in a given society maintain the same or a similar culture. From a practical perspective, this does not reflect what is actually taking place in the real world (Magboul, 2004). Even the

comment levelled on the transmission of poverty from one generation to the next is highly criticised as it contradicts itself with what the world is currently experiencing, by way of a remarkable poverty reduction initiative worldwide.

3.7.4 Relative Deprivation Theory

Ted Robert Gurr explains in his book *Why Men Rebel* (1970) that a gap between the expected and realized welfare, instead of an absolute standard of deprivation, creates collective discontent. This theory is also applicable to individuals who think that their own welfare is inferior to others (Richardson, 2011).

Meanwhile, Runciman (1966) defines preconditions of Relative Deprivation as a situation where Person A feels deprived of object X: Person A lacks X; Person A wants to own X; Person A knows others possess X; Person A believes obtaining X is realistic. When a deprived person compares himself to a non-deprived person, the resulting state will be called “relative deprivation”, while a vice versa situation is called “relative gratification” (Davis, 1959). This example goes to show that the magnitude of Relative Deprivation is the extent of the difference between the desired situation, and the person desiring it.

Walker & Smith (2001) explain Relative Deprivation as an experience where an individual or a group of people are deprived of something that they feel deserve. It is the discontent that they feel when compared to others who are in similar situations and environments. They seem to have less than their peers. In other words, Relative Deprivation is a situation or condition that is measured when one compares the disadvantaged to those who are more advantaged. The deprivation can be measured in terms of the economic, political or social context in relative rather than absolute terms, which are mostly objective.

A more relevant form of Relative Deprivation for this study is relative poverty. A measure of poverty defines it in reference to the Poverty Level Index (PLI) of the

respective country, classifying poverty into absolute and relative terms. In other words, a narrow perspective explains the poverty deprivation in terms of absolute and relative poverty. The former connotes the absence or lack of necessary means that are adequate to satisfy an individual's basic needs such as food, clothing and shelter, while the latter refers to the discontent an individual experiences when compared to others in society, leading to a sense of deprivation (Sadiki, 2009). Thus when an individual's needs are neglected, either in terms of basic needs or in terms of discontent, it will lead to deprivation.

In a country like India, where a substantial percentage of the population are surviving below the poverty line, the Relative Deprivation theory is highly applicable. Among those aspects, the poor are relatively deprived compared to the non-poor, as far as access to all their livelihood needs are concerned, especially in terms of access to formal institution for the purpose of obtaining credit. The lack of conventional collateral to pledge, high default rates, and transaction cost and interest charges are levied on them by financial institutions. Fortunately, microcredit has filled the gap by introducing group-based joint liability that stands in for collateral and the use of peer group monitoring to ensure repayments. Microcredit bridges the gap of both urban and rural poor in terms of creditworthy loans.

However, the theory of Relative Deprivation has a positive influence on microcredit SHGs performance. It addresses indirectly the objective of this study. For instance, this theory attempts to explain repayment performance and impact on financial sustainability to discuss peer pressure, socialites and monitoring of groups. In addition to this, the outreach of SHGs is another area where those who are highly deprived are reached and served by the microcredit SHGs in terms of the socio and economic influence on women

3.7.5 Micro-Finance Paradigms

The landscape of poverty characterised by landlessness and limited or no access or no access to other natural resources, powerlessness and gender subordination in the state forms the contextual basis for social mobilization and micro finance programmes. Poverty alleviation through the micro finance mode is, not just about the provision of services for the poor, but also about the poor participating in society's value-added processes. The advent of microcredit has to large extent eliminated the dependency syndrome that is rife among the hard core poor in meeting their credit needs. Microcredit embodies the story of "micro success" in the increase of incomes and the economic welfare of small borrowers. It has demonstrated, in unparalleled terms that the alleviation of poverty is entirely possible via small amounts of lending lacking any collateral. Moving the poorest out of poverty marks the beginning for sustained development. Self-help, supplanted by mutual help, forms a powerful vehicle with regards to the poor in their upward migration of their current socio-economic standing.

The following part of this study elucidates in detail the various theoretical background of micro finance. Firstly the Micro-Finance Paradigms are under current debate. There are three different paradigms to micro finance: The financial self-sustainability paradigm, the poverty alleviation paradigm and the feminist empowerment paradigm (L. Mayoux, 2002). The analyses of these paradigms are vital, due to each of them having their own theoretical assumptions and allegiances. The provision of microcredit is not free from vigorous debates. Extensive theorizing illustrated that each of them are distinctive in their discourse, which arose different values and political premises. These influences enable our understanding of how they affect the organisation of the programmes, and how microcredit are being delivered, along with what they consider the best means of both poverty reduction and women's empowerment (Drolet, 2006).

(a) Poverty Alleviation Paradigm

The philosophy behind poverty alleviation is derived from supply-leading finance, and widespread subsidized credit programmes evolving from these theories, which experience and emergence post-World War II. There are three main schools of thought with respect to poverty: Welfarist, Basic Needs, and Capability. Although these schools diverge in various ways, they have a common thread: each school proposes that there is something that does not meet a reasonable minimum (K. S. Mohindra & Haddad, 2005). These schools of thought have emerged during different periods of time. The Welfarist Approach dominated the early days of development economics – a sub-discipline aiming to raise the living standards of the newly independent countries which emerged after the Second World War (Deneulin, 2004). Welfarism is concerned with the well-being of individuals in terms of utility and, a psychological feeling (e.g. happiness, desire) generated by the consumption of commodities. It is generally measured as the least level of income or consumption expenditure that is needed to leave room for peoples' preferences. Income poverty measurements typically involve the use of a poverty line representing a minimum per capita income (or expenditure). This enables an assessment of three kinds of poverty indicators : (i) the proportion of the population that fall below the poverty line (poverty incidence); (ii) the shortfall between expenditure and the poverty line (intensity of poverty or poverty gap), and (iii) the inequality in expenditure among poor people (severity of poverty). The income approach led to poverty alleviation becoming synonymous to per capita income.

By the 1970s, it was becoming increasingly clear that economic growth alone was insufficient for improving the living standards of everyone. Income was viewed as too narrow a concept. It was only useful a means to help meet needs, a perspective that eventually led to the emergence of the Basic Needs Approach (Streeten, 1981). The Basic

Needs Approach focused on a minimal decent life, including health, nutrition and literacy. Alleviating poverty shifted from improving aggregate levels of living standards to more concrete measures for vulnerable groups and the public provision of standard services, which includes primary healthcare and education. (K. Mohindra, 2003; Streeten, 1984)

Later, a new approach was added to the history of poverty literature called the Capability Approach. L. Mayoux (2002) states that this approach is entirely different from the earlier approaches to the poverty paradigm, and he explains it as follows: It is the assumption that improving the access of women to micro finance will increase her decision making capabilities vis-à-vis her household, and also improved access to income via both production and consumption, which has the welcomed effect of raising their status in their respective communities. The main criticism of the poverty alleviation paradigm is that it pays little attention to household levels, since intra-household inequalities implies that women are not reaping the benefit from increases in the collective household income, even in the case of them being the major contributor of income to that particular household.

(b) Financial Self-Sustainability Paradigm

Microcredit programmes offer a more secure and regulated financial structure for the so-called ‘unbankables’. These organizations bring credit, savings security and other essential financial services to individuals, small businesses, farmers and self-employed artisans employed in the informal sector.

David & Mosley (1996) explains the method of providing financial services to the poor. In 1987, the United States Agency for International Development (USAID) initiated its Lending for the Poor programme. Such interest encouraged the mainstreaming of micro finance organizations and the World Bank set up the Consultative Group to Assist the Poorest (CGAP), a donor consortium vehicle, which has since lent \$200 m to the world’s poor. CGAP also began to disseminate the “best practices” advice on how to set up

microcredit programmes. Non-governmental donors have been keen to fund micro finance organisations, usually expecting them to be run like commercial banks. At the same, time, donors believed that these organisations could engage in purposeful poverty reduction activities. L. Mayoux(2002) argues that is a blatant attempt at seizing poverty alleviation and empowerment concerns for the purpose of serving a neo-liberal agenda. The main concern of these type of programmes are to open access to financially self-sustainable micro finance services the large swathes of the poor, in order to assist them in increasing their respective incomes.

The ultimate aim of the financial self-sufficiency approach is to develop a vast microcredit programme, which are not only profitable and fully self-supporting, in many banking institutions. Ghatak (2000) explains “These institutions lend to poor borrowers who are not considered creditworthy by conventional lenders. One example of a success story is that of the Grameen Bank of Bangladesh,” in terms of loan recovery rates combined with a reasonable degree of financial self-sufficiency of the micro finance organisations”. Thus, the financial self-sustainable paradigm made the assumption that access to credit via poverty-targeting programmes, and the increment of the number of female clients, are duly sufficient for both poverty alleviation and women’s empowerment. Credit is designed to help women meet their practical needs.

(c) Feminist Empowerment Paradigm

The Feminist Empowerment paradigm is rooted in the development of one of the earliest micro finance programmes, such as Self Employed Women’s Association (SEWA), and Working Women’s Forum (WWF) in India (Mayoux, 2002). This paradigm looks upon the subordination of a specific gender as a multi-dimensional and penetrative process, which touches upon almost every aspect of the women’s lives, at all interconnected levels. More

weight is given to the empowerment of women, as it is all-inclusive with respect to structural changes in a designated society.

It seems that the Modernization Theory of the 1960s was wrong in its prediction that development would be all-encompassing to the population, irrespective of race, class or gender (Wilson & Whitmore, 2000). The Modernization Paradigm did not regard women as a separate group, as it was assumed at that time that the advent of a modern secular society would automatically eliminate all of the problems faced by women (Rahman, 1999a). The Gross National Product (GNP) measures the level of “development”, and it was a universal belief at that time that the enormous benefits of economic development would eventually be enjoyed by the masses (Kabeer, 2003). The development programmes are saturated with growth-dominated definitions, which precipitated resentment, and caused a reformulation of developmental goals that integrates poverty, distribution and regular needs. The assumptions of modern theories were challenged and paved the way for focusing on Women’s Role in Economic Development, which was the catalyst for countless new improvements in the context of women development.

i. Women in Development (WID) Paradigm

The term “women in development” was coined in the early 1970’s, after the publication of Ester Boserup’s book “Women’s Role in Economic Development”. Women in Development (WID) are linked to wide ranges of activities involving women living in the region being developed, where multiple parties have been active for the past three decades. The 1975 World Conference of the International Women’s Year at Mexico City, and the United Nations Decade for Women (1976-1985) implies that the global community is paying attention to the plight of women, especially in the context of enhanced educational and employment opportunities, political and social participation parity, and improved health and welfare services (Razavi & Miller, 1995). Basically speaking, the WID

movement is actively advocating equal rights and social justice for women. The primary emphasis of WID is aimed at the creation of an egalitarian society, along with the implementation of strategies and programmes that eradicates the disadvantages of women in productive sectors, and eliminating gender bias.

Mayoux (2001) explains three different models of the microcredit programmes for women empowerment. In the Empowerment Paradigm, the availability of savings and credit provides women with an enhanced economic role, especially in the context of decision-making on savings and credit. Handing control of these two commodities to women will allow them to decide a household's spending and welfare, which improves their respective employment opportunity, thus enabling the 'trickle down' effect.

Moser (2002) identifies shifts in women developmental policy approaches from welfare to equity, followed by anti-poverty to efficiency, and finally, to empowerment. The WID projects prioritize women's productive roles, and their integration into the economy, all of which aiming for the improvement of their status. WID leaned toward the development of skills for women, and also involving women in project that generates income. This will invariably improve their chance of raising their respective household income. Basically, these projects are an all-encompassing way to involve and enhance the standing of women in both their respective household and societies (A. Rahman, 1999b). The argument posited by WID frame women in a very positive, useful member of society context. This actively implies that women should no longer be seen as passive recipients of welfare programmes, but as active contributors to economic development. Women can thus be regarded as the "missing link" in developmental history, and hitherto, the undervalued economic resource in the course of developmental process.

Many feminists challenged the viability of these projects, due to the fact that they fail to address the previous grievances of gender inequalities (Moghadam, 1998). Studies

have shown that while some women did increase their income through such projects, there was no change in women's position in terms of power and authority in the household (Benería & Roldan, 1987). At the same time, many international organisations, which gave fund for women in developing countries, had their own agenda: to control population growth. In order to achieve a reduced population, women were targeted and incorporated into a comprehensive development approach in which income-generating projects became the central issue for women.

When the women's income-generating projects proved a success and left them filled with revenue, men often appropriated them. Women in the development/liberal-feminist camp not even bothered with a defence, due to the fact that it is not indicative of gender bias. These projects are mostly based on the assumption that the relations between genders will change for the better with the advent of women becoming full partners in the path of economic development. Moreover, such an approach to women's betterment is problematic in that it assumes women's economic participation in society as being synonymous with women's empowerment. Thus, the inability of the WID framework to challenge the patriarchal status quo renders such an approach inadequate to fully and successfully address issues of gender inequality within society.

ii. Gender and Development (GAD)

The inability of WID to produce any long-term improvement in women's lives led to an increasing sense of dissatisfaction among feminist scholars. This dissatisfaction ultimately manifested itself in the Gender and Development (GAD) theoretical framework. Deeply immersed within Marxist thought, GAD emerged in the 1980's, succeeding WID, attempting to incorporate lessons from its failures (Viswanathan, 1994). The GAD began by taking a holistic approach to the totality of social organisation, economic and political life, in order to fully comprehend the shaping of particular aspects in the context of society.

GAD is not fazed by achieving equal distribution of women and men in development activities, nor does it necessarily mean treating women and men in the same way. It basically addresses the social construction of gender, along with the assignment of specific roles, responsibilities and expectations of both men and women. In effect, GAD's approach advocates gender equality and social justice (Rathgeber, 1990).

Gender equality includes the right for women and men to have access to equally fulfilling lives, and equally contribute to the designations of their desired society (Drolet, 2006). The advancement of women and the realisation of gender parity are human rights and pre-conditions of social justice, and should not be isolated to women. It remains the sole way of maintaining a sustainable, just, and developed society. The empowerment of women and gender equality forms the prerequisites for the realisation of political, social, economic, cultural, and environmental security of society (CIDA, 1999; Beijing Platform for Action, Fourth UN World Conference on Women, Beijing, 1995).

The Feminisation Paradigm helps us to understand the status of women and the evolution explored in the three international development paradigms. It has influenced income-generating programmes for women in the past decades. The paradigm emphasises gender and class relations as a collective, rather than women or men as individuals. Furthermore, this paradigm is beneficial in the context of the present study as it prioritises change with regards to women in aspects of production and reproduction, along with the constraints involved and the way in which development agencies and non-governmental organisations view the exact role of women. Looking at their constraints, the microcredit programmes gave a new theoretical approach. Hence the microcredit programmes give insights into reducing poverty and empowering low income women. (L. Mayoux, 2001) explains three different models of the microcredit programmes for women empowerment. In the Empowerment Paradigm, women's access to savings and credit gives them a greater

economic role in decision-making through their decisions about savings and credit. When women control decisions regarding credit and savings, they will use their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down' effect.

All the theories mentioned above provide valuable insights into microcredit in terms of its women development. To conclude, the theoretical framework of the in Microcredit Paradigms such as the Financial Self-sustainability, Poverty Alleviation and Feminist Paradigms are beneficial in this study, due to the fact that they provide the different views and comprehension with regards to the development of women. The cause and effect of the three paradigms are interrelated and these are useful to provide the context of the present study within an existing philosophical framework.

The Financial Sustainability Paradigm views credit as the missing link in the course of development. If credit is injected, and if poor women could access credit in the form of microcredit, poverty would be slashed, and women would be empowered. Having ready access to credit alone is not a pass for the empowerment of women, it is expected that giving women access to capital will allow them greater independence, and boost their confidence, along with positively improving their respective family's incomes.

The Poverty Alleviation Paradigm is particularly important, due to the fact that women are prone to spending their income on the wellbeing of their household and children's education compared to men. In other words, helping women to generate income benefits the whole family. The poverty-lending model hinges upon subsidies that were designed to slash interest rates for very poor clients.

The Feminist Paradigms of WID and GAD question the supposition that credit forms the missing piece in the development of women, and offers a more comprehensive understanding of the underlying constraints that are faced by women, by allowing researchers to consider links of production and reproduction. The feminist paradigm will explain how to overcome the gender inequality and to achieve empowerment.

In conclusion, all the three paradigms i.e., financial self-sustainability paradigm, poverty alleviation paradigm and the feminisation paradigm are important to understand the experience of women in the microcredit SHGs. Hence, this study will incorporate all the three dimensions. The next section gives further details on the operationalisation of the framework.

3.8 Research Framework

Microcredit SHGs has increasingly been used as a tool for poverty alleviation and the empowerment of women Banerjee et al., (2009); Christiraj (2010); Mukherji (2006); Ahmed et al., (2011a); Puhazhendhi & Satyasai (2000); Rajeshwari (2002). Most of the literature review on studies done to study the impact on poverty alleviation through socio-economic development states that the income generating activities as well as increased awareness and women empowerment are methods to reduce poverty. Socio-economic development is a cause as well as an effect of poverty alleviation.

However, the literature review shows a big gap in the study of microcredit with respect to the urban poor especially in the study area of Chennai. However, there are very few studies done in this area focussing on some aspects of the micro credit scheme. The study done by Rajeshwari(2002), focused on the income, expenditure and savings pattern of women in SHGs in Chennai city. Her study focuses on the role of SHGs in developing the socio-economic conditions of women, identify the improvements in women in terms of

income, expenditure and savings after joining the SHGs. In a nutshell, this positively affects women in terms of income, expenditure and savings after joining the group. The major limitation of the study is that this study completely neglects the family's health and nutritional status, their awareness about education and the ability of the women to make decisions. These are all considered as important factors that enhance the income-generating potential of the SHG women via income generating and self-employment activities. Studying the income, expenditure and savings alone gives an incomplete picture of the socio-economic standing of women.

Krishnamurthy (2011) in his study in Chennai city interviewed 20 flower sellers located in the area of Choolaimedu who were involved in the micro finance. This study used a business model to find the dimensions of the business. The study found that though the SHG women got loans from the MFIs it was easier for them to repay their loans on a daily or weekly basis. As such, repayment on monthly basis was a difficult task as most of SHG loans were based on repayment on a monthly basis. However, this study has a very limited scope on the SHGs in Chennai city because the sample of respondents taken for this study only consisted of 20 women members. The study focused on a particular area in Chennai city. The SHG activities are widespread throughout Chennai city. Focusing on a particular area will not give insightful outcomes of SHGs members in general.

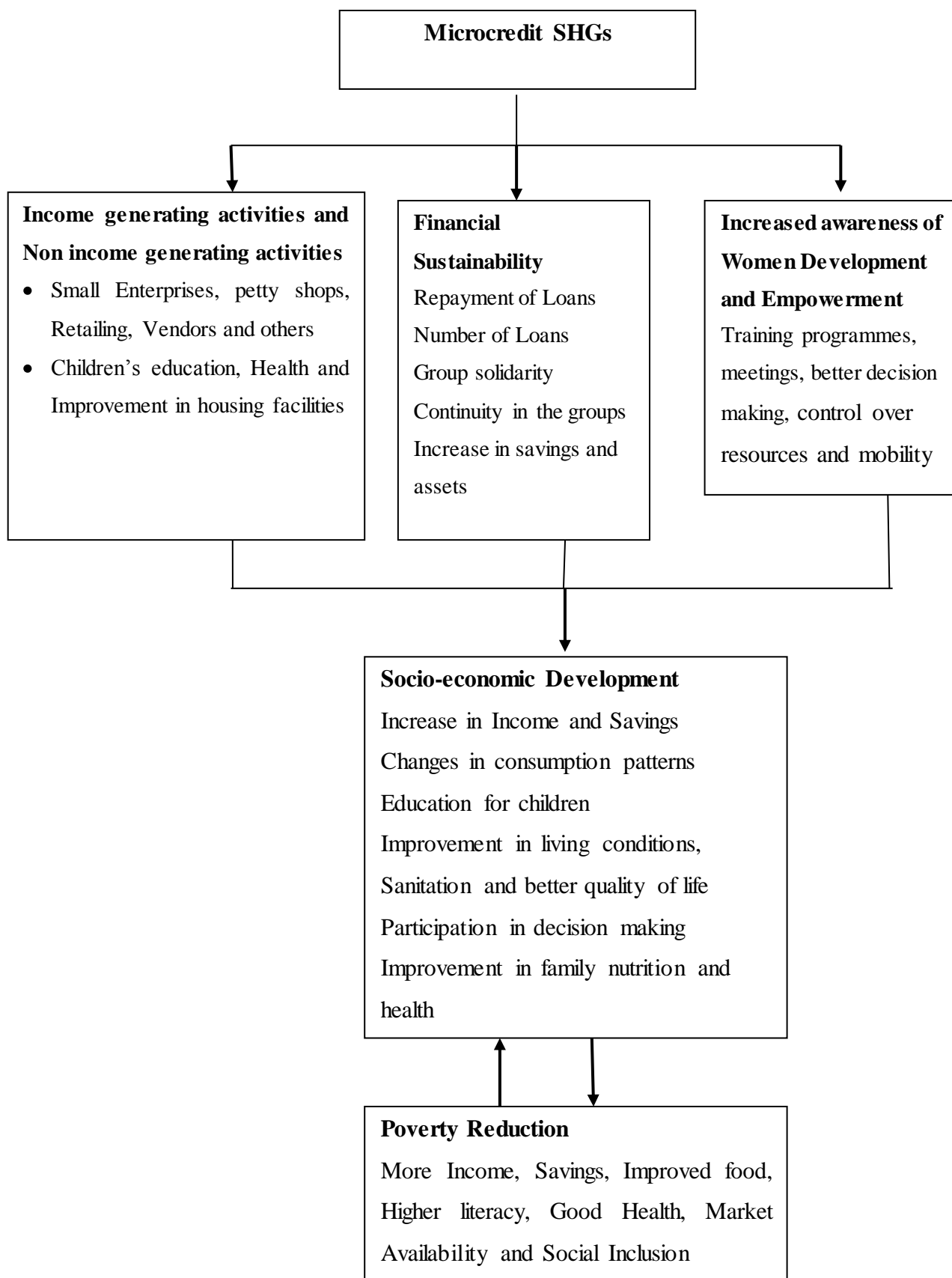
Vijayanthi (2002) in her study of Chennai city assesses the empowerment of women in SHGs in five slum located in Pulianthope. 102 women participants were selected, and a structured interview schedule was prepared, touching upon areas such as of demography, awareness of issues like health, water, sanitation and women in decision making. This study used the appropriate variables to meet the empowerment of women using factor analysis to study the empowerment indicators. But it has a limited scope due the fact that it

focused on a particular area and thus the sample area and the sample size were not representative of the total population.

All the above studies conducted in Chennai city focused one aspect for example, empowerment or sustainability or income-generating activity. None of the studies focused on all the three aspects of poverty reduction, sustainability and empowerment. The previous studies used small sample size and confined to certain localities.

This research used a similar research framework to Ahmed et al., (2011a) mentioned in the literature review. His study however, did not include financial sustainability. This study focuses on financial sustainability, poverty alleviation and empowerment, which are considered to be inter-related for the socio-economic development of women in microcredit SHGs in Chennai city. This study hence hopes to fill the gap in the previous studies. Fig: 3.3 depict the framework of the study.

Figure 3.3: Research Framework



CHAPTER FOUR

METHODOLOGY

4.1 Introduction

This chapter concentrates on the research methodology and procedures employed in executing this study. It gives an insight into the sources of data, sampling, collection techniques and techniques employed in the data analysis. The techniques and approaches that were used to address the research objectives and questions were given in Chapter One of this thesis

Quantitative methodology is adopted using self-reporting method. It involves data collection in the numerical form in order to explain or to predict the phenomenon of interest. A Qualitative method is also used to gain insights into the responses from the survey (Gay, 1996).

4.2 Research Design

The research design is exploratory in nature based on using multiple sources of evidence, namely structured interviews using a questionnaire and in- depth qualitative open-ended interviews. It attempts to explore and describe the performance of women in SHGs in improving their socio-economic status and their empowerment.

A comparison is made to study the living conditions of members before joining the SHG and their conditions after three years of joining the group in order to see the extent of improvement that had taken place as a result of the programme intervention. This is to investigate whether there was a significant difference in income, savings, assets, expenditures, basic amenities and attitudinal and behavioural changes in the urban women before and after the interventions of SHGs.

4.3 Sampling Frame Work

The information used is obtained from Tamil Nadu Corporation for Development of Women (TNCDW) a government wing under which the SHGs operate in the Tamil Nadu state. These include, a list of the registered Non- Government Organizations functioning under the Mahalir Thittam programme in Chennai city, the list of the NGO zone details, other pamphlets relating to their training and details of the district SHG operations. Also, briefings were given by Additional Director and Project Implementation Officer in TNCDW on the various SHG operations in Chennai city.

4.3.1 Sampling of Research Area

The required samples were chosen by adopting a three-stage stratified random sampling method. The first stage involved the NGOs, the second stage focussed on the SHG and the third stage dealt with SHG members on the basis of the demographic regions. As per the Corporation of Chennai, the demographic region in Chennai city is divided into three broad categories: North Chennai, Central Chennai and South Chennai consisting of 10 zones. The zones of Tondiarpet, Basin Bridge, Pulianthope and Ayanavaram are the areas in North Chennai while Kilpauk, Ice House, Nungambakkam and Kodampakkam are in Central Chennai, whereas Saidapet and Adyar are in South Chennai.

4.3.2 Sampling of NGOs

The population for the present study is defined as women SHG members in Chennai city. In August 2010 Chennai city had 29 registered NGOs registered under Mahalir Thittam with 25,359 SHGs. Many NGOs under Mahalir Thittam were approached either by telephone or face to face visit. Some passive resistance was felt from some of the NGOs, who appeared to be afraid to share their experiences for the purposes of research. But some

of NGO's were open and helpful, providing assistance and sharing information. The selected NGO's in the study were very cooperative for data collection. The research would not have been successful without their assistance and guidance.

Of the 29 registered NGO's under Mahalir Thittam , 14 NGOs are located in North Chennai, 8 NGO's in Central Chennai and 7 NGO's in South Chennai. North Chennai is the industrial epicentre in the city and also this area is adjacent to the sea Bay of Bengal. Central Chennai is the commercial heart of the city and the South Chennai is predominantly hosting a large number of IT and financial companies. The predominance of NGOs (14 NGOs) are more in North Chennai, most of the people resides here are living below poverty line as compared to other areas. From the 14 NGOs located in North Chennai in that 2 NGOs are selected, from 8 NGOs located in Central Chennai and 7 NGOs are located in South Chennai one NGO each is selected. Four NGO's were selected in the ratio of 2:1:1²¹. However, all the NGO's in the sampling frame were involved in spreading SHGs throughout Chennai city.

Table 4.1: Details of NGOs selected for sampling

S. No	Name of the NGO	Region	Area
1.	Marialyam	North Chennai	George Town
2.	Sorannampal Education Trust	North Chennai	Ayanavaram
3.	Reedha	Central Chennai	Royapettah
4.	Niveditha	South Chennai	Thiruvannmiyur

²¹A proportionate of 10 percent is selected from the NGOs located in North Chennai, South Chennai and Central Chennai (i.e., 10 percent of 14 NGOs located in North Chennai is 2 NGOs, 10 percent of 7 NGOs located in South Chennai is 1 NGO and 10 percent of 8 NGOs located in Central Chennai is 1 NGO), which is 2:1:1 ratio.

The selected NGOs provide services to set up and support the SHG with the help of the Tamil Nadu Corporation for Development of Women (TNCDW). The NGOs provided diverse services to the SHGs. All of them did not have prior experience in mobilizing women SHGs, but they had been involved in various social activities for more than ten years and had been involved with SHG activities for the previous five years.

(a) Details of NGOs under the Sampling Framework

Four NGOs were under study. They are Marialaya, SET, REEDHA and Niveditha. Details related to them are given below.

i. Marialaya

Marialaya is an organization established in Chennai by a few Christian missionaries in 1942. It is involved mainly in the field of education. From 1976 the missionaries have concentrated on urban areas and worked for the deprived and oppressed groups in the rural areas and urban slums. From 1990, Marialaya has been offering services for the neglected and uncared girls between 6 to 20 years. They help street children, children who have run away from home, children of commercial sex workers and child labourers. They started the SHG in the year 2001. Its objective was to initiate a process by which the women could empower themselves to work towards their own liberation through participation in community work and development.

ii. Sornammal Educational Trust (SET)

SET was established in the year 1996 by three professionals from Ma Foi Management Consultants Limited. The trust started initially in Sivagasi district where a large child labour force was operating. SET's main objectives were to abolish child labour and to provide the poor children with some means of education. It helped the victims to continue their schooling. In April 2001, the trust adopted St. Anne's Primary School and since then

the school has developed drastically. SHGs were formed to help the parents to save and provide stable financial conditions for their children. The ultimate aim of the organisation was to help disadvantaged communities to achieve economic independence by building an integrated support system that provided education, career training and entrepreneurial mentoring.

iii. Rural Education and Economic Development Association (REEDHA)

REEDHA was started by a group of Trustees in the early 1980's with the aim of educating the rural poor. It has its wings in many parts of Tamil Nadu. It offered vocational training to the rural poor who could get better jobs after completing the course. In this way their socio-economic standard improved. In the late 90's REEDHA formed SHGs in various parts of southern Tamil Nadu. It initially focused on the districts of Dharmapuri, Ramanathapuram and Nagercoil and gradually established SHGs in the other parts of Tamil Nadu. REEDHA started SHGs in Chennai city in the late 90's. At present, it has a large number of SHGs operating in Chennai city.

iv. Niveditha

Niveditha was started in the year 2000 by Vijammal, a social worker, as a Mahalirmandram, a women's welfare organisation. This organisation was established to help the poor and destitute women. Initially it started as the Nivedhitha Mahalir Pothamalar Sangam which was registered under the Society's Act. It provides free training courses for the poor and needy women in tailoring, typewriting and handicrafts, which will enable them to find a job or to be self-employed. Later, in 2002 it started the SHGs and in the year 2005 they got registered under the Mahalir Thittam .

4.3.3 Sampling of SHGs for the Quantitative Study

The SHGs for this present study were selected in consultation with the NGO officials. The NGO officials provided a list of SHGs. The quality of the impact assessment depended on a clear and precise definition of the target group and in the establishment of clear boundaries that identified who was included and who was not and for what reason. The socio-economic impact of SHGs on the life of the members was highly correlated with the time of involvement within the SHG. Thus the main criteria for selecting the SHGs were based on the SHGs having members who had completed three years²² of programme intervention. Accordingly, members who joined SHG recently (those who became SHG members since January 2007) were not included in the assessment. Any member who had not completed the membership for more than three years were excluded from the study.

The SHG groups selected were of mixed castes and religions. Chennai city is predominately populated by Hindus. Most of the SHG groups constituted Hindu members. There were only a few Muslims and Christians in the SHGs. Out of the total number of SHGs which had completed 3 years from each NGO, 10% of the groups were selected for the sample and 10 individual members were selected from each group for the semi-structured interviews (the average size of the SHGs are 10-15 members to make it more consistent 10 members are selected from each group under the sampling framework). Individual interviewees were selected within a diverse range of age, occupation, economic and marital status. The following table shows the sampling strategy of the SHGs.

²² This study focused on the groups that completed 3 years of membership, the SHGs need to accumulate their savings and complete their credit rating by NGOs only then they are eligible for external linkage funds. Only then the SHGs involved in economic activities. It takes a minimum one year time period to stabilize the SHGs. Also on completion of their 5 years the SHGs can work independently on their own without NGOs. The SHGs have given option that they can dissolve the group and disperse the funds collected or if they wish they can function with the NGOs. The sample SHGs of this study exists 3 to 5 years.

Table 4.2: Sampling Framework of SHGs.

Names of the NGO	Total no. of groups	Total no. of groups completed 3 years	Sample Size of the SHGs (10% of total groups completed 3 years)	Total members (10 members from each SHG)
Marialyam	921	212	21 groups	210
Sorannampal Education Trust (SET)	1898	272	27 groups	270
Reedha	454	185	18 groups	180
Niveditha	321	110	11 groups	110
Total			77 groups	770

According to Krejcie and Mogran (1970), the representative sample size for the population 25,359 SHG members is 383 respondents. In order to make it more representative 770 members are chosen as mentioned above in the table. Out of the total sample size 770 SHG members, only 758 responded for the quantitative survey, 12 members did not responded. These 12 respondents were not from a particular group of community, age, religion or area or education. Thus the study concluded that they did not represent a selective sample loss. This study relies only on the primary data as the NGOs do not keep a complete record on the SHGs.

4.3.4 Sampling of SHGs for the Qualitative Study

To confirm the information about the living conditions of the participants before they joined the SHGs, 20 women were selected from 758 samples for in-depth, qualitative open-ended interviews, representing all the four NGOs. The four groups of selected participants comprised five from each group with homogeneous characteristics based on: education (higher secondary), age (40-45 years), occupation (Self-employed), female headed families

and animators (leaders). These 20 women were most interested in participating in the in-depth interviews. The SHG members were not forced to participate in these interviews. In terms of qualitative interviews, the choice of sample size was guided by (McCracken, 1988) suggestion that qualitative studies relied on in depth interviews “less is more” (p17). McCracken suggested eight as an ideal sample for most research explorations. Yet to make it more representatives, this study selected more than eight. The following table shows the details of the women interviewed for the in-depth interview.

Table 4.3: Details of women interviewed for in-depth interview

S.No	Name	Age	Education	Community	Religion	Occupation	NGO
1	Hemavathi (A)	45	Graduate	MBC	Hindu	Self- Employed	SET
2	Mumtaj	42	High School	MBC	Muslim	Tailor	SET
3	Bhuvaneswari	32	High School	BC	Hindu	Self- Employed	SET
4	Lakshmi	38	Higher Secondary	BC	Hindu	Self- Employed	SET
5	Josie (F H)	29	Middle School	SC	Christian	Phone Booth	SET
6	Pushkala (A)	43	Higher Secondary	BC	Hindu	Politician	REEDHA
7	Gomathi (F H)	39	Higher Secondary	SC	Hindu	House maid	REEDHA
8	Maharunisa	42	Illiterate	SC	Muslim	Self- Employed	REEDHA
9	Rani	45	Illiterate	BC	Hindu	Vegetable vendor	REEDHA
10	Jaya lakshmi	35	Higher Secondary	MBC	Hindu	Tailor	REEDHA
11	Sarala (A)	42	Graduate	FC	Hindu	House wife	Marialyam
12	Rose (FH)	27	Primary School	ST	Christian	Self- Employed	Marialyam
13	Prabha	34	Higher Secondary	BC	Hindu	Self- Employed	Marialyam
14	Komaleswari	40	High School	MBC	Hindu	Self- Employed	Marialyam
15	Vasanthi	34	High Secondary	BC	Hindu	House wife	Marilayam
16	Vimala (A)	39	Higher Secondary	BC	Hindu	Self- Employed	Niveditha
17	Amudha (F H)	38	Primary School	SC	Hindu	House Maid	Niveditha
18	Porkodi	35	High School	BC	Hindu	Self- Employed	Niveditha
19	Banu	35	High School	MBC	Hindu	Beautician	Niveditha
20	Noor Banu	45	Higher Secondary	SC	Muslim	Rice merchant	Niveditha

FH- Female Headed Families. A – Animators

4.4 Data Collection

4.4.1 Secondary Sources of Data

In addition to the data collected through primary sources, other secondary data were collected from the government organizations such as TNCDW, Madras Institute of Development Studies, IWID, Annual Reports and websites of TNCDW, Annual Reports of NABARD, Census Reports, Reports of the Planning Commission, text books, articles, journals and office files and pamphlets of the NGOs. All proved to be useful for collecting information.

4.4.2 Questionnaire Design

Questionnaire was used for quantitative analysis and open-ended in depth interviews for qualitative analysis. The focus of the questionnaire was on the socio-economic status of women in the SHGs. The final questionnaire included variables such as membership in SHGs, NGO details, family details, income, expenditure, savings, micro loans, income-generating activities, the basic amenities, training and empowerment indices.

4.4.3 Preliminary Survey

With the view to access the feasibility and reliability of the questionnaire, the researcher conducted a pilot survey on 25 members and these women were excluded from the total sample. The samples used in the pilot study included women members from the same NGO and some members from the same group chosen for the study. The pilot survey addressed aspects such as clarity, comprehensiveness and specifications addressed in the study, time taken to interview each individual, the presence and absence of variance in the respondents' answers and the convenience or inconvenience in the time chosen as felt by the

respondents. Once the feasibility and reliability of the questionnaire were established, the survey with the entire sample was done.

4.4.4 Field Data Collection

The field work was done in Chennai city from November 2010 till January 2011 with the two NGOs, Marialayam and SET. The field work with other two NGOs, REEDHA and Niveditha, was conducted from June to August 2011. The interviews were conducted in their areas of operation.

The SHG members of each group came from the same locality. Interviews took place in a common place like a community hall, temple or in the house of a member where they conduct meetings and discussions. The open-ended interviews were tape recorded. Permission was obtained from the members to record the interview and they were assured that their participation would not influence their status in the project.

4.4.5 Observations

In the six months of field work, the researcher used several types of observations which proved to be useful in gathering information. The first observation was attending SHG meetings. The researcher was present during four monthly meetings of the different SHGs throughout the entire research period. The selected SHGs were involved in the survey. The meetings took place in Triplicane, Kondithoppu, Thiruvannamiyur and Elephant Gate. All the meetings lasted from 30 minutes to one hour. The group members attended most of the meetings. The SHG members had a proper agenda to discuss the various issues related to their groups. Second the researcher attended a meeting conducted by the NGO named SET an organisation studied. At that time the ruling state government had organized a huge

gathering to issue the ²³revolving fund to the SHG members from different NGOs. SET had invited more than 200 SHG members for the meeting to discuss the programme schedule for operating the revolving fund.

On Republic Day (26 January 2010), 50 SHG members from the same location Tondiyarpet gathered to celebrate the day. The flag was hoisted by the local social worker. The objective was to listen and observe how the respondents behaved in their work place. In addition to these formal gatherings, the researcher observed the SHG women and their settings during the questionnaire and interview sessions. Observing them in their natural background provided a good preview of their culture, habits and psychology.

4.4.6 Research Ethics

The participants were assured that confidentiality and anonymity would be maintained. The participants were not asked to provide any personal information unless they wanted to. Most of the respondents had no knowledge or experience associated with research.

There was a tendency among the respondents to view the presence of the researcher, either as a representative of the government or the NGO. The researcher had to explain the needs and aims of the present study and to convince them that she was not connected either to the government or the NGO to avoid bias in the information gathered. The respondents were very curious to know about the personal details of the researcher. The researcher made the respondents feel comfortable by treating them as sisters or daughters. This created a conducive environment for the interviews and open discussions.

²³ Revolving fund is the subsidy given to the SHGs by the state government

4.4.7 Difficulties Encountered

The SHGs were formed to uplift the conditions of poor women. Women from different religions and castes had their own culture. Sometimes the respondents were reluctant to answer and would keep quiet. Participants were not so free to answer the questions regarding their family details, business income and household assets. They were afraid of answering anything personal because of peer view. It was a challenge to motivate them to give honest answers to the questions. In some cases, when the respondents openly gave their opinions on some of the negative findings, the NGO worker concerned tried to interrupt. The researcher had to explain that both positive and negative results were needed to improve the working practices of the organisation of the SHGs.

Punctuality was absent in most of the respondents. Most of them were late and some did not turn up at all for the interviews. Interviews had to be rescheduled for the absent respondents. In some areas the respondents were very punctual and showed enthusiasm. The NGO field workers were very cooperative and patient in taking the researcher to the field area. During the period of field work from November to January 2010, it was raining heavily in Chennai. Despite this, the interviews took place as scheduled though in some low-lying areas, floods caused the interviews to be delayed. Due to these delays, the researcher could not carry out the survey within the time frame and was forced to extend the work to the period June to August 2011.

Some of the SHG members had short-term goals as they just wanted financial assistance. All the respondents in the survey had three years of membership with the SHGs. The SHG members in the same locality, who were not part of the sample (i.e., new members in the group), wanted to participate in the survey. They basically wanted to participate in this survey to get financial assistance or benefit for their group. The

researcher did not include them in the survey as the sample respondents had to have three complete years of membership.

4.5 Analytical Strategy

All statistical analyses were done using the Statistical Package for Social Sciences (SPSS), AMOS and Ms-Excel. The key variables that were extracted from the survey questionnaire were categorized for statistical analysis. Most of the variables used in the analysis were close-ended questions. There were four open-ended questions covering training received, duties and responsibilities of members in the SHG, reasons for joining the group and reasons for becoming drop outs.

The quantitative analyses were done at three levels. The first level of analysis provided the frequencies of the variables including the demography, family details and group information, whereas the second level of analysis included the frequencies of variables such as income, expenditure and savings before and after joining the SHGs. The third level of analysis included the inferential statistics used to describe the interrelatedness of the variables.

The self-reporting qualitative interviews were assessed at three levels. They are

- a) First Level Assessment:** Assessment of Group solidarity, continuity of the groups and the financial sustainability of the SHGs. The indicators used to study the group solidarity were the mutual cooperation and collective actions of the members. The indicators for the continuity in the groups were their willingness to continue in the SHG and their years of participation. Financial sustainability was assessed by looking at their increase in income and income generating capacity, their savings and loan repayment status and asset building indicators.

b) Second Level Assessment: The socio-economic status of the SHG members was found to have improved due the impact of the SHG programme. The indicators used to study were the living conditions of the women before participation in the SHG Programme and the current housing conditions, basic amenities, consumption pattern, children's education and family status. The indicators to assess the economic status of the SHG members were increased income, saving levels, debt levels and assets building.

c) Third Level Assessment: This included assessing the level of the empowerment of the women members before the programme intervention to derive conclusions regarding their level of empowerment after joining the SHG programme at the personal, family and community levels. The IFAD indices, such as women's mobility and social interactions, women's labour force patterns, women's access to and control over resources and women's control over decision making were used to study the empowerment of SHG members after joining the programme. The IFAD empowerment indices were used in the quantitative analysis.

4.6 Framework of Analysis

4.6.1 Key Variables

The Key variables extracted from the questionnaires for statistical analysis were as follows.

Demographics: Age, caste, religion, marital status, education and occupation.

Family Information: Type of family, household size, number of children and monthly income. The above mentioned variables along with their living conditions and basic amenities were mainly used to study the research objective on the social background of the women in the SHGs.

SHG Information: Size of group, years of membership, duties and responsibilities in the group, training attained and satisfaction with the group performance. The level of education of the SHG members and the status of improvement in the health facilities, their income level and occupational mobility were the key variables used to study the economic activity of women in the SHGs and their performances.

Loan Details: Loan purpose, total amount of loans taken, last loan amount, interest paid and loan repayment amount. Savings were the variables used to study the financial sustainability of women in the SHGs. The income and expenditure of members were the main variables used to study the income and expenditure patterns of the SHG members.

4.6.2 Measuring Impact of SHGs on Poverty Reduction

Poverty is generally described as a lack of income and assets to meet the basic needs of life, which leads to deprivation in human beings. Poverty deprives one with lack of food, nutrition, shelter, education and health and various other material needs. Apart from material deprivation, poverty leads to failure to participate in the various social and economic activities. The poor lack the strength to mitigate against the vulnerability imposed on them.

Income is one of the indicators to measure poverty and it is relatively easier to measure the quantifying extent of poverty. Poverty is measured by what is called the Head Count Ratio, which simply measures the percentage of families with income above the poverty line. The percentage of population living below the poverty line is estimated by using the Consumer Expenditure Survey (CES) of the National Sample Survey Organisation (NSSO). Based on this survey, the poverty head count ratio differs from state to state. However, the inflation rate plays a vital role in the process of estimation as it differs from commodity to commodity and from state to state. (Luthra, 2005)

There is a serious contention that the actual poverty estimates of the country, particularly of rural areas, might be higher than what is estimated. The Planning Commission set up an expert committee under the chairmanship of Prof. Suresh Tendulkar to work out the methodology for the estimation of poverty. The Tendulkar Committee excluded the calorie norms and introduced a new methodology using implicit prices for estimating the poverty lines and distribution of monthly per capita consumption expenditure, based on a mixed reference period (MRP) of the years 2004 - 2005²⁴. This committee used the Fisher Price Index to fix the state rural-urban price differentials (Planning Commission, 2009). According to the Tendulkar Committee, the all India head count ratio using the new poverty line basket of rural poverty had declined from 41.8 percent in 2004- 2005 to 28.3 percent in 2009 – 2010 and urban poverty had declined from 25.7 percent to 20.9 percent respectively. This resulted in an overall poverty ratio of 37.2 percent instead of 27.5 percent as mentioned earlier. Thus an additional 120 million poor had been added (Ramakumar, 2010).

The Planning Commission (2009) significantly raised the poverty line by nearly 50 percent. The urban poverty line was increased from Rs. 578.80 to 859.60 and in the rural areas it was increased from Rs. 446.70 to Rs. 672.80, which means an urban poor person in India who earns less than Rs.29 per day, is termed as very poor and living below the poverty line. At this level of earning with Rs.29 per day in an urban area survival is very difficult. How possible would it have been for these people to consume the estimated food

²⁴ Until 1993-94, information on consumption expenditure collected by National Sample Survey Organisation was based on a uniform 30-day recall period for all items of consumption. Since 1999-00, NSSO has used a mixed recall period for collecting information on consumption expenditure from households. Under Mixed Recall Period (MRP), information on five broad item groups of household consumer expenditure with low frequency of purchase (low frequency items for short) namely, clothing, footwear, education, institutional medical care and durables is collected on a year-long recall basis while information on consumption expenditure on all other items is collected on the basis of a month-long recall period. In the case of URP, all information on consumption expenditure is collected on a month-long recall period basis.

equivalent of 2100 calories and provide their family of a minimum of 4 members with basic food, water, shelter, health care and normal education?

According to Chen & Ravallion (2008) states that India's poverty line is low by developing country standards of the five international official lines. The Expert Group appointed by India's Planning Commission has recently proposed a new official line for India, which is about US \$1.17 a day at 2005 PPP. This is closer to international line of US \$1.25 a day (Deaton, 2010). Due to all the factors mentioned above, the research study uses World Bank estimates of US\$1.25 per day as a poverty line. In order to analyse the impact of the SHG on poverty level, the net monthly income levels of the SHG members before and after the programme intervention was compared with respect to the value of US\$ 1.25 per day which is Rs.65.50 per day (the value of US\$ as of December 2011)²⁵. This value is considered as the Poverty Income (as Rs.65.50 for 30 days which is equal to Rs.1965 per month, rounded to Rs.2000). The Net Income is the house hold income of the respondents. This study assumes that increase in net income is a parameter to estimate the poverty. If the Net Income of the SHG members was less than the Poverty Income, they were termed as respondents living below the poverty line and if the Net Income is greater than the Poverty income, the respondents are assumed to be above the poverty line. The Net income after joining the SHG includes the value of the utilization of resources owned by the households along with the income of the respondent, earned from the income generating activities through the help of the SHGs. The result of the analysis shows the Poverty Head Count Ratio before and after joining the SHGs and the impact of the SHG in reducing the poverty level.

²⁵ <http://www.x-rates.com/average/?from=USD&to=INR&amount=1&year=2011>

4.6.3 Poverty and Inequality

The Head Count Ratio (HCR) states whether their income is above or below the poverty line. The HCR of poverty does not reflect the depth of poverty of those who are living below the poverty line (BPL). In reality, the income of the SHG families will differ widely where some members have incomes just above the poverty line, some are just below the poverty line and some others are considered destitute, having hardly any income. Therefore, there are inequalities within the SHG families. It is necessary to know the depth of the poverty of all the SHG family members to estimate the poverty gap. The narrowing of the poverty gap indicates that income has increased to different levels accordingly to the poverty line. For example, if the income of none of the members cross the poverty line but comes closer to the poverty line, and the HCR remains the same, the poverty gap will also be narrowed implying a lowering depth on an average. Thus, if both the HCR and poverty gap narrow it can be concluded that there is an overall improvement.

This poverty gap does not measure the overall income inequality in the society and the income level of the SHG members before and after joining the programme. This is measured by the Gini Coefficient. The Gini Coefficient is a measure of inequality of any distribution and may be measured for many other socio-economic parameters. The Gini Coefficient is the Gini index expressed as a number ranging from 0 to 1. The coefficient result is zero when all the members' income level is the same before and after joining the SHG. This indicates that there is no inequality. If the value indicates 1 it reflects that there is high inequality. This implies that the higher the Gini Coefficient, the higher the inequality in the income level before and after joining the programme. Graphically, the Gini coefficient can be easily represented by the area between the Lorenz curve and the line of equality. If the income is distributed equally, then the Lorenz curve and the line of total equality merge and the Gini coefficient becomes zero. The lesser the area in between the

curve and the line of perfect income equity, the lesser is the inequality. The greater the area, between the curve and the line, the greater is the inequality.

4.6.4 Indicators of Women Empowerment

Women empowerment is not a one-way traffic; rather it is a never-ending process. The whole process of women empowerment has to be evaluated continuously through the feedback mechanism to maintain a dynamic home statistics. According to Narayana (1998), ‘Empowerment of women is a process whereby the powerless or disempowered gain a greater share of control of resources and decision-making’. The process of gaining control over self, ideology and resources, which determines power, may also be termed as empowerment.

The indicators of empowerment are the ability to make decisions, participation in household and financial activities, the right of access to property, the dexterity to take shelter in laws and have one’s own power to decide regarding one’s birth and the ability to expand one’s own area. Two of the indexes are usually applied for assessment.

The qualitative indicators of women empowerment are: increase in self-esteem and individual and collective confidence; increase in articulation, knowledge and awareness levels on issues affecting the community at large, and women in particular, such as women’s health, nutrition, reproductive rights, legal rights, literacy etc.; participation in other events related to their lives; increase in the bargaining power of women, as individuals in the home and the community as well as in the collectives of women; women’s decision making power over the kind of work she is doing; her control over her own income and expenditure and whether she is still subservient to male members in the family or not (Raheim & Bolden, 1995).

The quantitative indicators of women empowerment are; demographic trends such as mortality rates, fertility rates, sex ratio, life expectancy at birth and average age of marriage; number of women participating in different development programmes and the participation of women in political processes at the local levels (Mehra, 1997).

The IFAD (International Fund for Agricultural Development) which supported the Tamil Nadu Women's Development Project in the late 1999's had done an evaluation and suggested certain measures for the empowerment of women. The Project aimed to bring about the social and economic betterment of women. The empowerment indicators used in developed countries may not fit in developing countries like India where people are trapped in social and cultural bondages. The IFAD model has already been tested in the context of the India, especially in the SHGs under the Mahallir Thittiam. The present study thus adopted the IFAD model of empowerment to evaluate the empowerment indicators.

(a) IFAD Model

IFAD defined empowerment as having the following four main processes:

- i) Changes in Women's Mobility and Social Interaction* – This study observed that this type of change was most likely to occur among women group members when the women involved attained greater self-confidence, had greater respect in the family, played a more assertive role in the domestic sphere, when there was a reduction in domestic violence, when women had greater participation in community affairs and local elections and had more freedom in visit their parents, relatives and friends. The above mentioned nine indices were used to study the changes in women's mobility and social interactions.
- ii) Changes in Women's Labour` Patterns* - This study observed four empowerment indicators under this. The women involved had better selling and buying skills, independent marketing and better business practices.

iii) Changes in Access to and Control over Resources – The study observed five empowerment indicators under this skill. These included the following: when the women involved played a more assertive role in financial matters, when they gained new skills through training and practice, had better family budgeting, had the right to purchase their own real estates and gain skills for better pricing of their products.

iv) Changes in Intra-Household Decision Making – The study observed the empowerment indicators as the following: when the women played a more assertive role in the children's education and health, decisions on recreation, had increased awareness to improve the living standards of the family and community. The above 4 indicators were used to measure the women's role in maintaining changes in the intra household decision making.

(b) Structural Equation Modelling (SEM)

All the earlier impact studies reviewed in this research used the regression analysis and two stage least square methods. Cohen, Chen, & Dunn (1996) in their study used one of the most conceptual models of impact assessment called the Household Economic Portfolio Model (HHEP). They used the HHEP models to design and test a Structural Equation Model to test the household variables and other variables. This study uses structural equation modelling (SEM), which is a statistical methodology that follows a confirmatory or hypothesis testing approach regarding a proposed causal model generated from theory (Byrne, 2001). Byrne explained two important aspects of the SEM procedure: “(a) that the causal processes under study are represented by a series of structural (i.e., regression) equations, and (b) that these structural relations can be modelled pictorially to enable a clearer conceptualization of the theory under study”. The Structural Equation Model was used to study the impact using the Analysis of Moment Structures or AMOS

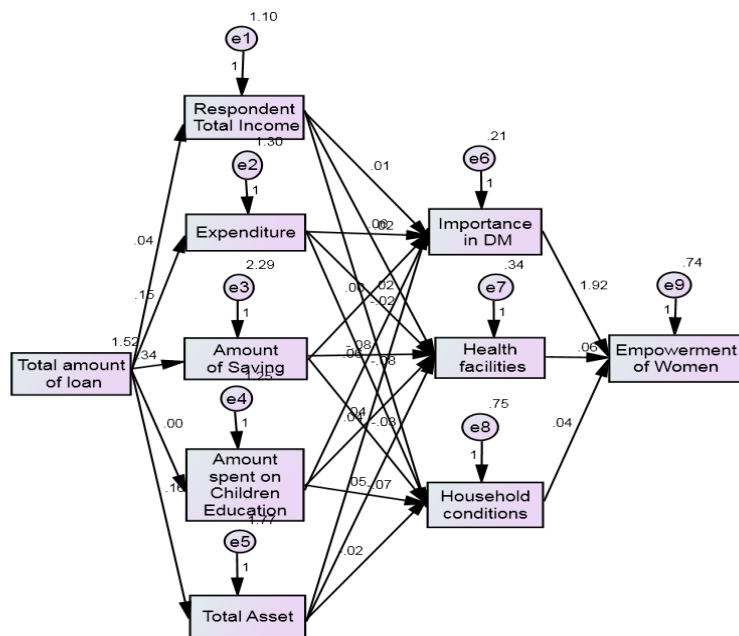
(Version 18.0) to perform path analysis. SEM is also known as the Analysis of Covariance Structures or Casual Modelling.

Afrin, Islam, & Ahmed (2008) stated that the method of covariance structure analysis is used to study the implications of the simultaneous regressions primarily at the level of correlations or covariance. The covariance structure model is specified through a simultaneous set of structural linear regressions of a particular variable on other variables. The field of covariance structure analysis actually covers a wide range of topics, including confirmatory factor analysis, path analysis and simultaneous equation and structural equation modelling. The advantage of SEM over the multiple regressions is that it includes more flexible assumptions, correlated independent values and correlated error terms for testing the overall model. AMOS was useful to explore the casual relationships among a set of variables.

The Structural Equation Model was used to study the overall performance of the microcredit. The performance of the micro loans depended on how the participants used their loans in a productive way. If the micro loans were gainfully employed, it increased the income of the household. The total amount of loans used by the members represented the productive base of the households. It was expected to have a significant linear relationship with income and it changed the expenditure, savings pattern, the amount the women spent on their children's education and their total assets. These changes resulted in a significant linear relationship with better decision making skills of the members, improved health and household conditions and greater empowerment as the end result. Therefore, the total amount of loan taken was expected to have a linear relationship with empowerment. The changes in respondent income, expenditure, savings, amount spent on children's education, total assets, importance of decision making, health facilities, household conditions and empowerment of the group were considered as dependant or mediating variables. The total

amount of loans of the respondents was considered as an observed exogenous variable and the unobserved exogenous variables or latent variables were e1 to e9. The total variables observed in this model were 19, the number of observed variables was 10, the number of unobserved variables was 9, the number of exogenous variables was 10 and the number of endogenous variables was 9. The figure 4.1 below shows the SEM Model 1 the various relationships of the variables.

Figure 4.1: SEM Model 1

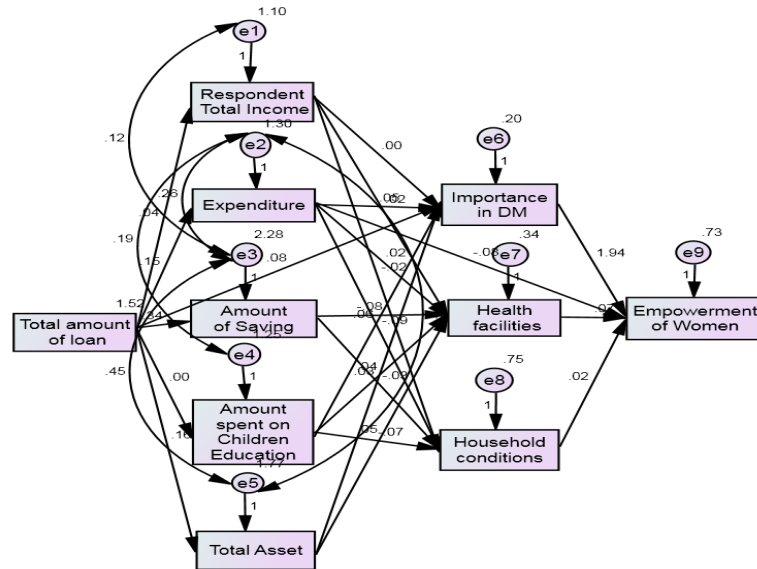


Though the relationships among the constructs were formulated based on the prior literature, it was expected that some model modification would be required in order to reach a best fit model for the data. The SEM model 1 can be tested statistically to determine the extent to which the model is consistent with the data. If a goodness of fit measure is adequate, then the model offers a plausible explanation of the relationships among variable

(Byrne, 2001). Several fit indices were used to make generalizations about the validity of the model by measuring the extent to which the estimated model reproduces the sample covariance matrix (Rakov & Marcoulides, 2000; Nuno, 2008). Model modification was conducted based on examination of the regression weights, Chi-Square and other fit indices. Appendix 13 shows the regression weights of the variables used in SEM model 1. Though the SEM Model 1 shows a satisfactory goodness-of-Fit, this model happened to have a low coefficient estimate for few variables were removed. This is explained in detail under Chapter 5 under structural model assessment.

After screening the variables Figure 4.2 SEM Model 2 depict the measurement model for the independent, exogenous variable (e.g. Total loan amount) and the dependent, endogenous variables (respondent income, expenditure, savings, amount spent on children's education, total assets, importance of decision making, health facilities, household conditions and empowerment of the group) . The CFA approach confirmed which set of variables were the best indicators for each of the central constructs. It was expected that some of the indicators for each construct would be dropped in order to formulate a best-fit model for each latent construct.

Figure 4.2: SEM Model 2



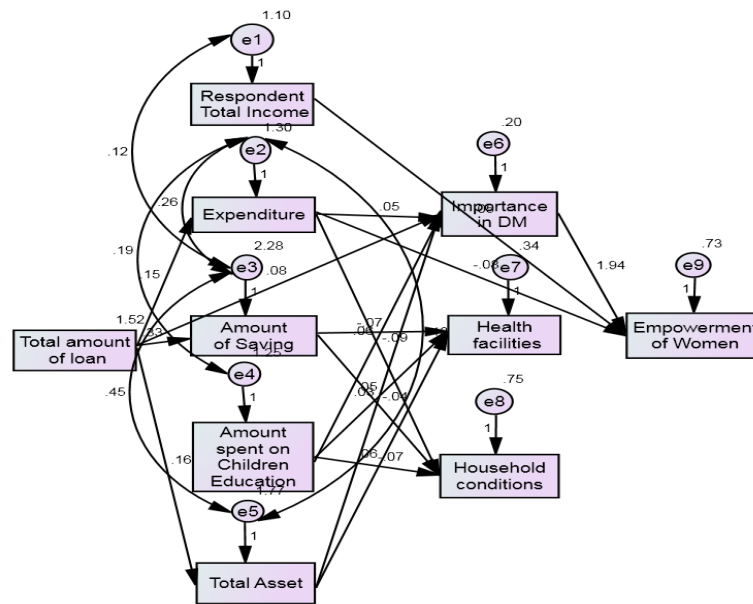
The Figure 4.2 SEM Model 2 was initially tested and provided an acceptable fit to data, meeting all the fit indexes (see Appendix 14), but several insignificant path which were then removed for model modification to improve the model fit and demonstrate only significant paths of the In conclusion when compared with one another, SEM Model 3 (Figure 4.3) true model proved to be the best fit model for the data. Goodness-of-fit determine if the model being tested should be accepted or rejected. However, overall fit tests do not establish that particular paths within the model are significant. Interpretations of path coefficients should only be reported for good-fit models, as “significant” path coefficients in poor fit models are not meaningful. Good-fitting models produce consistent results on many different indices (Ullman, 2001). However, the comparative fit index (CFI) and root mean square error of approximation (RMSEA) are conceivably the most frequently reported fit indices. It is generally recommended that at least three fit indexes,

choosing at least one from each of the three categories i.e., absolute fits, incremental fits, and parsimonious fits (Nuno , 2008). For the present study, the Chi-Square, RMSEA, GFI, CFI and AGFI were examined and reported as evidence of goodness-of-fit.

The model Chi-Square is the most common fit test in SEM. A significant Chi-Square ($P < 0.5$) translates to a bad fit, demonstrating a significant difference. However, Chi-Square used in SEM must be interpreted with caution since it is extremely sensitive to large sample sizes (Byrne 2001).

Therefore, it is recommended that Chi-Square statistic in a study should not be the only means of assessing the model fit. Root mean square error or approximation (RMSEA) like Chi-square is a badness-of-fit measure but also takes into account of parsimony. By convention, there is good model fit if RMSEA is less than or equal to .05, and there is adequate fit, accordingly an “accepted fit” if RMSEA is less than or equal to .08 (Nuno, 2008). Goodness-of-fit index (GFI) measures the relative amount of variances and covariances that are accounted for by the model. The index ranges from zero to 1.00 with values closest to 1.00 (e.g., values greater than .90) as being indicative of good fit. (Byrne 2001). Comparative fit index (CFI) depends on the average size of the correlations in the data. The values of CFI range from zero to 1.00, where scores $> .90$ indicate an acceptable fit (Byrne 2001).

Figure 4.3: SEM Model 3



SEM techniques were performed using Amos version 18.0, employing Maximum Likelihood (ML) estimation method. ML is the most common method of estimating the best fitting parameters for SEM (Schumacker & Lomaz, 2004). The study constructs were individually tested using a factor analytic model approach to statistically test how and the extent to which the observed variables were linked to their underlying latent factors. The measurement models assessed the overall factorial structures utilizing fit indexes, and if necessary, the misspecifications which resulted in poor measurement are removed. The CFA approach provided valuable insight for model modification to achieve a better data-to-model fit, and helped to construct the test the structural model. The model fit summary is explained detail in Chapter 5 under the heading Structural Model Assessment.

CHAPTER FIVE

RESULTS AND DISCUSSION

5.1 Introduction

This study attempted to analyse the performance of women SHGs in improving the socio-economic status of women members in Chennai city. The study identified the various indicators that had contributed towards the social and economic aspects of the respondents. The study examined SHGs operations focusing on the socio-economic conditions, financial sustainability and empowerment of women. This chapter gives a detailed analysis of the data collected and interpreted according to the research questions mentioned in Chapter 1.

This study used Descriptive Statistics to summarize the views and self-reporting responses from members of SHGs in terms of the frequency distribution, mean, standard deviation and percentage. T-test, Chi-square, ANOVA followed by the Duncan Multiple Range Test (DMRT), which was used to compare conditions of women before and after joining the SHGs. The Structural Equation Model (SEM) was used to study the overall impact of the SHGs in the analysis. The data results show a positive impact of the SHGs in improving the women members' living conditions, empowerment and poverty reduction.

5.2 Quantitative Results

The quantitative results are divided into six parts in the following order:

1. **Profile of the Sample SHGs:** This includes information related to the size of the groups, details on the training undergone and details about the meetings.
2. **Social Background of Women in SHGs:** Information related to demographics, family details, occupation and labour mobility, living conditions, health and basic amenities are given.

3. **Economic Impact of women in SHGs:** The variables that are linked to study such as income, savings, and expenditure and asset creation are given.
4. **Financial Sustainability of SHGs:** Information related to borrowings, interest rates and repayment pattern are presented.
5. **Impact of SHGs on Poverty Alleviation:** The net income level the poverty income level and the income inequality derived from using Gini the coefficient are presented
6. **Impact on Empowerment of Women in SHG:** The variables used in the IFAD model such as changes in women mobility and social interaction, labour patterns, control over resources and decision making skills were presented. To study the overall impact of micro loans on the income and non-income generating activities and the empowerment of women, the Structural Equation Model is used.

5.2.1 Profile of Sample SHGs

(a) Group Size and Performance

Table 5.1 gives the frequency distribution of SHG information. These include group size, SHG introducers and membership duration. For group size, 42.74 percent of the women were in groups of 16-20 members, 31.8 percent in groups of above 20 members while 25.5 percent were in groups of 10-15 members. The average group number was 15. In order to study the performance of the SHGs, it is important to look at the homogeneity of the group. Homogeneity here means each group member was living in the same area or location.

Table 5.1: Frequency Distribution of SHG information

SHG Information	Frequency	Percentage
Group Size		
10 - 15 members	193	25.5
16 - 20 members	324	42.7
Above 20 members	241	31.8
Total	758	100.0
SHG Introducer		
Animator	289	38.2
NGOs	217	28.6
Friends/Relatives	252	33.2
Total	758	100.0
Membership Duration		
3 years	388	51.2
4 years	237	31.3
5 years	133	17.5
Total	758	100.0
Dropouts		
Yes	98	12.9
No	660	87.1
Total	758	100.0

As to who introduced the women to the SHGs, 38.2 percent were introduced by Animators²⁶ (leaders), 28.6 percent by Non-government agencies and 33.2 percent by friends and relatives. For duration of membership, 51.2 percent had been members for 3 years, 31.3 percent for 4 years and 17.5 percent had been members for 5 years. The study found the size of groups to be relatively larger in the older groups with more than four years membership than younger groups with less than three years.

Group performance was one of the indicators used to study the operations of the SHGs. Table 5.2 provides information on the group performance of the SHGs based on member's perception of their group performance. When the participants were asked whether they were satisfied with their group's performance, 49.2 percent said they were very satisfied, while 49.2 percent said they were satisfied. Only 1.5 percent of the members

²⁶ Each group has to have a group leader called an Animator and two assistants called Representatives. They initiated the initial formation of the groups under the guidance of the NGOs

expressed they were unsatisfied. Nearly 12.9 percent of the respondents states that there dropouts of respondents from their groups. When asked the reason for dropouts they stated that shift in housing location is the main reason and there are cases the group members were not cooperative, in very few cases the default of repayment of loans is the reason for drop and few members left the groups because they are not happy with the group members.

Table 5.2: Frequency Distribution of Performance of SHG information

Group Performance	Frequency	Percentage
Degree of Satisfaction with Group performances		
Very Satisfied	373	49.2
Satisfied	373	49.2
Unsatisfied	9	1.5
Very Unsatisfied	3	0.1
Total	758	100.0

In order to assess the overall satisfaction of the group performance of SHG women members with respect to their occupation, the ANOVA followed by the Duncan Multiple Range Test (DMRT) were used to test their significance.

Table 5.3: ANOVA Significant Difference between Overall Group Satisfaction and Occupation

Occupation of SHG Members	Mean	SD	F value	P value
Home maker	3.55 ^b	0.5	7.848	0.000 **
Self Employed	3.52 ^b	0.6		
Tailor	3.22 ^a	0.6		
Vendor/Petty Trader	3.29 ^a	0.5		
Government/Private employee	3.51 ^b	0.5		
Others	3.20 ^a	0.4		

Note 1: ** denotes significance at 1 % level

Note 2: Different alphabets between Occupations of SHG members denote a 5 % significance level using Duncan Multiple Range Test (DMRT).

Since the P value was less than 0.01, there was significant difference of 1 % between occupations of the SHG members with the overall satisfaction with group performance. Based on the Duncan Multiple Range Test, the SHG women members who were in occupations like house maker, self-employed and government/private employee showed significance the 5 % level compared with occupations like tailor, vendor/petty trader and other occupations. But there was no significant difference in the satisfaction level of house wife, self-employed and government /private employee. Hence it can be concluded that the respondents with diverse backgrounds were happy with their group performance.

(b) Training taken by the SHG members

Training played an important role for any self-employment programmes. Most of the women members under this program were from diverse backgrounds with no previous knowledge and experience to start and run micro enterprises. Hence training was the major objective of the NGO's and the TNDCW to enhance the skills of the participants. The Table 5.4 gives information on the various training given SHG members.

Table 5.4: Frequency Distribution Values of Training attended by the SHG members

Details on Training	Frequency	Percentage
Training received		
Yes	628	82.8
No	130	17.2
Total	758	100.0
Type of Training		
EDP	189	30.1
Handicraft	297	47.3
Animators and Representatives	142	22.6
Total	758	100.0
Duration of the Training		
Below 2 days	256	40.8
2 - 5 days	229	36.5
6 - 10 days	120	19.1
Above 10 days	23	3.6
Total	758	100.0
Benefits of the Training		
Very useful	156	20.6
Useful	462	60.9
Somewhat useful	72	9.5
Not useful	68	9.0
Total	758	100.0

Generally there are three different types of training given to SHG members. They are the Entrepreneur Development Programme (EDP), Handicraft training and Animators and Representatives (A&R) training. Members who want to start a micro business need EDP training to develop the basic skills of business and to increase the knowledge in generating income. Handicraft are given to interested members in areas like jute bag making, embroidery, doll making etc. to increase their knowledge in their area of interest. Animators and Representatives training is given to the animators and representatives who are more technical and this training helps them to learn new skills like group formation, book keeping, savings and loan and insurance. The training period ranges from two days to six weeks.

The impact of training could be easily seen in SHG women with better communication skills, greater confidence, higher unity and mobility. Almost 82.8 percent had attended the training while 17.2 percent had not attended any training programmes due to personal problems and lack of interest. When asked whether the training was useful 60.9 percent reported that the training was useful and 20.6 percent reported that the training was very useful. Nearly 9.5 percent reported that it was somewhat useful while 9.0 percent reported it was not useful. The results showed that some respondents gave a negative reply because they needed a different type of training from the training offered. Handicraft and EDP training were common to all groups and these respondents did not find them stimulating. They needed to learn new skills and techniques in the production of new products and market their products in a more innovative way. This would suit their current their present market conditions and enable them to earn more revenue. Some respondents replied that they wanted to come out of the training modules on soap- making, phenol making and homemade products. They wanted to learn new methods and products so that they could sustain themselves in the market like others.

(c) Conduct of Meetings

One of the important activities of SHG members was to have regular meetings at fixed intervals to discuss financial transactions such as collection of savings and disbursement of loans and common issues and problems that needed group members' intervention. The meetings were conducted in a common place like the house of one of the members or in a temple or any community hall nearby. Table 5.5 provides the information related to the meeting conducted by the SHG members.

Table 5.5: Frequency Distribution Values of Attendance at SHG Meetings

Variables	Frequencies	Percentage in Samples
Meetings Conducted		
Weekly	498	65.7
Monthly	209	27.6
Irregular	51	6.7
Total	758	100.0
Attendance (%)		
30 - 49	21	2.8
50 – 69	56	7.4
70 – 89	112	14.8
90 – 99	340	44.9
100	229	30.1
Total	758	100.0

From the analysis, it can be observed that about 65.7 percent of the respondents attended weekly meetings, 27.6 percent attended monthly meetings while 6.7 percent of the groups had irregular meeting schedules and conducted formal meetings only if there was a need and urgency. When asked to elaborate, they mentioned that they were in touch with each other informally. Nearly 44.9 percent of the respondents stated that they attended meetings 90 to 99 percent of the time, 30.1 percent of the respondents in some groups had 100 percent attendance. In some groups, if a member could not attend the meeting, other family members, like daughter or daughter-in-law, could attend in their place to know what transpired at the meetings. The present study observed that younger group members with 3 years of membership organized meetings on a weekly basis. On the other hand, older groups with 5 years membership conducted monthly meetings.

5.2.2 Social Background of Women in SHGs

In this section the social back ground of the women in SHGs are presented. Table 5.6 below provides information on the frequency distribution on demographics.

Table 5.6: Frequency Distribution of Demographic Values of SHG members

Demographic Variables	Frequency	Percentage
Age in years		
Below 30	195	25.7
31 - 40	288	38.0
41 - 50	169	22.3
Above 50	106	14
Total	758	100.0
Community		
Forward Communities	31	4.1
Backward Communities	340	44.8
Most Backward Communities	164	21.6
Scheduled Caste	171	22.6
Scheduled Tribes	52	6.9
Total	758	100.0
Religion		
Hindu	604	79.7
Christian	81	10.7
Muslim	73	9.6
Total	758	100.0
Marital Status		
Single	69	9.1
Married	614	81.0
Separated	40	5.3
Widowed	35	4.6
Total	758	100.0
Educational Qualifications		
Illiterate	65	8.6
Primary	123	16.2
Elementary School	183	24.1
High School	262	34.6
Higher Secondary School	69	9.1
Graduates	56	7.4
Total	758	100.0
Occupation		
Home Maker	242	31.9
Self Employed	322	42.5
Tailor	49	6.5
Vendor/Petty Traders	49	6.5
Government Employee	20	2.6
Private Employee	21	2.8
Others	55	7.2
Total	758	100.0

Table 5.6 shows that the majority 38 percent of the participants were between 31 to 40 years followed by 25.7 percent below 30 years, 22.3 percent between 41 to 50 years and 14 percent above 50 years. The average age of the respondents in the SHGs was 38 years. The studies done by Joseph (2005), Lalitha (1996), Srinivasan (1993), Ramamurthy (1990) showed that the best age to enter SHGs, becoming an innovative group and performing effectively in microcredit is between the age ranges of 20 to 40 years. Age is a determining factor to measure the human development, mental maturity and capacity to make decisions in life. These factors differ from person to person. The younger participants possessed higher aptitudes, attitudes, confidence level and had more capacity for decision making.

The community of the SHG members was uneven as it can be seen in the Table 5.6 percent formed the major group. They comprised the Backward communities²⁷, who formed 44.8 percent of the samples and Most Backward communities comprised 21.6 percent. The Scheduled Caste²⁸ comprised 22.6 percent and the Scheduled Tribe²⁹ formed 6.9 percent which was a breakthrough in Indian society. Only 4.1 percent of the participants were from the Forward community³⁰ as they were the dominant group in the Indian social structure. These findings showed the positive approach of the programme. The members from the Forward Community who were economically well off also showed interest in joining the SHGs which indicated that they were influenced by the programme as well.

The Government of India classifies all the citizens based on their social and economic conditions. The community or caste system is called Jat or varna. By giving the order of priority based on the community helps the lower caste people benefit to employment and education and thus come up the social and economic strata. Article 341 and Article 15 of the Indian Constitution allow the government to compile the Scheduled Caste list and Backward Classes respectively. (web at <http://www.tnps.gov.in>)

²⁷ Backward Communities and Most Backward Communities are untouchables having better social conditions compared to the SC/ST. In some cases they convert from the Hindu religion to Islam or Christianity.

²⁸ Scheduled Caste includes the untouchables. Also called Dalits, they are socially and economically more deprived in the society.

²⁹ Scheduled Tribes are nomads who live in forest areas and mountains. In the course of development, they started migrating and living in rural and urban areas.

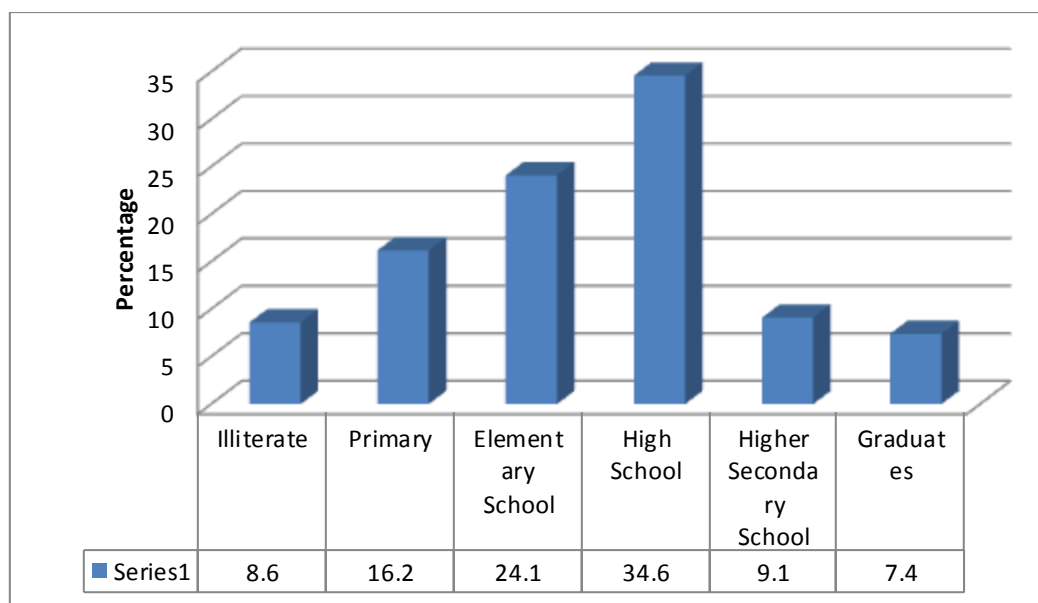
³⁰ Forward Communities denote the group of people who do not qualify for any social discrimination schemes under the reserve benefit of the government as they are socially and economically affluent, enjoying a better social stratification.

Table 5.6 also highlights that the majority of the participants were Hindus at 79.7 percent. Hinduism is the main religion in India especially in the study area. 10.7 percent Christian women and 9.6 percent Muslim women were also represented in the analysis. This showed that the functions of SHG were widespread and benefitted women from all religions. With regard to marital status a significant percentage 81 percent of the participants were married, 9.1 percent were single, 5.3 percent separated and 4.6 percent widowed. Generally the married women from the lower strata faced many problems. They needed to supplement their income to support their family and children. The cost of living at that time forced the women to earn more to face the price increases. They needed to engage in economic activities to increase their income level. Married women had to shoulder many responsibilities, like looking after house, children and family. These microcredit income-generating activities seemed best suited to satisfy all their needs. The SHGs played a vital role in generating economic activities for the married women.

Regarding the educational level of the respondents, Table 5.6 indicates that more than one third that is 34.6 percent of the participants received high school education, while 24.1 percent received elementary education and 16.2 percent received primary education. 9.1 percent of the participants completed more than higher secondary school while only 7.4 percent were graduates. The illiterate women participants comprised 8.6 percent. The majority of the participants were literate with high school education. This could be due to the education facilities available nearby. The educated members were considered to be assets to the groups as they took care of the maintenance of all records and documents and supported the groups in bank-related activities. The positive attitude of the educated women made the others to become self-motivated to acquire knowledge and use the microcredit loans to start businesses. The findings showed that education, whether formal or informal, helped the members to get involved in economic activities. The groups with

educated members performed much better in their income-generating activities. Figure 5.1 shows the educational qualifications of the SHG members.

Figure 5.1: Educational Qualifications of the SHG Members



Occupation is one of the factors that indicate economic status. Table 5.6 it can be deduced that the majority of the participants (42.5%) were self-employed. It was observed that majority of the respondents were self-employed which was a positive sign of development, and which showed that the women members benefited from their microcredit activities. The self-employed occupations included operating a beauty parlour, small textile businesses, making jam and prickles, selling of Handicraft products, opening tea and tiffin shops. This finding revealed that the women were capable of taking up either trading or small enterprises. Home makers formed 31.9 percent of the participants. By staying at home and doing small informal businesses, the home makers could earn sufficient income to support their families and improve their livelihood.

Most of the home makers were helpful and supportive of their self-employed group members. In some cases, the home makers were involved in self-employment on a part

time basis. They were engaged in economic activities like selling textile garments, preparing curry power, idly batter etc during their free time and selling them to their neighbourhood. Tailoring, one of the traditional occupations, formed 6.5 percent and 6.5 percent were vendors and petty traders'. The vendors were vegetable and fruit sellers and the petty traders operated shops selling coconuts selling, cigarettes and herbal medicine. The participants who were working in the government and private sectors formed 2.6 percent and 2.8 percent respectively of the study groups. The category "others" included brokers, commission agents, coolies and housemaids. Figure 5.3 shows the Occupations of the SHG members.

Figure 5.2: Occupations of the SHG Members

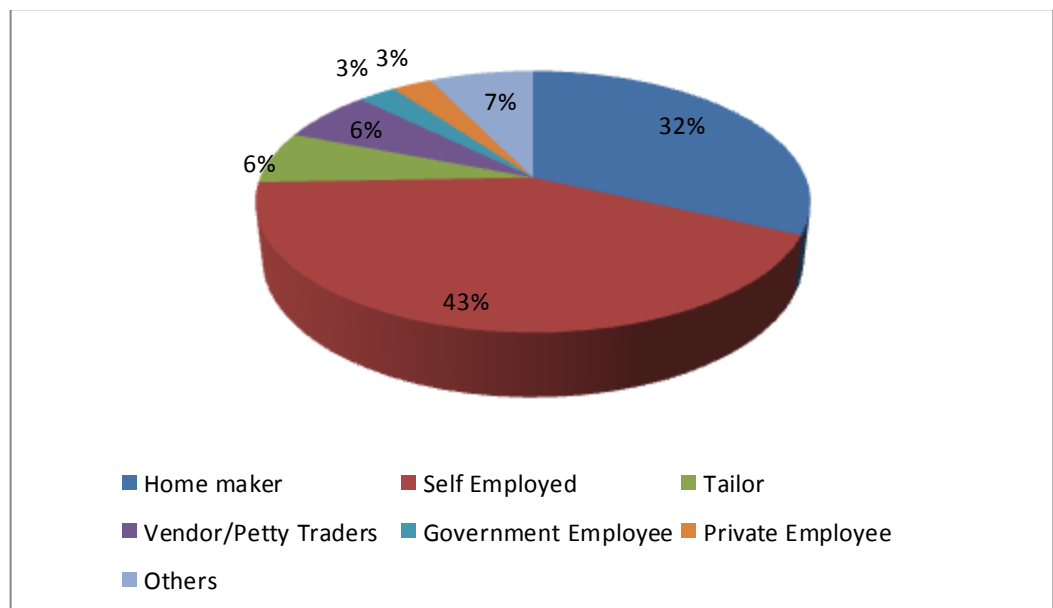


Table 5.7: Family Particulars of SHG Members

Family Particulars	Frequency	Percentage
Nature of family		
Nuclear	642	84.7
Joint/ Extended	116	15.3
Total	758	100.0
Household Size		
1 member	26	3.4
2 - 4 members	560	73.9
5 - 7 members	148	19.5
Above 7 members	24	3.2
Total	758	100.0
Number of Children		
No children	133	17.5
Single child	161	21.2
2 children	348	45.9
3 children and above	116	15.4
Total	758	100.0
Status of Family Members		
Earning member	642	84.7
Dependent member	116	15.3
Total	758	100.0

Table 5.7 gives the family particulars of the SHG members. Out of the 758 participants, 642 (84.7%) were from nuclear families and 116 participants (15.3%) were from joint families or extended families. More than three quarters of the respondents belonged to nuclear families. The joint or extended family system seemed to have reduced, especially in urban areas. This had both positive and negative effects. On the positive side, the women from the nuclear families had more freedom in thought and action. They had more leisure time which they utilized to participate in productive activities, apart from their regular household and domestic work. The women seemed to become more productive when they get involved in income-generating activities. These SHGs provided the women with the means to become more successful through microcredit activities.

The majority (73.9 %) of the participants came from families of 2 to 4 members. This could be because of their awareness of the increased cost of living, difficulties in maintaining a big family, the realization that having smaller families gave a better and more comfortable life and because they were aware of the health issues and the importance of family planning. Hence family size had a direct relationship with the participation of SHGs to do productive activities. The next group of 148 participants (19.5%) were from families of 5 to 7 members while 24 participants (3.2%) fell under the above 7 family members' group. 45.9 percent of the participants had two children and 21.2 percent had one child while 17.5 percent of the group had no children. This includes very young or unmarried or widowed members. Nearly 15.4 percent of the participants had more than three children. Nearly 74.7 percent of the family members were earning an income while 25.5 percent were dependents

The living conditions and basic amenities, health and medical facilities were important indicators to assess the improvement in the life of SHG members. The analyses were done to study the conditions before and after they joined the SHG. The differences were assessed between the pre and post joining the SHG programme.

Table 5.8: Frequency Distribution of Living Condition Values of Members
before and after joining the SHGs

Living conditions	Before		After	
	Frequency	Percentage	Frequency	Percentage
Type of Houses				
Pucca	201	26.5	310	40.9
Kuccha	319	42.1	357	47.1
Hut	211	27.8	77	10.2
Squatters	27	3.6	14	1.8
Total	758	100.0	758	100.0
Number of Rooms				
1 Room	476	62.8	246	32.5
2 Rooms	233	30.7	377	49.7
3 Rooms	37	4.9	110	14.5
More than 4 Rooms	12	1.6	25	3.3
Total	758	100.0	758	100.0
Ownership of House				
Own	270	35.6	402	53
Rented	488	64.4	356	47
Total	758	100.0	758	100.0
Area of Household				
Up to 250 sqft	279	36.8	170	22.4
251 - 500 sqft	433	57.1	508	67.0
501 - 750 sqft	33	4.4	63	8.3
More than 750 sqft	13	1.7	17	2.2
Total	758	100.0	758	100.0
Household Conditions				
Very good	10	1.3	90	11.9
Good	280	36.9	420	55.4
Average	151	19.9	169	22.3
Bad	163	21.5	59	7.8
Very bad	154	20.3	20	2.6
Total	758	100.0	758	100.0

From the above Table 5.8, it is clear that there is improvement in the type of houses the participants lived. The respondents living in pucca houses ³¹ had increased from 26.5

³¹Pucca houses are made of brick and cement and are weather resistant.

percent before joining to 40.9 percent after joining the group. In the same way, the participants living in kuccha houses ³² increased from 42.1 percent to 47.1percent. Similarly, the respondents who lived in huts decreased from 27.8 percent to 10.2 percent after joining the SHGs, while the participants living in squatter areas decreased from 3.6 percent to 1.8 percent after joining SHG. From these data obtained, it could be seen that there was improvement in the type of houses the respondents lived. The participants from huts and kuccha houses had moved to pacca while those from squatters moved to kuccha houses due to increase in the income. This sort of change was possible due to the increase in their economic activities. The results of the study support this. Nearly half the respondents confirmed that their living conditions had improved with better facilities like having a living area and owning a house. From the qualitative analysis, it is evident that nearly four respondents said that their living conditions had improved after joining the SHG. They owned a better housing after joining the SHG since having a house is a basic need of human beings, the respondents' confirmation that showed the impact of the programme on their living conditions.

In the same way, participants living in single rooms decreased from 62.8 percent to 32.5 percent after joining the SHG. Those living in 2 rooms increased from 30.7 percent to 49.7 percent whereas members living in 3 to 4 roomed-houses increased to 14.5 percent and 3.3 percent respectively. There was an increase in ownership of houses from 35.6 percent to 39.8 percent after joining the SHG. With regard to the area of household, the majority of the participants who were currently living in an area of 251 to 500 sq ft. increased from 57.1 percent to 67 percent after joining the SHG. Further more in addition, a noticeable improvement in household conditions have been seen. Nearly 55.4 percent of the participants enjoyed good household conditions after joining the SHGs, whereas 36.9

³²Kuccha or kutchra houses are made with dry leaves, bamboo sticks, muds and twigs. It is not weather resistant

percent enjoyed good household conditions before joining. 90 participants reported that after joining the SHGs their household conditions improved. Only 10 participants reported a positive condition before joining the SHGs. Participants who reported having average household conditions increased from 19.9 percent to 22.3 percent, while those who reported bad to very bad conditions decreased to a greater extent from 21.5 to 7.8 percent. Hence, there was overall positive changes in the living conditions of the participants.

**Table 5.9: Frequency Distribution Values of Basic Amenities of Members
before and after joining SHG**

Details of Basic Amenities	Before joining SHGs		After joining SHGs	
	Frequency	Percentage	Frequency	Percentage
Access to Medical Facilities				
Yes	673	88.2	708	93.4
No	85	11.2	50	6.6
Total	758	100.0	758	100.0
Improvement in Sanitation (toilet) facilities in the house				
Yes	665	87.7	701	92.5
No	93	12.3	57	7.5
Total	758	100.0	758	100.0
Water supply in House or Location				
Yes	672	88.7	692	91.3
No	86	11.4	66	8.7
Total	758	100.0	758	100.0
Proper Electricity Supply				
Yes	673	88.8	712	93.9
No	85	11.2	46	6.1
Total	758	100.0	758	100.0
Market Access				
Yes	690	91.0	710	93.7
No	68	9.0	48	6.3
Total	758	100.0	758	100.0
‘Table 5.9: continued’				
Adequate Transport Facilities				
Yes	675	89.1	724	95.5
No	83	11.0	34	4.5
Total	758	100.0	758	100.0

Questions regarding the availability of facilities for their basic needs also showed improvement. Table 5.9 shows this clearly. Access to medical facilities increased from 88.2 percent to 93.4 percent. Improvement of sanitation facilities in the house increased from 87.7 percent before joining the SHGs to 92.5 percent after joining the SHGs. In the same way, the improvement in the water supply in their houses or location increased from 88.7 percent to 91.3 percent, electricity supply improved from 88.8 percent to 93.9 percent and basic access to health centres improved from 88.7 percent to 93.4 percent after joining the SHGs. Market access improved from 91 percent to 93.7 percent, transport facilities improved from 89.1 percent to 95.5 percent,

The data and information collected from the respondents clearly showed that there was a positive change in their access towards basic amenities after joining the SHG programme. Change could be seen in health, sanitation, electricity, water and other facilities. The respondents, who reported that their basic amenities were poor or neglected, seemed to have reduced facilities compared to the pre-SHG situation. The difference is highly applicable and the living conditions of women in slum areas have positively improved. The study revealed that even if there was any problem in the attainment of basic amenities the women members were now more capable and could find the ways to solve their problems on their own through their SHGs.

Table 5.10: Frequency Distribution Values of Health Facilities of Members before and after joining SHGs

Health	Before		After	
	Frequency	Percentage	Frequency	Percentage
Access to Health Facilities				
Health Centre in the Same Location	25	3.3	16	2.1
Private Health Clinic	204	26.9	324	42.7
Government Hospitals	497	65.6	353	46.6
Private Hospitals	32	4.2	65	8.6
Total	758	100.0	758	100.0

Table 5.10 shows that the number of respondents who visited the private health clinic had increased from 26.9 percent to 42.7 percent after joining SHGs. In the same way, the number of women visiting private hospitals had also increased from 4.2 percent to 8.6 percent. Their dependence on government hospitals decreased in the post SHG intervention. As the income earning capacity increased, there was an increase in the amount of money spent on health care. These participants were able to spend more money to go to private hospitals and clinics for minor sickness, however for major surgical requirements still they rely on the public hospitals. Nearly 77.2 percent of the members stated that they were satisfied with the available health facilities while 22.8 percent stated there was no change.

As shown in Table 5.11, children's education was given top priority by the women SHG participants. The respondents realized the importance of educating their children. Most of their income and loans were spent on children's education. There was a shift in their choice of schooling from public to private schools.

**Table 5.11: Frequency Distribution Values of Children's Education of the members
before and after joining SHGs**

Children's Education	Before		After	
	Frequency	Percentage	Frequency	Percentage
Type of Education for Children				
Public School	404	53.3	266	35.1
Private School	331	43.7	416	54.9
College Education	23	3.0	76	10
Total	758	100.0	758	100.0

As shown in Table 5.11, nearly 43.7 percent of the respondents sent their children to private schools before joining the group and this increased to 54.9 percent after they joined the SHGs. Sending their children to private schools would improve their quality of education. There was a decline in children going to public school from 53.3 percent to 35.1 percent before and after joining the SHGs. Many respondents were highly ambitious to send their children for even higher school and college education as the percentage increased from 3 percent to 10 percent after joining SHGs. Three women interviewed were particularly proud of their financial contribution to their children's education that it gave them the opportunity to provide best education for both their daughters and sons. Women's education was also given priority as most of the respondents gave equal importance to providing their children with education without any male female discrimination.

The information provided in the above section described the social background of the members. In the following part of the chapter, a detailed analysis of the economic impact of women in the SHGs is given.

5.2.3 The Economic Impact of the SHGs on Women Members

The Economic impact lies in terms of increase in the income, the capacity to spend more, the level of saving, asset creation and also the financial sustainability of the SHGs in terms of level of borrowing, repayment of loans and the interest paid. The higher the income generating level the higher will be the economic impact.

(a) Income Patterns of the SHG Members

Income is one of the important variables which are used to study the economic status of women in the SHGs. In order to study this, it was very important to compare the members' level of income, which was one of the parameters that evaluated the living conditions of the members before and after the program intervention. The following table shows the monthly incomes of the respondents before and after joining the SHG.

Table 5.12: Distribution of Monthly Incomes of Respondents before and after joining the SHGs

Level of Income (in Rs.)	Before SHG	Percentage	After SHG	Percentage
Less than 2000	256	33.8	86	11.4
2001 – 4000	175	23.1	92	12.1
4001 – 6000	132	17.4	115	15.2
6001 – 8000	95	12.5	153	20.2
8001 – 10000	45	5.9	107	14.1
10001 -12000	31	4.1	92	12.1
12001 – 14000	17	2.2	65	8.6
Greater than 14000	7	1.0	48	6.3
Total	758	100.0	758	100.0

A look at the lower income group shows that 256 respondents earned less than Rs. 2000 before joining the SHGs. This amount was insufficient to meet their financial needs. There was an improvement after they joined the program where only 86 members

earned less than Rs. 2000. The results were similar for the higher income group where respondents earning more than Rs. 14,000 increased from 7 to 48 members after they joined the SHGs. For all ranges of income there was a change as the income increased after the members joined the programme. The following table shows the average total monthly income and net income of the members before and after joining the SHG

**Table 5.13: Average Net and Total Income of Members
before and after joining the SHGs**

Category	Before SHG	After SHG	Incremental Income	Percentage as increase
Total Income (in Rs)	6287	8956	2669	17.51
Net Income (in Rs)	5187	7364	2177	17.35

The average income in the pre and post SHG situation worked out to Rs. 6287 and Rs 8956 respectively. The increase in net income was Rs. 5187 before the programme intervention and this increased to Rs. 7364 after the members joined the SHGs. There was an income increment of about 17.51 percent and 17.35 percent respectively in their net and total income. On an average, a 17 percent increase in the income showed that there was a positive impact of the programme on the members.

The findings from the survey makes, it is clear that there is a positive change in the level of income in the pre and post SHG situations. The average monthly income is the total income of the SHG members whereas the average net income is the income after the payment of loans and other dues. However, in order to see the degree of significance, a t test was performed to verify the level of significance. Paired sample T test was applied to find out the significant difference between the average gross monthly income and the average net income of women members before and after joining the SHGs.

Table 5.14: Paired t test for significant difference between Income of Women**Members before and after joining the SHGs**

Income	SHG members	Mean	Stand Deviation	t value	P value
Average Gross Monthly Income	Before Joining SHG	6287.1	6046.6	11.8	0.000**
	After Joining SHG	8956.4	6629.3		
Average Net Monthly Income	Before Joining SHG	5186.8	5422.7	10.3	0.000**
	After Joining SHG	7364.0	5944.9		

Note: ** denotes significance at 1 % level

Since the P value is less than 0.01, there is a significant difference at the 1 % level in both the monthly income and the net income of the respondents before and after joining the SHGs. The mean monthly income was higher after joining the group than before the programme intervention. This shows the effectiveness of the programme.

The years of membership plays an important role in the income of the SHG members. The following table shows the level of income against the membership in the SHGs.

From the below Table 5.15, it is clear that the level of income was less in the younger groups. As their membership duration increased, their capacity to generate income also increased. As mentioned earlier, this study focused on the groups that had completed 3 years of membership. However, it took time to accumulate their funds and complete the credit rating to avail themselves of external linkage funds. Only then could the members get involved in economic activities. The groups that completed 3 years of membership were

capable of earning income but the level of income was less compared to the more matured groups.

Table 5.15: Level of Income against the Years of Membership in the SHGs members

Level of Income (in Rs)	Years of membership						Total
	3 years	Percentage	4 years	Percentage	5 years	Percentage	
Less than 2000	49	12.6	32	13.5	5	3.8	86
2001 – 4000	62	16.0	22	9.3	8	6.0	92
4001 – 6000	72	18.6	31	13.1	12	9.0	115
6001 – 8000	82	21.1	47	19.8	24	18.1	153
8001 - 10000	54	13.9	27	11.4	26	19.6	107
10001 -12000	42	10.8	22	9.3	28	21.1	92
12001 - 14000	12	3.1	34	14.4	19	14.3	65
Greater than 14000	15	3.9	22	9.2	11	8.1	48
Total	388	100.0	237	100.0	133	100.0	758

From the data and information given in Table 5.15, the majority of the respondents with 3 years of membership earned an average monthly income of Rs 6,000 to Rs 8,000. Similarly, the matured groups had better income earning capacity as they could earn an average income of Rs. 10,000 to Rs. 12,000. The number of members earning less income was very small in the matured groups. This showed that longer duration of SHG membership had a positive effect on increasing the income-earning capacity of the SHG members.

As shown in Table given below, an attempt was made to find out the increase in the income of the respondents over a period of 12 months. Nearly four hundred and sixty nine respondents (61.9%) reported that their level of income increased over the past 12 months and two hundred and forty nine (32.8%) reported that there was no change in their level of income. Forty (5%) participants reported that their level of income had decreased.

A few members reported that they found it difficult to market their home-made products like prickles, masala powder, homemade phenol and liquid soap. They were forced to sell their products very cheaply to the nearby retail shops which resulted in a loss and reduced income. If the SHG members were involved in the same type of income-generating activities it reduced their income. Most of the household members 39.8 percent had the support of their family members in the form of money, 3.6 percent had support in the form of goods and 48.4 percent had both goods and money given by family members while 8.2 percent of the participants reported that they had no support from their family members.

Table 5.16: Frequency Distribution Values of Change in Income of SHG members

Information on Change in Income	Frequency	Percentage
Income over past 12 months		
Increased	469	61.9
No change	249	32.8
Decreased	40	5.3
Total	758	100.0
Type of support by Household members		
Goods	27	3.6
Money	302	39.8
Goods and Money	367	48.4
No support	62	8.2
Total	758	100.0

From the information given above, it can be seen that the income level of the members had increased after joining the SHGs. The real positive change in economic status is seen not only through the income but also through the reduction in the inequality of income among the members. Measuring changes in income inequality also helped to determine the effectiveness of the program in bringing about changes in the distribution of income of the respondents after the program intervention. An attempt was made to look

into income inequality and this has been explained under the section 5.2.5 on the Impact of SHG in Poverty Reduction.

(b) Improvements in Assets Holding

The value of assets that the households possessed showed their financial stability and the capacity of the households. The increase in assets after joining the SHG programme showed the positive impact which included the house plot, house and house repair, agricultural land, jewellery, business tools, vehicles and consumer durables.

Table 5.17 shows that nearly 64.2 percent of the respondents reported on increase in assets holdings, while 33 percent reported no change while 2.8 percent stated that it had decreased.

Table 5.17: Frequency Distribution Values of Change in the Assets Holding of SHG members

Variables	Frequencies	Percentage
Change in Asset Holdings		
Decreased	21	2.8
No Change	250	33.0
Increased	487	64.2
Total	758	100.0

The following Table 5. 18 show the Mean and SD of the assets holding before and after joining the SHGs.

Table 5.18: Mean and Standard Deviation Values of Assets Holding of Members before and after joining SHGs

Assets	Before SHG		After SHG	
	Mean	SD	Mean	SD
Possession of Assets	105166.70	222317.10	30271.30	95031.13

The mean assets exclude the land and buildings and only the types of assets mentioned above are included. These two forms of assets cannot be acquired during the short time of the microcredit interventions. Also, very few respondents reported the holding of land and buildings. The mean score before joining SHG was 105166.70 with a standard deviation of 2223117.10, whereas the mean score after joining the group was 30271.30 with a standard deviation of 95031.13. This change in the Mean and SD shows the changes in assets holding of the SHG members. From the qualitative interviews it is evident that nearly 14 respondents states that they had purchased consumer durables, vehicles and business equipment. Only a few respondents reported the purchase of land and houses. Most of the respondents reported that they were involved in house repairs.

However, many respondents stated that they bought consumer durables because of their increase in income. Regarding the possession of consumer durables The following part explains the changes in the participants' past and present conditions for the consumer durable items given in table Appendix 12: Television sets - from 340 (45%) to 415 (54.6%), wet grinders/ mixers - from 301 (39.9%) to 336 (44.1%), washing machines - from 80 (10.6%) to 130 (16.8%), cookers - from 311 (41.2%) to 475 (62.5%), phones - from 276 (36.6%) to 484 (63.7%), air conditioners - from 23 (3.0%) to 46 (6.1%), fans - from 343 (45.4%) to 391 (51.4%), refrigerators - from 136 (18.0%) to 187 (24.4%), computers - from 34 (4.5%) to 39 (4.8%), motor bikes - from 114 (14.7%) to 145 (18.8%), bicycles - from 86 (11.0%) to 135 (17.5%), cars - from 6 (0.8%) to 15 (1.6%) and others which included microwave oven, food processors etc., - from 4 (0.5%) to 18 (2.0%). The use of radio decreased from 290 (38.4%) to 133 (17.2%). These statistics reinforce the remarkable changes in the respondent's possession of consumer durables before and after joining the SHGs. These indicated that the SHG intervention had brought about great changes in the living standards of the members.

(c) Expenditure Patterns of the SHG Members

Participation of women members in the SHG programmes significantly contributed to an increase in their income which, in turn, increased their level of living. One important indicator of the level of living is their household expenditure pattern. Changes in the patterns of expenditure were studied before and after the SHG programme intervention. The mean and standard deviations were used to show the variations in the inequality of the method of dispersion of the house-hold monthly consumption patterns. The following table shows the relevant information for this.

Table 5.19: Mean and Standard Deviation Values of Monthly Household Expenditure Patterns of Members before and after joining the SHGs

Family Expenditure	Before SHG		After SHG	
	Mean	SD	Mean	SD
Food	2279.3	1823.7	3558.1	2294.5
Clothing	284.6	286.6	182.0	770.3
Education	572.2	1026.2	1073.6	2081.2
Medical and Health	281.8	310.0	196.2	652.3
Bills (water, electricity and telephone)	235.5	240.2	382.4	383.7
Festivals	262.1	1524.3	361.0	1531.5
Recreation	138.4	166.3	166.3	173.9
Others	360.1	1792.6	158.3	2317.0
Total	4414.0	7169.7	6077.8	10204.3

Table 5.19 describes the monthly household expenditure patterns of the women members before and after joining the SHG. The food expenditure contributed to a mean score of 2279.3 with a standard deviation of 1823.7 before joining the SHG, whereas after joining the SHG the mean score was 3558.1 with standard deviation of 2294.5. Before SHG the mean value of clothing was 284.6 and the standard deviation was 286.6. After

joining SHG, the mean value was 181.9 with a standard deviation of 770.3. For the expenditure on education, the mean values before and after SHG were 572.1 and 1073.6 respectively. Likewise, the standard deviation on education before and after joining was 1026.2 and 2018.6 respectively. The medical expenses' mean value before joining SHG was 281.8 with SD at 310.0 whereas after joining, the mean value was 196.1 with SD at 652.3. The bills consisted of water, electricity and telephone use. The mean score and standard deviation before joining SHG was 235.5 and 240.1. Similarly, it was 382.4 and 383.7 respectively after joining SHG. For the expenses spent on festivals, the mean values before joining SHG was 262.1 and SD was 1524.2 while the mean and SD after joining was 360.9 and 1531.4. In the case of monthly expenses on gifts and recreation, the mean value before SHG was 138.3 with the SD at 166.2 and the mean and SD after SHG were 169.8 and 173.90 respectively. Others included maintenance and repairs, charity and donations etc. For these, the mean value before SHG was 360.1 and SD was 1792.5 whereas after joining SHG, the mean value was 158.3 and the SD was 2316.9. The mean value of the total monthly expenditure was 3772.9 with SD at 2752.3 before joining SHG. It was 6087.5 and 3815.5 respectively after joining SHG.

From the information in Table 5.19, it can be clearly seen that there was a great change in their monthly expenditure patterns. Food, shelter and clothing are the basic needs of human life. The data on the mean and standard deviation show changes in the patterns of expenditure. Change in the patterns of income is the common indicator for a better standard of living. People, especially the poor living below the poverty line, tend to spend more on food. It was observed from the study that most of the people bought the rice from the ration shop ³³ which was very cheaper than in the open market. But the rice quality was not very satisfactory. If a person shifted from buying in the ration shop to the open market it

³³ The utility shops run by the government to sell essential items to the poor people at cheaper prices

meant that there was a positive change in their income and expenditure schedules. In order to confirm this assumption, the respondents were asked a few questions related to the changes in their food habits, which are shown in Table 5.20.

**Table 5.20: Frequency Distribution of Values on Food Habits of Members
after joining SHGs**

Food Habits	Frequency	Percentage
Change in food habits		
Increased	485	64.0
No change	217	28.6
Decreased	56	7.4
Total	758	100.0
Change from ration to open market rice		
Yes	688	90.8
No	70	9.2
Total	758	100.0

Table 5.20, shows that 64 percent of the participants reported that there was change in their food habits, 28.6 percent reported that there was no change in their food habits while fifty six respondents. 7.4 percent reported that food habits had decreased. More than half of the respondents replied positively whereas only 7.4 percent replied negatively. This could have been because of the higher prices or due to changes in their income levels. The top priority of expenditure was on food. Another interesting feature that can be deduced from Table 5.16 is that after meeting their food need, the participants spent most of their money on their children's education. This showed a shift in their attitude towards the future. The women members wanted to provide their children with good education. In order to meet this need they had to reduce their expenses on other areas. The members seemed to be aware of the value of money, so unnecessary expenses were curtailed.

The average monthly expenditure of the members before and after joining the SHG programme was compared. Their incremental value together with their percentages is discussed below.

**Table 5.21: Average Monthly Expenditure of Members
before and after joining the SHGs**

Category	Before SHG (in Rs)	After SHG(in Rs)	Incremental Income (in Rs)	% as increase
Average Monthly Expenditure before SHG	3773	6088	2315	23.4

The above table shows that the average monthly expenditure before and after joining SHGs was Rs. 3773 and Rs. 6088 respectively. The increase was Rs.2315 and the percentage increase was 23.4 percent. The percentage increase in monthly expenditure was positive. This confirmed the positive impact of the SHG programme on the members. Meeting consumption expenditure is the basic need of the poor people. If they could meet this comfortably, it meant that there were changes in their living standards.

In order to ensure the significance of the consumption expenditure patterns of SHG members, an analysis was done to find the significance by using the T test for the pre and post SHG period on the respondents' total monthly expenditure, amount spent for consumer goods and recreation. The following Table 5.22 shows the analysis using the T test.

**Table 5.22: Paired t Test for Significant Differences between Expenditure of Members
before and after joining SHGs**

Expenditures	SHG members	Mean	SD	t value	P value
Total Expenditure	Before SHG	3772.9	2752.2	21.2	0.000 **
	After SHG	6087.5	3815.5		
Total Amount Spent on Consumer goods	Before SHG	14150.0	358.0	4.1	0.000 **
	After SHG	10906.5	358.0		
Total Amount Spent on Recreation	Before SHG	2261.0	129.0	1.6	0.104 *
	After SHG	2698.2	129.0		

Note: ** denotes significance at 1 % level
* denotes significance at 5 % level

If the income shows some positive sign, this will be reflected in their patterns of expenditure. Table 5.22 shows that the P value is less than 0.01, so there was significant difference between the total expenditure of the respondents before and after joining the SHG. The mean value of the total expenditure after joining SHG was 6087.5. This was higher than the mean value of 3772.9 before joining the SHG. This showed a 1 % significance level.

Expenditure on consumer goods and recreation showed some positive changes. The mean value of expenditure on consumer goods was 10906.5 before joining the group which

changed to 14150.0 after joining the group. The P value was less than 0.01 which showed a difference in their expenditure schedule in the amount spent on consumer goods before and after joining the group. Similarly, the mean value on the amount spent on recreation before and after joining the SHG changed from 2261.0 to 2698.2. Since the P value was greater than 0.05, there was no significant difference in the amount spent on recreation at 5 percent significance. The women members seemed to understand the real value of money as they curtailed unnecessary expenditure and focused on the productive ones. The information given above shows the change in the expenditure patterns of the SHG members.

Group savings was an important aspect of the SHGs. A detailed analysis was done to on the level of savings of the women in SHGs. The following section discusses in detail the savings patterns of the SHG members.

(d) Savings Pattern of SHG Members

The concept of microcredit SHGs rested on the premise that members would develop the habit of thrift through an organised sector before they could avail themselves of loans. Through the internal savings of the group, the poor could get credit from the SHG for consumption or for emergency needs, which very often cannot be catered for by the formal credit system. The savings will increase their confidence to meet the credit needs of the SHG members. This resulted in the efficient deployment of credit among the members as their own money was at stake. Savings was very much encouraged and it was mandatory for the members to save at least a minimum amount in their groups as it is passport to bank linkage loans. When the income showed a positive sign, it reflected in the amount of savings.

**Table 5.23: Average Level of Savings Per annum of Respondents
before and after joining the SHGs**

Agencies	Before SHG (in Rs)	After SHG (in Rs)	% of increment
SHG	-	3780	-
Bank	880	1380	22.1
Other Sources	511	904	27.7
Total	1391	6064	62.6

From the statistics given in Table 5.23 shows that an average household saved Rs. 1391 per annum before joining the SHG. After joining the SHG programme, the average savings increased by more than four times to Rs. 6064. The majority of members maintained their savings in banks (both co-operative and commercial banks) before joining the SHGs. The other sources of savings indicated savings maintained with friends and relatives, chits funds, jewellery chits etc. Before joining the SHG, the average savings in other sources was Rs. 511. In the post-SHG situation, the members saved an average amount of Rs.3780 with the SHG as the internal savings corpus, Rs. 1380 with banks and Rs.904 with other sources. The high increment of savings with the banks (62.6 %) indicated the positive impact of the programme on banks as a source of mobilisation. The savings in the SHGs showed a good impact as members had a comfortable income level to increase their savings, whereas the savings in other sources showed a 27.77 percent increase.

Table 5.24: Details on Annual Savings after joining SHGs

Amount of Savings after SHG (in Rs)	Years						Total
	3 years	Percentage	4 years	Percentage	5 years	Percentage	
Less than 1000	118	30.4	82	34.6	3	2.3	203
1001 – 2000	97	25.0	55	23.2	19	14.3	171
2001 – 4000	69	17.8	41	17.3	39	29.3	149
4001 – 6000	55	14.2	23	9.7	29	21.8	107
6001 – 8000	28	7.2	19	8.0	19	14.3	66
8001 – 10000	16	4.1	11	4.6	13	9.8	40
Greater than 10000	5	1.3	6	2.6	11	8.2	22
Total Savings	388	100.0	237	100.0	133	100.0	758

The above Table 5.24 gives information about group savings of SHGs operating for more than 3 years, where the majority of members saved from Rs. 2000 to Rs 6,000 per annum. Among the older groups who had more than three years of membership, there was not much difference. The members of younger groups saved a higher amount compared to members of the older groups. This could be because the younger members were very ambitious to save more because the higher the savings amount the faster they were eligible for credit rating and bank linkage. The amount of group savings depended on the group members' saving capacity and the years of membership. As the number of years of savings increased, the older groups had a better savings potential for higher amounts than the younger groups. The higher the number of years of SHG operations, the higher the amount of group savings.

In order to test the significance of the savings in the pre and post SHG situations a t Test was conducted. The results are given below in Table 5.25.

**Table 5.25: Paired t test for Significant Difference between Savings of Members
before and after joining SHGs**

Amount of Savings of the SHG members	Mean	Standard Deviation	t value	P value
Before SHG	10465.6	13902.9	3.2	0.002 **
After SHG	14104.5	18967.1		

Note: ** denotes significance at 1 % level

Table 5.25 indicates that the mean value of the savings after joining the group had increased from 10465.6 to 14104.5, which shows a positive significance of the savings of the members and their households. The P value was less than 0.01 which showed that there was a significant difference in the level of savings of the respondents before and after joining the SHG at the 1% level.

From the information provided in Table 5.26 it can be gathered that every group member was required to deposit a minimum of Rs 100 as a part of the compulsory savings. As this present study focused on the groups with a minimum period of three complete years of membership, it was found that most of the groups had a sufficient amount of group savings to lend to their members. Group savings was one of the pioneer objectives of SHGs. From the qualitative analysis of the data, nearly 3 respondents agreed that they encouraged the SHG to have compulsory savings to meet their financial needs.

**Table 5.26: Frequency Distribution Values of Savings of Members
after joining SHGs**

Details on Savings	Frequency	Percentage
Other Sources of Savings		
Yes	52	6.9
No	706	93.1
Total	758	100.0
Savings only after joining SHG		
Yes	674	88.9
No	84	11.1
Total	758	100.0
Savings during the last 12 months		
Increased	412	54.4
No change	337	44.5
Decreased	9	1.2
Total	758	100.0
Savings due to Increase in Business		
Increased	308	40.7
No change	361	47.6
Decreased	30	11.7
Total	758	100.0
Savings due to Participation in SHGs		
Yes	428	56.5
No	330	43.5
Total	758	100.0

From the above mentioned table nearly six hundred and seventy four participants (88.9%) started saving only after joining SHG and eighty four participants (11.1%) had the savings habit before that. For the question on whether savings increased due to their participation in SHGs, nearly 56.5 percent of the participants reported that their savings increased after participating in SHGs and 43.5 percent reported that there was no change in their saving habits. In order to study the effectiveness of the total income, expenditure and savings of the respondents, an inferential analysis was performed using ANOVA followed

by the Duncan Multiple Range Test which was used to find the significance of the SHG members with respect to their community and level of literacy.

Table 5.27: ANOVA for Significant Difference between the Communities of the SHG Members on the basis of their Total Income, Expenditure and Savings

Particulars	Community	Mean	SD	F value	P value
Total Income of the SHG Members	Forward Caste	10702.03	8215.42	0.485	0.693
	Backward Caste	10205.46	18542.35		
	Most Backward Caste	10532.50	27680.69		
	Scheduled Caste/ Scheduled Tribe	8309.96	9736.45		
Total Expenditure of the SHG Members	Forward Caste	8422.74 ^b	8720.48	4.363	0.005**
	Most Backward Caste	6153.89 ^a	3635.93		
	Scheduled Caste/ Scheduled Tribe	5814.13 ^a	4356.94		
Total Savings of SHG Members	Forward Caste	14327.59	18510.75	1.4.83	0.218
	Backward Caste	8565.52	11829.04		
	Most Backward Caste	8665.36	18107.98		
	Scheduled Caste/ Scheduled Tribe	8864.98	10553.08		

Note 1: Different alphabets between communities denotes significance at 5 % level using the Duncan Multiple Range test (DMRT), ** denotes significance at 1 % level

From the result of the ANOVA followed by the Duncan Multiple Range Test shown in Table 5.27 with respect to the Total Income of the SHG members and the community, it can be seen that the P value is greater than 0.05. There was no significance between different communities with respect to the total income of the SHG members at the 5 % level. This showed that there was no significant change in the level of income earned by the SHG members based on community level. The forward caste was considered to be an

affluent class which dominated the Indian society whereas the other classes always lagged behind in development. Because of illiteracy and lack of employment in the formal sectors they inherited cyclical poverty from their families. After the programme intervention, it can be concluded that in the SHG, there was no such bias as the income earned by all the members was almost the same. Whether they were forward, backward or the scheduled community there was no major difference in the income earned. The income generated by the members depended only on the effectiveness of the groups on how they invested and utilized their loans and not on the basis of any community relations. This shows a healthy picture of the developmental process.

The analysis done to find the significant difference in the communities of the SHG members on the basis of their Total Expenditure used inferential analysis with ANOVA followed by the Duncan Multiple Range Test. This is presented in Table 5.2. The result shows that the P value was less than 0.01 and therefore there was significant difference between SHG members with their total expenditure pattern at the 1 % level. Based on the Duncan Multiple Range Test, it was found that the SHG women members who belonged to the Forward caste significantly differed from the other communities such as the Backward Caste, Most Backward Caste and Scheduled Caste/ Scheduled Tribe at the 5 % level. But there was no significant difference at the total expenditure level of SHG members belonging to the Backward Caste, Most Backward caste and Scheduled Caste/ Scheduled Tribe. The expenditure level of SHG members who belonged to the Forward Class were better off than the other community members. As mentioned earlier, the members who belonged to this category had better spending habits. Though there was no significant difference in the level of income, the spending habits were more because of other sources of income gained from the family members.

The study indicated that the spending habits of the SHG members who belonged to Backward and other Scheduled communities were much lower compared to the Forward Caste. However, the main contribution of family expenditure was taken care of by the SHG members where the family contribution of income was relatively lesser than the Forward caste. The SHG members from the Backward communities spent a relatively good sum of their income for the family. From Table 5.27 it can be seen that when the total savings of the SHG members were analysed on the basis of their communities, the P value was greater than 0.05. There was no significance at the 5 % level. This shows that there was no significant change in the level of savings by SHG members based on the community. One of the important aims of the microcredit SHG was to disburse credit to the members which would reduce their dependence on the non-formal sectors like money lenders and private financial sources.

5.2.4 Financial Sustainability of the SHGs

This section will provide a detailed analysis of all the variables related to the financial sustainability of the SHGs.

(a) Borrowing Patterns of SHG members

The data analysis looked into the status of the SHG members with respect to their borrowing patterns. Here it is more relevant to provide some information on their borrowing capacity before joining so that inferences can be drawn on the status after the programme intervention. Table 5.28 provides information on the borrowing patterns of members before joining SHG.

The information collected from the respondents regarding the loans received before joining SHGs showed that nearly two hundred and sixty four (34.8 %) participants had not taken loans as they belonged to the poor strata and getting financial assistance during emergencies was very difficult. Nearly one hundred and sixteen (15.3 %) participants

received loans of less than Rs.10, 000, one hundred and fifty two (20.2 %) participants received less than Rs.20,000 one hundred and eight (14.2%) participants received loans amounts of Rs.30,000 and only one hundred and eighteen (15.5%) received loans for more than Rs. 30,000. Regarding the sources of loans, most of the respondents (35.6%) received their loans from pawn brokers. The next 21.7 percent received their loans from money lenders, followed by 27.3 percent who borrowed from private firms, friends and relatives. The loans received from the national banks were nearly 11.9 percent.

**Table 5.28: Frequency Distribution of Borrowing Pattern of Members
before joining SHGs**

Loan Details	Frequency	Percentage
Loan received before joining SHG		
No loan	264	34.8
Below 10000	116	15.3
10001 – 20000	152	20.2
20001 – 30000	108	14.2
Above 30000	118	15.5
Total	758	100.0
Sources of loan before joining SHG		
National Bank	59	11.9
Cooperative bank	17	3.5
Private finance	135	27.3
Money lender	107	21.7
Pawn broker	176	35.6
Total	758	100.0
Percentage of Interest paid		
Less than 10 percent	46	6.1
11 - 20 percent	364	48.0
21 - 30 percent	313	41.3
More than 30 Percentage	35	4.6
Total	758	100.0

'Table 5.28, continued'		
Mode of Repayment		
No repayment	55	11.1
Daily	110	22.3
Weekly	46	9.3
Monthly	283	57.3
Total	758	100.0

These poor women were exploited by the informal agencies as they were charged high interest rates. In order to meet their emergency needs, they were also ready to pay high interest rates. In some cases, due to the lack of collateral and security, they were unable to meet their financial needs. These women merely existed without any basic and immediate financial needs. Their situation changed after joining the SHGs. The women could easily meet their financial needs after their participation in SHGs. The following table provides a clear picture about the loan details of the SHG women.

**Table 5.29: Frequency Distribution of Loan Details of Members
after joining SHGs**

Loan Details	Frequency	Percentage
Total amount of Bank Loan		
No loan	47	6.6
Below Rs.10000	134	18.8
Rs. 10001 – 15000	319	44.9
Rs. 15001 – 20000	157	22.1
Above Rs. 20000	54	7.6
Total	758	100.0
Total amount of SHG Loan		
No loan	47	6.6
Below Rs. 10000	318	44.7
Rs. 10001 – 15000	190	26.7
Rs. 15001 – 20000	110	15.5
Above Rs. 20000	46	6.5
Total	758	100.0

‘Table 5.29, continued’		
Purpose of Loan		
Income Generation		
Trading	420	59.1
Manufacturing	291	40.9
Total	758	100.0
Non-Income Generation:		
Education	307	43.2
Medical	95	13.4
Housing	186	26.2
Marriage	123	17.2
Total	758	100.0
Amount of last Bank Loan		
No loan	107	14.0
Below Rs. 10000	105	13.9
Rs. 10001 – 15000	234	30.9
Rs. 15001 – 20000	206	27.2
Above Rs. 20000	106	14.0
Total	758	100.0

As can be seen from Table 5.29, the main attraction of the SHG was that members could avail themselves of internal SHG loans from their group savings. The internal loan depended on their total savings. The higher the amount of savings, the higher the amount that could borrow as internal loans. The results of the study show that most of the respondents had taken SHG loans to meet their immediate and urgent financial needs. The SHG members could avail of external loans through bank linkages which are mentioned as Bank loans. Many participants had taken both SHG and bank loans. The SHG loans were given to their members, depending on their regularity in savings or repayment rates. The amount of loan was fixed by the group members depending on their need to expand their businesses. However, some members had not taken any loans as their income level was too low and they did not have any repayment capacity. Forty seven (6.6 %) participants replied that they had not taken any loans so far.

The nominal interest rate for SHG loans was 12 percent and the repayment period was flexible with the amount and purpose. The borrower gave the schedule but limits were set by group members. The study observed that in most of the SHGs, the repayment schedule for internal loans was fixed at 10 – 15 monthly instalments. The internal loans were linked with their savings amount. The faster they repaid their loans; the greater the opportunity to get repeated loans. Most of the groups had fixed the rule that once they had repaid the existing loan; they were not allowed to take a new loan. In some groups, if they delayed in repaying the loans, the members had to pay a fine along with the interest. This made the members plan and repay their loans promptly without any default.

Normally the bank loan started from Rs. 1, 00,000 up to Rs. 5, 00,000 lakhs. The interest rate was equally shared by the group. The repayment period depended on the loan amount and the purpose of the loan. Normally the repayment period of bank loans was 18 – 24 months. In some cases the respondents were very quick to repay their loans before the scheduled time. This enabled them to apply for further loans. Nearly 18.8 percent of the participants attained bank loans of Rs. 10,000 and below, 44.9 percent received loans of Rs.10, 000 to Rs. 15,000, 22.1 percent received loans ranging from Rs.15, 000 to Rs. 20,000, while about nearly 7.6 percent received loans of Rs. 20,000 and above. These figures show that even the poorer women from the very low income strata could use banking facilities and could get financial assistance from the banks without any security.

Members usually started with an economic activity that required a small amount of capital as microcredit had a small loan absorption capacity. Most of the participants used these loans for income generation purposes. Nearly 59.1 percent of the participants used these loans for trading and 40.9 percent used it for manufacturing purposes. As a part of trading, many participants operated petty shops, tailoring, selling of fruits, vegetables and flowers, retailing of readymade textile garments etc. As far as manufacturing was

concerned they made homemade fruit jam, prickles and idly batter and sold them to their neighbourhood. There were also some groups manufacturing sanitary napkins, handicraft items to sell in the local market.

Loans were also used for non-income generation purposes too. Nearly 43.2 percent of the respondents used their loans for their children's education, 13.4 percent of the participants used it for medical purposes, 26.2 percent for housing and 17.3 percent for their own wedding expenses or that of their family members.

The results for the question regarding the amount of the last bank loan showed that nearly 6.6 percent of the participants did not have any bank loan at the time of the interviews. Some of them had completed their repayment and a few were in the process of taking new loans. Nearly 18.8 percent of the participants had received loans below Rs. 10,000, 44.9 percent received Rs. 10,001 to 15,000, 22.1 percent received loans ranging from Rs.15,001 to Rs.20,000 while 7.6 percent received a loan of more than Rs. 20,000. The microcredit SHGs helped the members in both credit-widening (expanding the credit for the members) and credit- deepening (enhancing the frequency of loans). On an average, the members borrowed Rs. 22761 before joining the SHG compared to Rs. 45680 after joining the SHG, thus registering an increment of 33.48 percent.

The following table shows borrowing patterns of members after joining the SHGs based on their membership duration.

Table 5.30 Borrowing Patterns of Respondents after joining the SHG based on Membership Duration

Amount of Loan received after joining SHG	Years			
	3 years	4 years	5 years	Total
Less than 10000	98	56	49	203
Rs. 10001 – 15000	35	19	12	66
Rs. 15001 – 20000	47	32	12	91
Rs. 20001 – 25000	38	24	10	72
More than Rs. 25,000	153	76	50	279
Total	371	207	133	711

The above table shows that the number of respondents who received loans of less than Rs. 10,000 was 98. At the same time 153 respondents in the younger group with 3 years membership reported getting loans greater than 25, 000. 56 respondents received less than Rs. 10,000 while 76 respondents with 4 years membership received more than 25,000 groups. In the matured group's 49 members received loans less than Rs. 10,000 and 50 members got more than Rs. 25,000. Thus, clearly shows that members were able to get small loans to meet their immediate needs and big loans for income generation activities. Even the younger groups could get credit to meets their needs. Nearly 4 respondents in the qualitative interviews stated that their loans were very useful for income generating activities. This shows the positive impact of the microcredit SHGs.

In order to study the relationship between the number of loans received and the sources of loans after joining SHG, a Chi- Square test was performed.

Table 5.31: Chi-Square Test for number of Loans Received and Source of Loans after joining the SHGs

No. of Loans	Sources of Loans			Total	Chi-Square Value	P Value
	Bank	SHG	Bank & SHG			
1 - 2 Loans	35 (10.4) [67.3]	244 (72.4) [61.9]	58 (17.2) [21.9]	337	123.9	0.000**
3 - 4 Loans	12 (4.6) [23.1]	119 (45.9) [30.2]	128 (49.4) [48.3]	259		
5 - 8 Loans	5 (4.3) [9.6]	31 (27.0) [7.9]	79 (68.7) [29.8]	115		
Total	52	394	265	711		

Note 1: The value within () refers to Row Percentage

Note 2: The value within [] refers to Column Percentage

Note 3: ** denotes significance at 1 % level

Out of 758 respondents, nearly 711 members had taken loans, while 47 respondents had not taken any loans due personal problems. The sources of loans were either from their internal savings corpus, which is termed as SHG loans, or external loans from Commercial Banks. Bank Linkage loans were one of the advantages of joining the SHG. The group leader had to collect the entire loan amount and pay their instalments to the bank along with their interest rates. If there was any default, the group had to bear the amount. The SHG members were eligible to take both the SHG and bank loans at the same time if they had the repayment capacity. Nearly 63.9 percent of the participants agreed that they received loans on time, whereas about 36.1 percent women disagreed and said that the NGOs and banks took time to approve the loans.

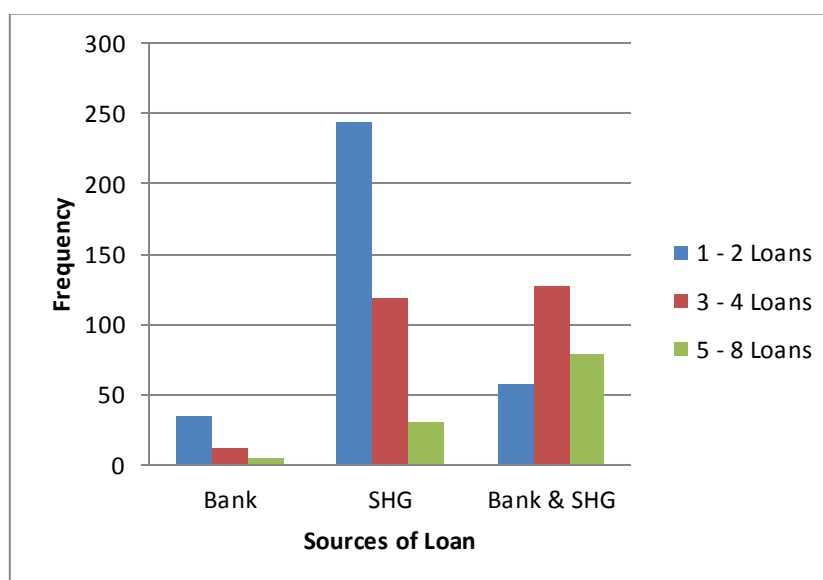
From the data compiled nearly 52 respondents had taken bank loans, 394 respondents had taken SHG loans and 265 respondents had taken both the SHG and Bank loans. The information given above clearly states that the SHG members could avail of micro loans only through their participation in the programme. Nearly 337 respondents had taken one or two loans, 259 members had taken three to four loans and 115 respondents had taken five to eight loans.

The data also states that the majority of the respondents who had taken 1- 2 loans, consisted of nearly three hundred and seventy one respondents belonging to the younger groups. They could only get fewer loans as they had been SHG members for fewer years. Cases of higher SHG loans consisted of groups who had completed their bank loan and were waiting for the new bank linkage loans. Some groups were not in the credit rate list because they did not get any bank linkage. Another important reason for getting SHG internal loans was to meet their immediate financial needs easily.

The Chi-Square test was performed to study the significance of the loans received after joining the SHG. The number of loans received and the sources of loans were included for performing this test. The Chi- Square value was 123.93 and the P value was less than 0.01, which showed that there was a 1 percent level of significance. From the results it is possible to conclude that there was a relationship between the sources of loans and the total number of loans received. The basic aim of the launch of the SHG program was to help the poor to get access to credit to start an economic activity. The results shown in the row and column percentages clearly indicate that most of the respondents had attained a minimum of one or two loans, which showed that the respondents had a positive approach to the program intervention. Most of the respondents were independent of informal agencies for getting loans, and after joining the SHGs the members depended only

on banks and the SHGs. The following graph shows the details of the loans received by the women members after joining the SHGs.

Figure 5.3: Loans Received by Respondents after joining the SHGs



(a) Repayment of Loans

The loan- repayment performance is important for microcredit sustainability (Yaron et al., 1997). Moreover, there is consensus that group joint-lending has a high repayment performance. The women respondents had a high repayment capacity due to the screening, monitoring, enforcement etc., which took place in group-lending. Thus joint-liability lending had a positive repayment performance and substantially reduced the monitoring costs. From the Table given below, three modes of repayment i.e. daily, weekly or monthly were observed. Before joining the SHGs, nearly 38.7 percent of the respondents had to repay their loans to local money lenders and brokers on a daily basis, 48.8 percent on a weekly basis and 12.5 percent on a monthly basis. If the repayment was not possible, the

punishment was oppressive like physically and verbal abuse. Sometimes the family members were very much affected by this behavior of the money lenders. After joining the SHGs, 4.4 percent repaid their loans daily, 15.1 percent weekly and 80.5 percent monthly. The members were more flexible in their repayments. They did not undergo any stress and if any member had serious problems in repayment, the group members discussed and found solutions. For the question on whether they received loans on time, 13.8 percent said that before joining the SHGs they received their loans on time. This is increased to 79.3 percent after the programme intervention. Nearly 86.2 percent said that before joining they did not receive a loan on time and this number reduced to 20.7 percent after joining.

Table 5.32: Frequency Distribution of Repayment of Loans by the Members Before and after joining SHG

Variables	Before		After	
	Frequencies	Percentage	Frequencies	Percentage
Frequency of Repayment				
Daily	275	38.7	31	4.4
Weekly	347	48.8	108	15.1
Monthly	89	12.5	572	80.5
Total	711	100.0	711	100.0
Loans received on time				
Yes	98	13.8	601	79.3
No	613	86.2	110	20.7
Total	711	100.0	711	100.0
Loan Repayment on time				
Yes	231	32.5	672	95.6
No	480	67.5	39	4.4
Total	711	100.0	711	100.0

Repayment of loans is an indicator for financial sustainability. Nearly 95.6 percent of the participants repaid their loans on time after joining. Before joining only 32.5 percent of

the members found difficulty in their repayment. Most of the participants repaid their loans on time because of group pressure. 4.4 percent of the participants reported that there was delay or non-payment of loans. The qualitative results also showed a positive impact on the repayment of loans. Nearly three respondents stated that the loans received were repaid on time. Thus, to conclude that repayment rates are high with SHG members.

In order to study the overall impact of borrowing an ANOVA followed by the Duncan Multiple Range Test were used to find the significance between the total loan amounts received by the SHG members with respect to their community.

Table 5.33: ANOVA for Significant Difference between the Communities of the SHG Members against Loan Amounts received after joining SHGs

Community	Mean	SD	F value	P value
Forward Caste	27706.2 ^{ab}	18658.8	7.06	0.000**
Backward Caste	23855.2 ^a	26734.0		
Most Backward Caste	33078.3 ^b	36600.4		
Scheduled Caste/ Scheduled Tribe	20578.6 ^a	15491.1		

Note 1: Different alphabets between communities denote significance at the 5 % level using the Duncan Multiple Range Test (DMRT)

Note 2: ** denotes significance at 1 % level

Since the P value is less than 0.01, there was a significant difference between the SHG women members with respect to the loan amounts received after joining SHG at the 1 per cent level. Based on the Duncan Multiple Range Test, the SHG women members belonging to the Most Backward Caste differed more significantly than the Backward Caste. The other two communities, such as the Forward and Scheduled communities did not show any significant difference from the other groups of communities.

The level of education played an important role, the higher the education. The higher the education, the greater was their efficiency and improvement of life. A detailed analysis was done to study the changes in the income, expenditure, and savings and in the amount of loans received after joining the SHG on the basis of their literacy level. The following Table shows the ANOVA followed by DMRT test on the basis of literacy level.

Table 5.34: ANOVA for Significance Difference between Level of Literacy with respect to Total income, Expenditure, Savings and Loan amounts received after joining SHGs

Particulars	Level of literacy	Mean	SD	F value	P value
Total income of SHG members	Illiterate	7027.1 ^a	4641.3	2.644	0.022*
	Primary school	7989.6 ^a	7317.4		
	Middle school	8592.6 ^a	7271.7		
	High school	9826.2 ^a	19854.6		
	Higher Secondary school	16821.8 ^b	49115.7		
	Graduates	13308.5 ^{ab}	16262.9		
Total Expenditure of members after joining SHGs	Illiterate	4995.8 ^a	3183.7	4.505	0.000**
	Primary school	5929.5 ^{ab}	1856.5		
	Middle school	5555.5 ^a	3622.5		
	High school	6229.7 ^{bc}	3690.3		
	Higher Secondary school	7188.1 ^{cd}	5768.8		
	Graduates	7419.1 ^d	5090.8		
Total savings of members after joining the SHGs	Illiterate	8165.6	10542.8	0.692	0.630
	Primary school	7786.0	11565.1		
	Middle school	9831.9	21517.3		
	High school	8970.4	10961.7		
	Higher Secondary school	7469.1	8415.2		
	Graduates	11263.2	14664.7		
Loan amount received by members after joining SHGs	Illiterate	31667.6 ^{bc}	37064.8	3.039	0.010**
	Primary school	21254.2 ^{ab}	15746.3		
	Middle school	24471.4 ^{ab}	32082.6		
	High school	27592.9 ^{abc}	26779.2		
	Higher Secondary school	34938.5 ^c	40268.9		
	Graduates	20313.7 ^a	11383.0		

Note 1: * denotes significance at 5 % level;

Note 2: ** denotes significance at 1 % level; Note 3: Different alphabets between literacy levels denote significance at 5% using the Duncan Multiple Range Test.

The total income of the SHG members after joining the SHG shows significance at the 5% level. Since the P value was less than 0.05 there was significant difference between SHG women members and their total income at the 5% level. Based on the Duncan Multiple Range Test, the SHG women members' total income level based on their educational level showed that the illiterate members and members with primary, middle and high school levels significantly differed with those with higher secondary school education. The members with higher secondary qualification had higher incomes than other groups. Graduates showed no significance with other literacy levels. Higher the level of education of SHG members, the higher is the chance of earning high income. In conclusion, there was a strong relationship between the level of education and income capacity.

The expenditure level of the SHG members after joining the SHG shows significance at the 1% level. Since the P value is less than 0.01, there was a significant difference in the expenditure based on literacy level. The graduate showed increased expenditure compared to the other group members. The graduates showed no significant difference at the expenditure level with other groups of members in the illiterate, middle, primary and high school levels. The illiterates showed no significant difference at the expenditure level with other groups of members in high school, higher secondary and graduate levels. The high earning capacity of the higher secondary school and graduate members reflected a high expenditure level. The higher the income, the higher was the spending capacity. Since the P value of total savings of the SHG members was greater than 0.05, there was no significance at 5 % level. This showed that there was no significant change in the level of savings based on literacy level.

Regarding the total amount of loans received by SHG members after joining the SHG, the ANOVA was performed on the literacy level. Since the P value was less than

0.01, there was a significant difference between SHG women members with respect to their loan amount received after joining SHG at the 1% level. Based on the Duncan Multiple Range Test, the loan amount received by the graduates and primary school members was significantly different from the other groups. The graduates and the primary school level members showed no significant difference in the amount of loans received with the other groups' members in the illiterate and high school levels. Graduates members received more loans than the illiterate and high school level members but the high school members did not show any significant difference with other groups of members. The number of graduates in the total sample was small compared to other groups. The loans received by members with higher secondary school qualifications were more significant at the 1% level.

From the above mentioned information and data collected with quantitative interviews it can be clearly seen that the level of income, savings, borrowings, repayment rates and consumption expenditure has increased and improved for the respondents after joining the SHGs. The members openly agreed that their economic status has improved after joining the SHGs. From the respondents' positive replies and the results it can be concluded that the economic status of the women in the SHG improved after joining the SHGs.

(d) Insurance Details of the SHGs

The respondents were asked whether they had any insurance policies like life, health, vehicle insurance and others including children's future benefit schemes and old age pensions etc. There were some positive as well negative replies. The mean score for the total amount insured after joining the group was 123368.5 with the standard deviation of 138725.1. Before joining the SHG, the mean score was 92582.8 with a standard deviation of 121338.6.

**Table 5.35: Mean Score and Standard Deviation of Insurance Values of members
before and after joining SHG**

Insurance	Before SHG		After SHG	
	Mean	SD	Mean	SD
Total Amount Insured	92582.8	121338.6	123368.5	138725.1

5.2.5 Impact on Poverty Reduction

The poverty level income for the participants was computed at US\$ 1.25 per day. The value of US\$ 1 was considered to be Rs.52.5 (as of December 2011). Therefore US\$ 1.25 amounted to Rs 65.50 for one day and for 30 days it is amounted to Rs. 1965 which is rounded to Rs.2000 per month. If respondents' Net income was less than Rs.2000 they were considered to be living below the poverty line and if it was above Rs. 2000 they were considered to be living above the poverty line.

Table 5.36: Classification of Participants according to Net Income over Poverty

Income

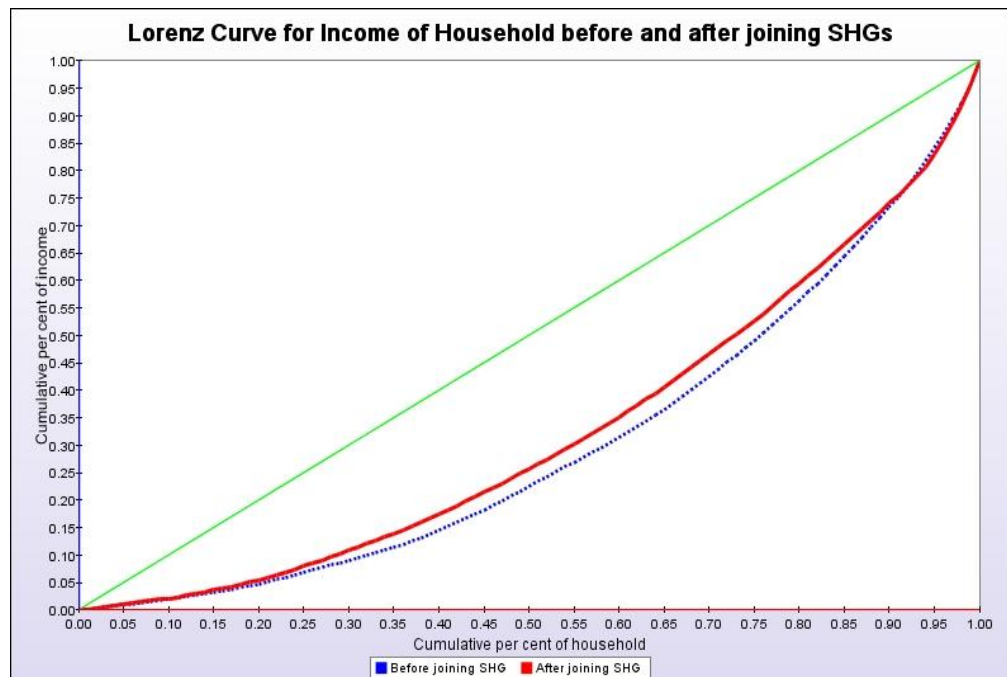
Particulars	NI < PI Before SHG	NI > PI After SHG	Percentage Before SHG	Percentage After SHG
No. of Participants	256	86	33.7	11.3
Increment of NI over PI	170		22.4	

NI – Net income, PI – Poverty income

In the above table, a total of 256 participants of the sample population (33.7 %) had a net income below the estimated poverty income and thus were deemed to be living below the poverty line before joining the SHG. After joining the SHG, this was reduced to 86

participants (11.3 %) whose net income was less than the poverty income. A total of 170 respondents crossed the poverty line after joining the SHG. The increment percentage of the participants above the poverty line accounted for 22.4 percent. This showed that there was a positive impact of SHG towards reducing the poverty level. In order to study the inequality in income the Gini coefficient and the Lorenz curve were used. The results are given below.

**Figure: 5.4 Lorenz Curve showing the Income of the respondents
before and after joining the SHGs**



From the above mentioned diagram it is evident that the inequality in the income distribution had decreased after the women joined the SHG. In the diagram above, the areas A and B refer to the income level of the respondents before and after joining the SHG. The computed values of the Gini coefficients for the income distribution before and after the members joined the SHGs were 0.256 and 0.224 respectively. The inequality in

income had fallen by 0.032 units. Thus, membership in SHGs helped the members to join income generating activities and earn additional income which, in turn, reduced the inequality in the distribution of income among the members.

The following part of the chapter explains the level of empowerment the women gained after joining the SHG.

5.2.6 Empowerment of Women Members after joining SHGs

Empowerment of women is an important issue addressed by all nations who prepare themselves for national development. Empowerment of women involves many things: economic opportunities, property rights, political representations, social equality, personal rights and so on. The increasing use of the term “women empowerment” by various departments has resulted in the term getting multiple meanings and interpretations and its association with a diversity of strategies.

Women empowerment is the process by which women gain inner power to express and defend their rights and gain greater confidence, self-esteem and control over their own lives and personal and social relationships. Studies conducted by Sheetal Sharma (2006), Yadav (2008), Rottler (1996) and Valsamma Antony (2006) state that empowerment of women would mean equipping women to be economically independent and personally self-reliant with a positive self-esteem to enable them to face any difficult situation. In this section a detailed analysis is given to investigate the level of empowerment of women in the SHGs.

IFAD (International Fund for Agricultural Development) suggested certain measures for women empowerment. This study used the IFAD measures for women empowerment. The four main processes that could lead to women’s empowerment as defined by the IFAD were as follows: Changes in women’s mobility and social interaction,

Changes in women's labour patterns, Changes in intra-household decision making and Changes in access to and control over resources. The following table shows the frequency distribution of the four Empowerment indicators using IFAD definition.

Table 5.37: Frequency Distribution of Changes in Women's Mobility and Social Interaction Values of SHG members

Empowerment Indices	Frequency	Percentage
Greater Self Confidence		
Increased	629	83.0
No change	104	13.7
Decreased	25	3.3
Total	758	100.0
More Assertive Role in Domestic Sphere		
Increased	644	85.0
No change	80	10.6
Decreased	34	4.4
Total	758	100.0
Greater Respect in the Family		
Increased	535	70.6
No change	212	28.0
Decreased	11	1.4
Total	758	100.0
Reduction in Domestic Violence		
Increased	43	5.7
No change	498	65.7
Decreased	151	28.6
Total	758	100.0
More Participation in Local Elections		
Increased	577	76.1
No change	170	22.4
Decreased	11	1.5
Total	758	100.0
Greater Participation in Community Affairs		
Increased	512	67.5
No change	214	28.2
Decreased	32	4.3
Total	758	100.0

‘Table 5.37, continued’		
Visiting parents		
Increased	525	69.3
No change	210	27.7
Decreased	23	3.0
Total	758	100.0
Visiting of Relatives		
Increased	498	65.7
No change	128	16.9
Decreased	132	17.4
Total	758	100.0
Visiting of Friends		
Increased	498	65.7
No change	128	24.0
Decreased	132	10.3
Total	758	100.0

The study found that the women had become more mobile and had started to have new interactions with a wide range of officials. They learned new skills through training. Most of the members learned to access the banks. While there was greater interest in community actions, they were encouraged to participate in special events like Women’s Day, Independence and Republic Day Celebrations and celebration of other festivals.

Regarding changes in women’s mobility and social interaction, the participants were asked questions as to whether members gained greater self-confidence after participation in the SHGs. The answers showed that nearly 83.0 percent of the participants reported increased, 13.7 percent reported there was no change and 3.3 percent reported that it decreased. Most of the respondents reported that they gained more self-confidence after joining the SHGs. Most of the comments were positive while there were some negative comments.

When the participants were asked to state whether they played a more assertive role in the domestic sphere after joining the SHG, nearly 85.0 percent responded positively,

10.6 percent reported there was no change and 4.4 percent reported a decrease in the assertiveness. More than three quarters of the members' responded positively whereas a few members gave negative answers. This could have been because when the SHG members gained more social acceptance, they came forward to solve many issues in their areas before the local political personalities and the social activists arrived.

For the question a whether their attained greater respect in the family after joining the program, nearly 70.6 percent of the respondents reported an increase, 28.0 percent had no change while 1.4 percent reported a decrease. As the Indian society was a male-dominated society, the women members became independent after joining the SHGs. This resulted in a few families hesitating to accept such social changes in their women so a few members obtained disrespect from their families. On the other hand, some of the members got good encouragement and respect from their families for their development in terms of social, economic and empowerment areas.

For the question on the reduction in domestic violence, only 5.7 percent of the participants replied that the violence had increased, 65.7 percent reported there was no change and 28.6 percent reported it had decreased. Domestic Violence implies wife beating or any physical or oral abuse by the family members and others. Most of the respondents stated that the quarrels in the family had reduced. The group members were living like one family. If any member quarrelled the others would try to solve them by finding the cause for such issues in a friendly way. Even family members listened patiently if someone outside the family explained. As the members were involved in income-generating activities, there were some cases where they could not give full attention before because they were full-time house wives. In some cases, they often had to attend the meetings and make bank visits which some male members did not approve, these reasons were stated by some respondents as it lead to quarrels in the family. After the program intervention, the

members were aware of their day to day budgeting and how to meet their expenses. Some respondents replied that they started asking their husbands' questions about how much they were earning and what they were doing with their income. In some cases, if the husband was addicted to alcohol or cigarettes, they showed reluctance because their wives tried to educate and question their family members. Sometimes this resulted in wife beating. However, the women showed a bold attitude towards meeting their challenges in life which showed the positive impact of this program.

To the question as to whether they participated in local elections, nearly 76.1 percent reported there was an increase, 22.4 percent reported no change and 1.5 respondents reported a decreased.

After joining the SHGs, the group members were more exposed to the community and the outside world. Even the illiterate showed more interest in social and community affairs. When the groups joined and participated in activities, they felt it showed their group unity and solidarity. They also got more satisfaction from it. Nearly 67.5 percent of the respondents replied that they had gained more participation in community affairs, 28.2 percent replied there was no change and 4.3 percent responded it had decreased. In a few cases, there was hesitance and very few reported that they were breathless due to the lack of time. But they supported other members who were fully involved in public activities.

The members were more mobile to visit their parents, friends and relatives. Nearly 69.3 percent of the members reported that they had more freedom to visit their parents, 27.7 percent reported no change and 3.0 percent reported a decreased. For the question as to whether the members were more mobile to visit their relatives, nearly 65.7 percent of the respondents reported an increase, 16.9 percent had no change while 17.4 percent reported a decrease. As to visiting friends, nearly 65.7 percent reported an increase, 24.0 percent reported no change, and 10.3 percent a reported decrease. This could have been because the

members were very busy with their work and other family commitments that they could not allocate time for visiting friends and relatives.

After joining the SHG, the respondents felt that they had gained a positive attitude in life. When they joined and worked with other members, the respondents felt that they were very united. If any problems persisted, they discussed with their group members and found sensible solutions. The unity among the group members discouraged any social evil among them. If any of their group or area women experienced any type of abuse or injustice, the other members supported and fought for the rights and justice of their peer groups. The qualitative results shows that two respondents stated that the same. This really showed the positive impact of the empowerment of women after joining the SHGs with respect to the Changes in their Mobility and Social Interaction.

Table 5.38: Frequency Distribution Values of Changes in Labour Patterns of SHG Women members

Empowerment Indices	Frequency	Percentage
Better Buying Skills		
Increased	432	57.0
No change	301	39.7
Decreased	25	3.3
Total	758	100.0
Better Selling Skills		
Increased	501	66.1
No change	244	32.2
Decreased	13	1.7
Total	758	100.0
Independent Marketing		
Increased	525	69.3
No change	224	29.6
Decreased	9	.1
Total	758	100.0

Better Business Practices		
Increased	559	73.7
No change	188	24.8
Decreased	11	1.5
Total	758	100.0

The table above explains the indices related to the Changes in Women's Labour Patterns of work. The respondents were asked whether they had acquired Better Buying Skills after joining the SHGs. Nearly 57 percent of the respondents reported that they had improved this skill after joining the SHG, 39.7 percent reported that there was no change and 3.3 percent of the members reported that it was a decreased because some of women were still depending on their family members to support them. For the question on acquiring Better Selling Skills, nearly 66.1 percent responded that this had increased, 32.2 percent reported no change and 1.7 percent reported a decrease.

To the question as to whether they were good in Independent Marketing, nearly 69.3 percent of women reported it had increased, 29.6 percent reported no change and 1.1 percent replied it had decreased. The marketing of their products was difficult not because the women were not capable, but due to the fact that these women were involved in similar types of business where the market competition was very high to negotiate prices and market their products.

The women members were asked whether they learned Better Business Practices after joining the SHG. 73.7 percent reported they had learned better business practices after the program intervention, 24.8 percent reported no change and 1.5 reported a decrease these members reported that they did not gain any new business practices. Most of the women were very happy so that with the group cooperation and peer group motivation they became involved in some businesses.

The above mentioned information shows a positive response. More than half of the respondents reported that there were changes in women's labour patterns had gained better buying and selling skills, had learned to do independent marketing and had better business practices after joining the SHG.

Table 5.39: Frequency Distribution Values of Changes in Access and Control of Resources of SHG members

Empowerment Indices	Frequency	Percentage
More Assertive Role in Financial Matters		
Increased	578	76.3
No change	167	22.0
Decreased	13	1.7
Total	758	100.0
Gained New Skills		
Increased	588	77.6
No change	153	20.2
Decreased	17	2.2
Total	758	100.0
Better Family Budgeting		
Increased	532	70.1
No change	199	26.3
Decreased	27	3.6
Total	758	100.0
Purchase of Real Estate's		
Increased	197	26.0
No change	532	70.2
Decreased	29	3.8
Total	758	100.0
Better Pricing of Products		
Increased	548	72.3
No change	195	25.7
Decreased	15	2.0
Total	758	100.0

For the third empowerment indicator, Changes in Access to and Control over Resources, the members were asked the question as to whether women members played a

More Assertive Role in Financial Matters. Nearly 76.3 percent of the respondents reported an increase, 22.0 percent reported no change and 1.7 percent reported a decreased. The majority of the respondents were more aware of their own as well as their family's financial matters.

The respondents were asked whether they Gained New Skills after joining SHGs. Around 77.6 percent of the women members reported there was an increase in gaining new skills, 20.2 percent reported no change and 2.2 percent responded a decrease. Most of the respondents gained new skills through the training from the NGOs. They specially reported that the handicraft program enabled them to learn new skills which were very useful for their own income generation.

To the question as to whether they improved in Family Budgeting after joining the SHGs, nearly 70.1 percent responded positively. After the program intervention, the members became more aware of their daily budget and meeting their expenses. Nearly 26.3 percent of the members reported no change and 3.6 percent reported a decrease. In few cases the male members of the family still interfere in the financial aspects sometimes even with the women's own funds. For the question on the Purchase of Real Estates, nearly 26 percent reported an increase, 70.2 percent reported no change and 3.8 percent reported a decreased. The study found that even if there was an increase in the purchase of real estate, it was done only by the male heads in their family and not in the name of the females. The women members gave active support and advice regarding this but the final decision was made by the male heads. More than half of the respondents reported that there was no purchase of the real estate as their income level was not sufficient to invest in real estates. Nearly 72.3 percent of the respondents said there was an increase for the question on better pricing of their products, 25.7 percent reported no change and 2 percent reported a decrease.

Table 5.40: Frequency Distribution Values of Changes in Intra Household Decision**Making of SHG members**

Empowerment Indices	Frequency	Percentage
More Assertive to Children's Education and Health		
Increased	624	82.3
No change	121	16.0
Decreased	13	1.7
Total	758	100.0
More assertive in deciding on Recreation		
Increased	399	52.7
No change	342	45.1
Decreased	17	2.2
Total	758	100.0
Increased Awareness to improve Family Lives		
Increased	548	72.3
No change	199	26.2
Decreased	11	1.5
Total	758	100.0
Increased awareness to improve Community Affairs		
Increased	632	83.4
No change	112	14.8
Decreased	14	1.8
Total	758	100.0

Table 5.40 explains the four empowerment indices of the IFAD definition. For the question as to whether the women members are More Assertive about Children's Health and Education, nearly 82.3 percent of the respondents reported that they were more assertive, 16.0 percent replied that there was no change and 1.7 percent reported a decrease. Providing good education seemed to be an important motive for assertiveness in the women in the SHGs

Nearly 52.7 percent of the members responded that they played an Assertive role in Deciding on the Recreation, 45.1 percent that there was no change and 1.5 percent of the

participants reported a decrease. Members had the freedom to decide on their recreation but many of the members reported that they found it very difficult to allocate free time for recreation. Some reported that they wanted to use their time in a productive way to help their group or family members rather than spend it on recreation. If they had free time, they preferred to help each other in their group activities.

Regarding their Increased Awareness to Improve their Family Lives, 72.3 percent of the women members reported that there was an increase in the awareness, 26.2 percent said there was no change and 1.5 percent reported that it had decreased. To the question regarding their Increased Awareness to Improve their Community life, nearly 83.4 percent of the participants reported an increase, 14.8 percent of the respondents reported no change and 1.8 percent reported a decrease. The qualitative analysis insights that 4 respondents addressed that they gained more awareness in terms of community affairs. The study observed that these women were involved more in community affairs like participating in blood and eye donation camps and celebrating Women's Day and Independence Day. If there were any problems related to water supply, electricity and lack of poor infrastructure, they had learnt to complain to the concerned authorities and get it done.

Table 5.41 shows a clear picture of the four broad empowerment indicators. Most of the areas had positive answers from the respondents which showed that the women members were progressing towards better empowerment after joining the microcredit SHGs.

It is hoped that women's empowerment will lead to a world where women and men ensure that resources are not only shared impartially but rationally and safely. Empowering women would not merely benefit women, but the country as a whole. The women should be given equality in opportunities in various fields like social, economic, political and skill development.

A woman in decision making is considered as one of the important indicators for empowerment. The empowered women should be able to participate in the process of decision making. So the process of empowerment of women is not merely a means of bringing about improvement in the physical and social conditions of women but also that which ensures equal participation in the decision-making process.

The respondents were asked a question regarding their Importance in Decision making at home and in the SHG. With the data collected in the study, a chi-square test was performed to study the significance. The following table shows the chi-square test results.

Table 5.41: Chi Square test to study the Importance of Decision- making of Members before and after joining the SHGs

Importance of Decision Making at Home	Importance of Decision Making at SHG			Chi-Square	P Value
	Neglected	Consulted	Total		
Neglected	216 (82.8) [95.2]	45 (17.2) [8.5]	261	529.2	0.000**
Consulted	11 (2.2) [4.8]	486 (97.8) 91.5	497		
Total	227	531	758		

Note: 1. The value within () refers to Row Percentage
 2. The value within [] refers to Column Percentage
 3. ** denotes significance at 1 % level

Table 5.41 shows that nearly 97.8 percent of the respondents reported that they were consulted for decision making in the SHG but at home only 2.2 percent were

consulted. 82.8 percent of the participants reported their decision making responsibility was neglected at home while 17.2 percent were not consulted in the SHG. Nearly 261 reported that their decision making was neglected at home while 497 were consulted. Overall, 227 participants reported that they were neglected in the SHG whereas 531 participants were consulted for decision making in the SHG. About two thirds of the participants were positive about their decision making at home and in the SHG. The Chi-square value was 529.208 and since the P value was less than 0.01, the study concluded that there was a significant change at the 1 % level in the empowerment of women after joining the SHG.

The results showed that women had become more empowered and enjoyed greater control over decision making. This showed that there was an improvement in the status of the women members.

**Table 5.42: Friedman Test to study the Empowerment of Women
after joining the SHG**

Empowerment Indices	Mean Rank	Chi square Value	P value
Changes in Women Mobility and Social Interaction	2.74	111.2	0.000**
Changes in Women's Labour Patterns	2.48		
Changes in Women's Access to and Control over Resources	2.18		
Changes in Women's Control over Intra Household Decision making	2.60		

Note: ** denotes significance at 1 % level

From the details given in the Table 5.42, it can be deduced that changes in women's mobility and social interaction scored the highest mean value, followed by changes in

women's control over intra household decision making. After that came changes in women's labour patterns and changes in women's access and control over resources. Since the P value was less than 0.01, the study concluded that there was a significant change in the empowerment of women's after joining the SHGs at the 1 % level. The mean rank for women mobility was higher, followed by women's control over household decision making, women's labour patterns with women's access and control over resources being the last.

Table 5.43: Frequency Distribution Values of Changes in Recreational Habits of Members before and after joining SHGs

Recreational Habits	Before		After	
	Frequency	Percentage	Frequency	Percentage
Going to Cinema Theatre Individually				
Yes	25	3.3	231	30.5
No	733	96.7	527	69.5
Total	758	100.0	758	100.0
Going to Cinema Theatres with family				
Yes	63	8.3	167	22.0
No	695	91.7	591	78.0
Total	758	100.0	758	100.0
Individual Tours				
Yes	69	9.1	338	44.6
No	689	90.9	420	55.4
Total	758	100.0	758	100.0
Pilgrimages				
Yes	157	20.6	349	46.0
No	601	79.4	409	54.0
Total	758	100.0	758	100.0
Reading Habits				
Yes	53	7.0	67	8.8
No	705	93.0	691	91.2
Total	758	100.0	758	100.0

Table 5.43 shows the data collected from the participants on Changes in the Attitude towards Recreational Habits before and after joining the SHGs. For the question on

whether they went to cinema theatres individually nearly twenty five participants (3.3 %) replied positively for the period before joining. This increased to two hundred and thirty one participants (30.5%) after joining the SHG. Likewise, for the question on going to cinema theatres with family members 8.3 percent was positive before joining whereas it increased to 22 percent after joining the SHGs. In some groups participants organized individual tours with their group members. About 44.6 percent of the participants reported that they went on individual tours only after joining the SHGs. Going on pilgrimages is an important feature of Indian society and people often visit the pilgrimage areas or centres throughout the year. Nearly 46 percent of the participants agreed that their level of spending on pilgrimages increased after joining SHG where only 20.6 percent went on pilgrimages before joining the SHGs.

The participants were asked a question as to whether there were changes in their reading habits before and after joining the SHG. The percentage had improved from 7 percent to 8.8 percent after joining the SHGs. The fact that SHG women from the lower strata were capable of spending part of their income for recreational habits was a positive sign of their personal development. Most of the respondents knew the need and reason to spend money on recreation. In a few cases the respondents were unwilling to spend their hard-earned money lavishly on recreation while a few respondents reported that they wanted productive use of their earnings.

The Table 5.44 below shows that since the P value was less than 0.01 there was significant difference at the 1 % level between the communities with respect to the changes in women's mobility and social interaction after joining the SHGs. Based on the Duncan Multiple Range Test, the SHG members who belonged to the Scheduled Caste / Scheduled Tribe significantly differed from other communities like the Backward, Most Backward

and Forward Caste. However, there was no significant difference in the women's mobility and social interaction of the Backward, Most backward and Forward communities.

Table 5.44: ANOVA for Significance Differences between the Communities of SHG

Members and their Empowerment Indices after joining the SHG

Particulars	Community	Mean	SD	F value	P value
Changes in Women's Mobility and Social interaction	Forward Caste	82.9 ^b	31.4	17.5	0.000**
	Backward Caste	73.0 ^b	40.9		
	Most Backward Caste	79.4 ^b	35.3		
	Scheduled Caste/ Scheduled Tribe	52.2 ^a	44.4		
Changes in Women's Labour pattern	Forward Caste	77.4 ^b	35.9	11.6	0.000**
	Backward Caste	69.5 ^b	39.1		
	Most Backward Caste	74.6 ^b	35.6		
	Scheduled Caste/ Scheduled Tribe	52.9 ^a	43.5		
Changes in Women's Control over Resources	Forward Caste	69.4 ^b	31.1	10.9	0.000**
	Backward Caste	66.7 ^b	28.3		
	Most Backward Caste	69.8 ^b	26.8		
	Scheduled Caste/ Scheduled Tribe	53.7 ^a	35.9		
Changes in Women's Control over Decision Making	Forward Caste	77.6 ^b	34.3	14.6	0.000**
	Backward Caste	71.5 ^b	37.7		
	Most Backward Caste	76.7 ^b	34.4		
	Scheduled Caste/ Scheduled Tribe	52.9 ^a	42.8		

Note 1: ** denotes the significance at 1 % level.

2: Different alphabets between the Communities denote significance at the 5 % level using the Duncan Multiple Range Test.

In the same way, the P value was less than 0.01 and there was a significant difference between the communities with respect to the changes in women's labour pattern, changes in women's control over the resources and changes in women's control over intra house hold decision making. For all the above-mentioned empowerment indices based on

the Duncan Multiple Range Test, the SHG members who belonged to the Scheduled Caste / Scheduled Tribe significantly differed with other communities such as the Backward, Most Backward and Forward Caste. But there was no significant difference in the empowerment indices of Backward, Most Backward and Forward communities. This meant that the women who belonged to the scheduled caste and tribes were less empowered, whereas the other communities showed improvement in their empowerment levels.

Structural Model Assessment

The next part of the chapter describes the Structural Equation Model to study the impact of micro loans. The exogenous, independent variable amount of loan on the income was therefore predicted to have a direct, positive relationship on the endogenous dependant variables income, expenditure, savings, household and health conditions of the respondents, importance in decision making and empowerment. The initial proposed structural model SEM Model 1. The standardised regression weight of independent variables on moderating variables in the SEM Model 1 (see Figure 4.1) and SEM Model 2 (see Figure 4.2) are presented in the Appendix 13 and Appendix 14. The comparative criteria fit indexes are shown in the below Table 5.46. These models were tested and provided an acceptable fit to data, but had several insignificant paths are shown in Table 5.45, the insignificant paths which were then removed for model modification to improve the model fit and demonstrate only significant paths of the true model SEM Model 3 (see Figure 4.3). In conclusion, when compared with one another, SEM Model 3 proved to be the fit model for the data.

Table 5.45: SEM Model Respecification

Model	Path of the Variables	Standardised Coefficient	p value	Test Result
Model 1	Savings --> Decision making	-0.004	0.692	Excluded
	Total assets --> Household condition	-0.16	0.508	Excluded
Model 2	Amount of Loan --> Decision making	0.79	***	Included
	Expenditure --> Empowerment	0.77	0.005 *	Included
	Amount of Loan --> Income	0.043	0.169	Excluded
	Amount of Loan --> Amount Spent of Children Education	-0.003	0.927	Excluded
	Income --> Decision making	0.002	0.916	Excluded
	Expenditure --> Health facilities	0.023	1.238	Excluded
Model 3	Income --> Empowerment	0.55	.063 ^a	Included

Note: ** Significant at 1 % level, *Significant at 5 level and
(^a) Significant at less than 10 % level

Table 5.46: Comparison of Fit Indices between Initial and Revised Models

Model	Chi-square	p value	GFI	AGFI	CFI	RMSEA
Model -1	143.000	0.000	0.963	0.906	0.860	0.085
Model - 2	20.875	0.232	0.994	0.982	0.860	0.170

The final SEM resulted in goodness-of-fit indices appropriate for model interpretation. The following Table 5.47 shows the SEM Model 3 final Regression Weights.

Table 5.47: SEM Model 3 Final Regression Weights

Path of the Variables			Unstandardised	S.E	Standardised	t value	P value
			Coefficient		Coefficient		
Expenditure	←	Total Loan Amount	0.151	0.033	0.160	4.539	< 0.001**
Total Asset	←	Total Loan Amount	0.160	0.039	0.146	4.074	< 0.001**
Amount of Savings	←	Total Loan Amount	0.332	0.044	0.261	7.456	< 0.001**
Importance in Decision Making	←	Expenditure	0.051	0.015	0.125	3.504	< 0.001**
Importance in Decision Making	←	Amount spent on Children Education	-0.057	0.015	0.135	-3.866	< 0.001**
Importance in Decision Making	←	Total Assets	0.033	0.012	0.093	2.643	0.008*
Importance in Decision Making	←	Total Loan Amount	0.790	0.140	0.204	5.768	< 0.001**
Household conditions	←	Expenditure	0.086	0.027	0.113	-3.054	0.002*
Health Facilities	←	Amount of Savings	0.071	0.014	0.186	5.058	< 0.001**
Household conditions	←	Amount of Savings	0.035	0.020	0.063	1.726	0.084 ^a
Health Facilities	←	Amount spent on Children's Education	0.046	0.010	0.087	2.446	0.014*
Household conditions	←	Amount spent on Children Education	0.070	0.028	0.089	2.476	< 0.001**
Health Facilities	←	Total Assets	0.056	0.016	0.127	3.451	< 0.001**
Empowerment of Women	←	Importance in Decision Making	1.935	0.066	0.737	29.295	< 0.001**
Empowerment of Women	←	Expenditure	0.079	0.027	0.073	-2.900	0.004*
Empowerment of Women	←	Total Income	0.055	0.030	0.046	1.856	0.063 ^a

Note: ** Significant at 1 % level, *Significant at 5 level and
(^a) Significant at less than 10 % level

The standardised and unstandardised coefficients and the corresponding p values are presented in the table above. When the p value is less than 0.05 and 0.01, the path is significant at 5 percent and 1 percent levels respectively. The coefficient of total loan amount to income is 0.043 represents the partial effect of total loan towards total income, holding expenditure, amount of savings, amount spent on children education and total assets as constant. For every unit of increase in total income 0.043 units increase the total income and this coefficient value is significant at 5 percent level. The coefficient of total loan amount to expenditure is 0.150 represents the partial effect of total loan towards total expenditure, holding income, amount of savings, amount spent on children education and total assets as constant. The estimated positive sign implies that such loan amount would increase by every unit increase in total expenditure and this coefficient value is significant at 1percent level. The coefficient of total loan amount to amount of savings is 0.336 represents the partial effect of total loan towards the amount of savings, holding income, total expenditure and amount spent on children education, total assets as constant. In the same way as explained above each variable effect the others in the pathway.

The coefficient of total loan amount to savings and total assets is 0.336 and 0.160 respectively estimated positive sign and these coefficient values are significant at 1percent level. The coefficient of expenditure on importance of decision making is 0.065 and the coefficient is significant at 1percent level. The coefficient of amount spent on children education to importance in decision making is 0.060 which shows the coefficient is significant at 1percent level. The coefficient of total asset to importance in decision making is 0.43 which shows the coefficient is significant at 1percent level. The amount of savings to health facilities the coefficient is 0.075 which shows the coefficient is significant at 1percent level. The importance of decision making to empowerment of women the coefficient is 1.916 which shows the coefficient is significant at 1percent level.

Among the independent variables, coefficient between total loan amount and the amount spent on children education indicates that the respondents who used credit on income generating activities are less likely to spend on other activities. The unstandardized coefficient of total income on household conditions is 0.024 with a p value of 0.420, indicates that the members with less income encountered poor household conditions where the income generated is not sufficient to meet their household conditions needs. The unstandardized coefficient of amount of savings on importance in decision making is 0.004 with p value of 0.692, indicates that the amount of savings is a minimal amount which is determined by the groups the individual member cannot influence the decision in the regard. The unstandardized coefficient of total assets on household conditions is 0.016 with a p value of 0.508, indicates that in some families the total assets of the household conditions are sufficient to meet their expenditure and loan repayments, it does not generate a major changes in asset creation except on consumer durables. However the significant positive relationship between decision making skill of the women on the level of empowerment shows that women with better decision making skills has better empowerment. As decision making skills is on the important indicator of women empowerment which shows significance.

Table 5.46: Model fit indices

Fit Indices	Results	Suggested Values
Chi -square value	25.168 DF – 24	P-Value >0.05
GFI	0.993	>0.90 (Hu and Bentler, 1999)
AGFI	0.985	>0.90 (Daire et al. 2006)
CFI	0.999	>0.90 (Hu and Bentler, 1999)
TLI	0.997	≥0.90 (Hair et al., 2006)
NFI	0.972	≥0.90 (Hu and Bentler, 1999)
RMSEA	0.008	<0.80 (Hair et al., 2006)

From the above table it is found that the calculated P value is 0.121 which is greater than 0.05 which indicates perfectly fit. Here GFI (Goodness to fit index) value and AGFI (Adjusted Goodness of fit index) value is greater than 0.9 which represent it is a good fit. The calculated CFI (Comparative fit index) value is 0.860 which means that it is a perfectly fit and also it is found that RMSEA (Root mean score error of approximation) value is 0.085 which is less than 0.10 which indicated it is fit.

The quantitative analysis was discussed in the earlier part of the chapter in connection with the research objectives and the results of the variables analysis to study the socio-economic status of women in SHG showed positive impact. In addition to the quantitative analysis, a qualitative study was conducted to support the findings of the quantitative study. The following chapter gives the qualitative study to reinforce the analysis on the socio-economic conditions of the SHG women before and after joining the programme intervention.

5.3 Qualitative Results

To gain further insights into the results of the survey an in-depth interview was conducted. Excerpts from the responses given by the SHG respondents have been quoted to support the analysis. The opinions and experiences of the women concerned are given to support or confirm some of the conclusions drawn from the study by the researcher.

The qualitative interviews were carried out at three levels. At the first level, the interview was done to assess the women in terms of group solidarity, continuation in the group and financial sustainability in terms of repayment of loans and interest. As stated in the studies of Kerr (1994), group solidarity was very important as the members functioned as groups. The co-operation and collectiveness of the members in terms of solving their

personal, financial and social problems were the indicators used to measure group solidarity.

At the second level, assessment was done to study whether the program intervention improved their socio-economic status. Improvement in socio-economic status refers to their living conditions and family conditions, occupational development and improvement in their income-generating activities, expenditure and saving patterns. The third level assessment was to find out whether the women SHG intervention had led to empowerment at the women, family and community levels.

5.3.1 Group Solidarity and Continuity in SHGs

The SHGs act as solidarity groups as the group members can support each other to resolve problems in the family and households. They promote well-being through multiple psychological processes, including encouraging participants to adopt more positive and adaptive perceptions of themselves and their problems. A dimension of SHG pointed out that SHGs target people who are motivated to cope more effectively with problems related to a particular negative status. The SHG groups can benefit women groups by further empowering the members. As women continue to participate in the SHGs, relationships are established with individuals, organisations and institutions. In other words, collective action or cooperation between the SHG members is essential to maintain their group solidarity.

i. Group Solidarity at the Personal and Social Levels

The women SHG members were asked question about their group solidarity. The following were some of the answers given by the respondents.

Jayalaskhmi, a woman from the most backward class from Tondiyarpur area is running a tailoring institute. She had studied up to higher secondary before joining the SHG. She was just a regular housewife doing her domestic work. During her free time she sewed blouses for her neighbours. After joining the SHG, she reported that she has turned into an entrepreneur. She felt that her association with her SHG and the NGO support had brought marked changes to her life. She described her situation thus:

“I have been running a tailoring institute for the past three years with the help of a bank loan through the SHG. Before joining the group, I used to do tailoring at home and earn a bit of money. Then my friend and other SHG members motivated me to start an institute. My friends in SHG advertised my institute so that many people from the neighbourhood would join my institute. Now I am running my own institute and am earning nearly Rs 10,000 per month. All these things happened only because of my friends in the SHG. I am planning to start a readymade garment shop soon with my group members. Now I have enough money to lead a good life”.

Another SHG participant, Hemavathi, a middle-aged woman having a waste paper mart who was also the group animator, described her group's cooperation and solidarity. She said that

“In our group we are like one family. Our group is well-known in our area. We decide everything on a united basis. We discuss all our personal and business matters with our group members. If members have problems, we help them. We don't have any egos among us. Our entire group work is shared equally among us. Everybody is taught how to maintain accounts, go to the bank and other related work. We don't feel the burden of doing both business and domestic work. Our time is managed properly. If members are

free during the day time, we visit each other's houses and help one another.

We are highly motivated. Because of this cooperation within our group members, we performed well and we were selected as the best group by the NGO. We received the Manimagalai Award for the year 2009. I feel very proud of myself and my friends”

Yet another example is Josie, aged 29, who belonged to the Scheduled Caste and operated a public telephone booth. She is only educated until middle school. Her marriage was a love marriage. She was married to a Hindu boy who made her parents disown her because they were Christians. This was her story,

“My husband had an extra martial affair with another woman. He used to drink and came home drunk every day and abuses me physically and verbally many times. Because our wedding had been a love marriage, I tolerated a lot of abuse. At one point of time, I could not bear his touch. I really felt ashamed to tell my friends about him. One day he beat me so hard that my face was badly bruised. Seeing the condition of my face, our SHG member, Uma akka (elder sister), asked me about what had happened. I told her everything about my husband. My friends in the SHG came and advised him earnestly, but he did not have patience to listen. After some months, he went to work in the morning and never returned home. I sat and cried for many days. My two daughters and I starved without food. My friends in the SHG, especially Uma Akka helped and motivated me by saying that I needed to lead a good life for the sake of my girls. At that time, I got a bank loan from my share with the help of our group members. I started a telephone booth near my house. Now I am earning nearly Rs 75 to Rs 100 every day with which I can manage my family. After joining the SHG, I really feel the depth of friendship. If my friends in the SHG had not

helped me, I would not have had any other source of help. Now I am independent and have confidence as a single mother to bring up my daughters”.

The above statements are examples of respondents giving their own accounts of how group solidarity had helped SHG women to succeed personally and socially.

ii. Group Solidarity at the financial level

Maintaining group solidarity at a personal and social level is not a difficult task. However, where the question of money is concerned, the consensus and cooperation of members are important. Since the SHG deals with common funds, group solidarity seems to be crucial in financial matters. A few participants were asked questions related to this. One member, Sarala, gave the following report about her friend, Porkodi:

“One of my friends, Porkodi, had a problem paying her loans. She had experienced a loss in her business and she was scared to inform her family. We all decided to help her. We shared the loss and paid the loan instalments on behalf of her. We also motivated Porkodi to take another bank loan. She started the saree business. This time she did well and she is slowly repaying her debts.”

Rani, an elderly SHG member aged around 50 years, is a vegetable vendor. She spoke about one of her group members:

“Selvi is one of our group members. She is a widow with 2 girls. She is working as a housemaid and leading a life of great financial difficulty. She had an accident with a scooter while she was crossing the road. Two wheeler scooter hit her and she fractured her leg. With our group members’ help, I admitted her to the government hospital. We took care of her children while she was in the hospital. She could not work for six months. Each of the

group members took turns to feed her family. During her convalescence, we jointly paid her share to the bank. When Selvi recovered from the accident she repaid all her debts in small amounts. Even her relatives had hesitated to help her during her time of need. We felt very bad for her and supported her a lot. Realising how we had helped her, Selvi is very helpful to all of us. We also help each other in the same way. Our friends in SHG will always come forward for any emergencies even before our other relatives do. I am very proud to say this". The following table shows the response of the SHG women members regarding their Group Solidarity at the social, personnel and financial levels.

Table 5.47: In-depth Interview Details of the Respondents regarding their Group Solidarity

Details	Agreed		Disagreed		Total
	Frequency	Percentage	Frequency	Percentage	
Group Solidarity at the Personal and Social Levels	19	95	1	5	20
Group Solidarity at the Financial level	16	80	4	20	20

From the above table, it is clear of the 20 women interviewed; nearly 95 percent of them agreed that they maintained their group solidarity at the social and personal levels. Only one woman (5 percent) reported that there was no group solidarity among the members. She mentioned that she was not treated equally in her group. The other members from the same group said that this member always showed negligence and was not interested in the group activities. During the field work the study observed that the failure

rates and dropouts of SHGs are high with the NGO named Nivedhtha. The reason put forth by the members were that the NGO is not showing active participation in solving any issues. It is that the members themselves have to resolve their issues. Few respondents stated that they sometimes feel to change their NGO. Among the members, there was no problem in the group.

Regarding Group Solidarity at the financial level nearly 80 percent of the members agreed that they had group solidarity while 20 percent disagreed. Four respondents replied that the loans amounts were not shared equally and that sometimes they would get less internal loans than they wanted. At the same time, they said that they did not have sufficient repayment capacity because they were not getting a bigger amount of internal loans from their savings corpus. From the above mentioned data and the information gathered from the members, it is clear that most of the SHG members are very satisfied with their group solidarity which shows the positive strength of the SHG. In the in-depth interview, the respondents were asked a question about their wish to continue in the group. The details of the respondents regarding the continuity are given below.

Continuity in the SHG groups

The SHGs under Mahalir Thittam can operate only for five years. On completion of five years, the SHG has to dissolve the existing groups and start a new group under a new name, either with the existing members or with new members. All the 20 members who participated in the in-depth interview unanimously reported that they wanted to continue to be members in the SHG. One example is Gomathi, a self-employed woman. Given below is her version of her experiences:

“By February 2nd, 2010 we will complete our five years of group formation.

We all want to continue in our group. Our animator, Latha, does not want to

be the group leader because of her age and sickness. She taught me all the work and how to maintain accounts and other bank-related work. We are going to continue in our group with the existing members under a new name. All the members want to be in the group. Forming a group, getting members and maintaining their solidarity for five years need time and patience. This is really difficult and our group has achieved a great job. Dissolving takes little time and to reunite the group with new members is very tough. All our group members are happy and we will continue in our group. Our individual savings in the group is Rs. 9600 and we have decided to deposit our savings in the bank and continue in the group as new wine in the old bottle”.

Another SHG respondent, Komaleswari, aged 40 and a self-employed woman who was running a laundry shop with her husband, described her experiences:

“Earlier I was only bothered about myself and my family. From morning till night I worked with my husband. Then I come home to eat dinner and sleep. My life was very routine. Sometimes I really asked myself why I was living like a machine. Following my neighbour, I joined the SHG. After joining the group, I learnt to understand the importance of being united with others. I learnt many good things from my friends in the SHG. I am very happy and I wish to continue in the SHG”.

Lacking access to formal credit markets, many poor people turn to other money lenders like relatives, acquaintances and loan sharks (Douglas and Buss, 2001). The most important informal credit sources of individuals are relatives and money lenders. Mumtaj, a SHG respondent, reported the following:

“Before joining the group I used to run to the local SaduKattai (Pawn Broker shop) to get money during an emergency or urgent financial need. I used to

wait hours to get even a small amount of Rs.500. Now I am more independent. Whenever I want a loan, I get it from my group and return it at a proper time. Even if it is a small amount of Rs.1000 or Rs.2000, I get the loan from the SHG. I don't worry about any problems. Now-days I do not take loans from any informal agencies. So I wish to continue with my group”

5.3.2 Financial Sustainability of SHGs

The financial sustainability of a SHG depends mainly on its repayment patterns. Only when the SHGs make timely repayments to banks do they gain access to bigger loans. The loans taken by the members were to meet their emergency needs, like meeting the education expenses of children, marriages, hospital expenditure and less for production activities. This has a slow repayment rate. Some SHGs impose a penalty on delayed repayments. The other factors that contribute to the sustainability of SHGs are linkages with a SHG federation and being formed and financed by banks. Bank linkages have a positive impact on the financial sustainability of the SHG. The financial sustainability of the internal and external loans, savings amount and income level etc. was evident in the quantitative analysis made in the earlier part. The qualitative in-depth interviews gave an insight into the real situation of the SHG members. During the interview, Bhuvaneswari an SHG member gave her version of the situation:

“Our group is four years old now. We received three bank loans and our fourth loan has been approved. The first loan was from the Madras Cooperative Bank for RS.75, 000 and later we shifted our group account to the Indian Bank in Choolaimedu. From the Indian Bank we got our first loan of Rs. 1, 25,000, the second loan of Rs.2, 50,000 and now our third loan of

Rs.5, 00,000. We pay all our loans on time with interest. The group members will pay all our dues promptly. The bank manager really respects us because of this. The first loan was small. We distributed it and nothing big happened. With the second loan we bought an auto rickshaw. We rented it to one of our group members' husband. He takes school-children to school and pays daily. With the second loan, we invested in a similar way. With the third loan, which is a bigger amount compared to the previous loans, we plan to buy a mini lorry. Most of our members are below the poverty line. Before, no one respected us. Now, our group members are known in our area as we are an example of women who have come up in life. After joining the SHG, our life has changed a lot.”

The SHG programme has the capacity to be very profitable, as mentioned in the study of (Nair, 2005). The present study observed that the SHGs reach poor and marginalised groups with loans and other services and appear to give social and economic benefits for the members. It is clear that the groups could become financially sustainable and profitable. Gomathi, one of the respondents described her group experience in the following manner

“We took four bank loans. The first loan of Rs. 50,000 we distributed among our members. Each one of us did businesses like selling handicraft items, saree business, making masala powder etc. With these businesses we could only generate a little income. From the second loan of Rs.1, 30,000, five group members started a book binding business by renting a small place. The other members did not want to join this business, so we divided the money and gave them their share. With the five members, the book binding business went on well. But we had business only during the school season. At other

times we could not generate a good source of income. Sometimes we used to pay the rent from our own money. The last loan we got was Rs.5, 00,000. With that money our group members decided to start a women's gym with the consensus of all members, because there are many flats with many educated working women in our neighbourhood. So we felt there would be a good demand for the gym. We discussed this with one of the sports company which was ready to help us. Now we are running a gym. Each of us takes turns to attend to the customers. We get a monthly income of Rs.20, 000 to Rs.30, 000 after paying our bank dues, rent and maintenance. We have deposited the remaining amount in the bank. Now all of us are very happy. During our free time we use the machines to exercise. Earlier, I used to see all these equipment only in the cinema. Now I am proud that we own a Gym like this. We are no longer poor. Our status has improved a lot after joining the SHG.”

The above information was given by the respondents regarding group solidarity, continuity in the SHG and their financial sustainability. Most of the respondents reported that their groups functioned with proper cooperation and collective action and had group solidarity. Regarding the continuity in the SHG, all the respondents wanted to continue their membership in the SHG as it was very beneficial to the members in terms of improving their social and economic status. With regard to financial sustainability, all the respondents had a minimum of one bank loan and a minimum of four SHG loans and repaid the loan amounts promptly. The accrued movable assets like auto rickshaw and mini lorry progressed well. All the information that was provided by the respondents, in their individual accounts, proved how group solidarity and continuity in groups helped the SHG women to achieve their financial sustainability in SHGs.

5.3.3 Socio- Economic Status of Women SHG members

The women lack psychological power, not because they lack power within but because they lack credit. As the study of Kabeer.N (2001) stated, when the women lack money, their level of self-confidence and esteem will slow down their growth. The current study found that injection of credit will open the way for improvement in their social status in the beginning and subsequently will lead to improvement in their economic status.

Assessing the socio-economic status of the women members and concluding that the status of SHG members had improved due to the SHG programme intervention was a challenging task in the research study. A detailed quantitative analysis was done using appropriate variables which have been mentioned earlier. However, to verify the living conditions, communication and behavioural changes, income, savings and asset level of the SHG members before joining the SHGs, a qualitative analysis was done to draw stronger conclusions about whether women's socio-economic status had changed due to the impact of the SHGs.

(a) Improvement in the Standard of Living

Most of the respondents emphasized that their living standards were very poor before joining the SHGs. Due to increased income; their living standards had improved after joining the programme. Some examples are given below: Maharunisa, aged 42, gave the following report

“I am working as a house maid. My income is very low. I don't have the capacity to pay more rent and live in a good place. I made a temporary shelter near the Covam river bank using metal sheets. During the rainy season we really had a tough time. Our house did not have a proper door to lock and go out. After joining the SHG, I took a loan and repaired my house.

Now my house has brick walls with cement sheet ceiling and a proper door. I sleep well at night with a locked door. We don't have good sanitation and toilet facilities. We use the nearby public latrines. It is very difficult for females to go out at night. To avoid this, we use the open air during the night time. Now, with our team members, we plan to construct toilets near our living area. We spoke to the counsellor regarding this. We are also ready to use our personal money, if needed, to solve this problem”.

The experience of another respondent Rani, a vegetable vendor is given below:

“Previously I was only working as a house-maid. My daughter-in-law joined the SHG and forced me to join it. In the beginning I was not interested and shouted at my daughter-in-law that this sort of group work will not bring us any benefit and that we were getting ourselves into problems. But she convinced me to join. Only after joining did, I come to know about the benefits. It has really helped us to meet our financial needs and I am getting good exposure. I took a bank loan with which I started a vegetable shop outside my hut. My son and I used to go to Kothavalchavadi (a wholesale vegetable market) every day at 4 am to buy vegetables and we sell them in our small shop. I get a good income from the vegetable shop. I get a net profit of nearly Rs. 4000 every month. We also use the vegetables for our daily family use. My daughter- in-law helps me in the house as well as the shop. Later, we took one more loan and I bought a tricycle. My son has left the mason's job. He too sells vegetables now. He takes the tricycle and does his business in the nearby areas. Now I rent a house for Rs. 750 every month. I use my hut only as a vegetable shop and to store the vegetables

during the night. Our life has changed after joining the SHG. I thank my daughter in law, Malar, for all these things”

Occupational mobility is one of the indicators to examine the effectiveness of the programme. This study revealed that the respondents, who worked in the informal and private sectors had moved from their previous occupations and took microcredit loans to do income-generating activities. It was very apparent in this present study that there was a positive shift in occupation, where the respondents had moved from the informal sector to be self-employed. The information gathered from the qualitative analysis confirmed this. Generally, the study revealed that no women were left idle as they were engaged in economic activities in one way or another. There was a major shift in their occupational patterns and mobility.

Another SHG member, Jayalakshmi said

“After joining the SHG I earn a good income. Previously, managing the family only with my husband’s income was very difficult. We stayed in a small house with one room and a common bath room. Now we have a new house with two rooms and separate toilet and bathroom inside the house. I help my husband by paying the additional rent. The new house is much more comfortable. All these happened only because of my income which I gained because of joining the SHG”.

(b) Interest in providing better Education for their Children

The study observed that most of the respondents were keen to educate their children. Most women sent their male and female children to school. Previously they tended to educate male children rather than female children. Nearly fifteen respondents reported that they were more interested in providing good education for their children, especially the girls.

When the participants were asked the question as to whether the loans from SHG were useful to meet expenses like children's education, health and family expenditure, most of them replied positively. Rani the vegetable seller said:

"I don't know how to read and write. I have never gone to school anytime in my life. After joining the group, I learned to write my signature. My only wish is that my granddaughter becomes an I.A.S officer. I send her to a convent school. It is very difficult to manage with our income. Still, I want to give her a good education so that she will not face any hardship in life. I have taken the SHG loan to pay her school fees. Joining the SHG has been very helpful to us".

Josie, the single mother, further reported:

"I had so much bitterness in my life that I did not have any other thoughts about my life. I wished to give a proper education for my daughter and wanted to bring her up properly. I took my SHG loans and paid her school fees. I sent her to a good English-medium school. My daughter is now in STD III and studying very well. I am educating her in spite of hardship. She knows everything that has happened in my life. Only my SHG friends helped me during my times of need."

Rose Mary elaborated her experience:

"Our family suffered from many problems before joining the SHG. Psychologically I was upset. Many times I used to think of committing suicide because of my family problems. Many days we used to starve without a meal. Now I manage myself. I can provide two meals for my child. Once I understood my role to my child's life, I came out of all my

personal traumas. I have to say that my family life has really improved. I do not depend on anybody. I have peace of mind now”

(c) Improvement in the Income level

Women have been known to spend most of their income on their household. Therefore, wherever women are helped to increase their incomes, the welfare of the whole family improves. Women’s success benefits more than one person. Therefore, assisting women generates a multiplier effect that increases the positive impact of micro finance.

Therefore the income earned by the women SHG members was one of the important factors for determining their standard of living. The income of the SHG members has increased after joining the SHG. Hence, women members of the group are now more independent to meet their personal expenditure and contribute more to their household income. The majority of the SHG women members have become independently involved in economic activities, both as an individual as well as group basis after joining the SHG. Related to this, Vimala, a SHG member said the following during the interview.

“Before joining the group, I was only a house wife and thought that cooking and taking care of my children were my main duties. My friend, Vani, told me to join the SHG. After joining, I started doing a small business by making masala powder and I sold it to people in my neighbourhood. Now with my group members we are running a small manufacturing and packing unit for all types of masala powder, chilli powder, Idly batter etc. We have a good network in our area. We do door delivery as well. From our business, we are generating good income. We can easily earn Rs.3000 to Rs. 5000 which supports our family comfortably. Our life has changed after joining the SHG.”

Banu, a respondent aged 35 owes a beauty parlour. She said

“I underwent training in a beautician’s course and I took three levels of training, basic, high-tech and advanced courses through our NGO. After that I worked in a parlour where I earned Rs.4000 monthly. With a bank loan from SHGs four friends and I started a beauty parlour. Instead of working for someone, I feel being self-employed is better. I made up my mind to be a beautician. My other friends do not have any knowledge. I taught one of my friends the basic things about beauty care. Our earnings have increased as we work very hard in our parlour. Because of this, we earn good profits. My salary has increased five times than before joining the SHG. We are very happy and proud about our growth”.

(d) Improvement in Savings

As stated in the study of Purna Chandra (2010), the current study also supported the view that the savings of each member explains the financial strength and economic conditions of the SHGs. An increase of savings per member suggested that the SHGs were functioning well and using their financial resources effectively. The amount of savings collected per person was highly significant and positive with relationship to the repayment of loans. Improved saving activities through SHG was one of the most important objectives of the SHG program. The savings capacity, repayment patterns, group responsibility and discipline are important for the SHG operations. The women interviewed were particularly proud of their current savings level. One respondent named Lakshmi, reported that:

“As my income is very little whatever we earn, we spend on our daily expenditure. Most of the time, especially during month ends it is really difficult to manage our expenses. When I first joined the group, I used to

feel scared and worried about how I was going to manage to repay the savings. Later, with determination I somehow managed my expenses and paid the amount. I just started saving only after joining the group. Now our group savings is Rs.63, 650. In case of any crisis we have sufficient savings to use without depending on any money lenders. We are really relaxed and without any tension to meet our financial problems or crisis”

The savings per member explains the financial strength and economic conditions of SHGs. An increase in the savings per member suggests that the SHG is functioning well and using its financial resources effectively. Another respondent, Komaleswari, confirms this:

“Earlier I didn’t know the value of money. Whatever my husband earned I spent. Only after joining the SHG, I started saving. In the beginning, I used to feel that with this small amount of savings no big change could happen in life. Now our SHG is going to complete four years of operation. As small drops of water make a mightier ocean, our group savings is now around Rs.68, 000. In case of any emergencies or immediate needs, we take loans only from our savings. We have stopped going to money lenders for any of our financial needs. The interest paid on our internal savings is very low and convenient to repay. As it is our own money, we have the responsibility to make regular repayments. We also do not undergo any stress for our repayment. Now I understand the importance of savings and money.

(e) Improvement in amount of Asset Holdings

The study of Sanjay Kumar (2009) stated that the household assets consists of houses, farm houses, animals, sheds and productive assets such as tractor, farm equipment, shop,

cartload, auto rickshaw, taxi, tools etc and the consumer durables consisting of television, refrigerator, two wheeler etc . The impact of the SHG was more evident in the creation of new assets in the non-farming sector such as productive assets and consumer durables.

A shift in occupations and improved earnings increased the asset holdings of the respondents with respect to consumer durables, movable and immovable assets. The composition of assets could be a measure of the economic strength of the members. The possession of assets like house repair, jewellery, business tools, vehicles and consumer durables shows improvement after the women joined the SHGs. The acquisition of consumer durables was a positive sign of their improvement in life. There were no major differences in terms of possession of land and buildings. However, there were a few cases where the respondents showed improvement in immovable assets. Fourteen respondents said that they had purchased additional assets like auto rickshaw, taxi and consumer durables like grinder, refrigerator, computer etc. One of them, Bhubaneswar, reported the following:

“Earlier I was working in a private company nearby. I spent more than 10 hours in the office as a helper. When I got my bank loan, I rented a small shop nearby and bought 5 grinders. Now I own my shop, I grind idly, dosa batter and make packets and sell them to the nearby departmental shops and to the flats. Some people come to my shop and take the batter packets. However, if there is any remaining batter, I could not store it, so I took one more SHG loan and bought a freezer to store my excess supply. I am now doing well in my business”

Another respondent, Hemavathi, said:

“I took one loan from SHG and I bought a computer for my daughter studying in college. In our days we didn’t have these facilities. Today

everybody is using a computer. I also want my daughter to learn and use this facility”.

In the earlier part of the study mention has been made of a few cases where members bought a taxi and auto rickshaw. This reinforces the fact that there has been improvement in the asset building capacity of SHG members after joining the SHG.

5.3.4 Empowerment of Women in SHG

The IFAD indicators to assess empowerment are the level of self-confidence, power of decision making, appearance, mobility, gender equality, community awareness and their communication skills before and after joining the SHGs. The participation in SHGs had also improved the women's level of empowerment.

As stated in the studies of Hishigsuren (2000), UNIFEM (2000) and Joseph, (2005) the present study supports the fact that self-confidence is considered to be one of the major indicators of individual empowerment. It is a crucial area of change for empowerment, yet it is also one of the most difficult to assess. It is also a complex concept relating to both women's perceptions of their capabilities and their actual levels of skills and capabilities. Self-confidence definitely increased for many respondents in the sample studied. Earlier, the majority of them had no plans for their future. They earned meager incomes, ate or spent all their earnings. In the case of any vulnerable situations, they did not know how to face it. After joining the SHG program and receiving loans, they were now able to do their income-generating activities on their own, had a vision about their future like building their own houses, purchasing assets, sending their children to good schools. They were more willing to send their children for higher education, expanding their businesses and creating jobs. There was a drastic change in their attitude towards life. Out of twenty respondents interviewed, fifteen (75%) of them reported that their level of knowledge increased in

business and the other respondents reported that the confidence level increased in terms of planning for their future not only for themselves but also for their family.

(a) Gained more Self-Confidence

Regarding self-confidence one of the respondents, Banu, reported

“Earlier I used to feel that I was not getting an opportunity to show my knowledge to the outside world as I was stuck at home. The SHG was a gateway for me to come out of the house and start my own business. After joining the SHG, my confidence increased to the level that it converted me to be an entrepreneur”.

Gomathi explained further:

“I didn’t organise my own family budgeting before I always depended on my husband even to do a small task. After joining the group, my confidence level increased and I could go to the bank or to an NGO anywhere by myself. My husband is very surprised to see the change.

There was a slight improvement in the women’s involvement in household decision-making in male headed households on such issues as credit, the disposal of household assets, children’s education and family’s health care. However, the traditional gender-based divisions persisted in intra-household decision-making. Women basically decided on food preparation, and men made the financial decisions. After joining the SHG, the group members were more aware of their property and political rights through their training. The study found that there was greater improvement among women-headed households, older women and more educated women.

(b) Improvements in the status of Women Headed Families

Regarding this, Rosemary, a divorcee told her story,

“I didn’t know anything about life. My husband was my only world. When he ditched me, I was lost. After joining the SHG and starting my own business I learnt to make my own decisions. Today I lead a peaceful a life. Now I understand everything and I am confident that I can give my child a better life”

(c) Improvement in the Women Mobility

Mobility is another indicator of personal empowerment (Mayoux 2001). Women’s mobility and social interaction had increased due to the programme intervention. The study found that women became more mobile and started to have interactions with officials. The women group members visited new places, travelled longer distances, and experienced social interactions with the staff of institutions like Banks, NGOs, Project Implementation Unit Office, Corporation office and Police stations. Rani explains this by saying the following

“I didn’t know anything before joining the group. I learnt how to write my signature after joining the group. Now, being an elderly person in the group, I manage to go to the bank alone and the group members fill the bank chellan (voucher). I learnt to pay the money and put the entry in the passbook by myself”.

Vimala gave her part of the story

“Earlier I used to be shy and I didn’t like to be in a public place where there were males. My attitude has changed now and I am not shy or scared to talk and to be in front of any males”.

Some respondents reported that they joined together and visited pilgrimage places like Tripathi and Velangani and also attended all the training given under the Mahalir Thittam . One of the respondents said that she would not miss any opportunities given to learn and explore the outside world. The Women did not want to stay at home to cook and clean. They wanted to be independent.

(d) Improvement in the Personal Attitude

Individual to receive respect from other community members, physical appearance was considered to be another important indicator. Ten respondents acknowledged that there was a change and improvement in their style of dressing and the type of clothes they chose. Eleven other respondents reported that they were able to buy gold in the forms of earrings, nose-rings and chains. Josie elaborated this further

“Earlier I was not interested in dressing at all, I just went out with my normal wear. My feeling was: Who was going to see me? Most of the time, I do house work and take care of my children. After joining the group, all my friends in the group would shout at me to dress properly. Being one of the youngest members in the group, I never bothered about my dressing style. But now-days I wear a good saree whenever we go out to the bank or for training. I bought a set of earrings from my income. Outside mobility means that more people will respect us only if we look good. I realized this only after joining the group”.

(e) Improvement in the relationship with Family Members and in the Community

The qualitative in-depth interview assessed the statements mentioned in the studies of Swain & Varghese (2009) and Punithavathy(2002) regarding gender relations and focused on the relationship of the SHG members with their husbands and other male members

which improved after joining the group. Nearly twelve respondents reported that now their relationship with their husbands has improved and they were getting good respect. Jayalakshmi explains this better

“Earlier when I used to go out for training for 3 to 4 days, my husband would be angry and ask me ‘What have you bought?’. Every time I had to ask him permission to attend the meetings and to visit banks. I felt scared to ask him permission to go out. I took a loan and bought a sewing machine. Now I own my shop and earn a good income. My husband understands me better now I gained this knowledge only through the training I received through the SHG”.

Sarala gave her version of the change in her life:

“Whenever I was busy with my work in the earlier days my husband would never give me respect or help me in the housework or take care of the children. He felt inferior to help me in domestic work. He tried to dominate me by saying that he was the earning member of the family and that I was a dependent housewife and that I have to oblige him for all his needs. I joined the SHG and being a graduate member in my group, all the group members asked my suggestions for doing any work. People used to come home and discuss with me all their activities. My husband saw all these things and his attitude changed. He feels better that I am doing a good job. I use my loan for my family needs and this makes him happier that I am responsible in sharing his financial burden in the family. Whenever I go out to the NGO or to bank nowadays, he does my share of work and takes care of the children”.

(f) More Assertive towards Political and Domestic Sphere

Pushkala, another respondent who was interviewed, describes the change in relationship in her family:

“We had our ancestor’s property in our native place Thiruthani. My father disposed of the property and gave the entire share to my brothers. Earlier, I didn’t know anything about my rights. Now I understand all about property rights. I argued with my father that I have equal rights in the property and that I needed my share. He gave me a meagre amount to silence me. I didn’t accept that. I sued him in court. The case is still going on now. I am waiting for the judgement”.

Pushkala explained that she had been in the Bharathiya Janatha Party (BJP) as a woman secretary in the Cheppakkam area for more than 7 years. But, after joining the SHG and looking at her involvement in group activities, the political party recognized her capabilities. She was invited to participate in and speak at election meetings, whereas before this she was ignored. Pushkala knew that she was being invited to attend party meetings because, “I am now in a position to contribute to the local government”.

Community awareness, addressing social issues and infrastructure is one of the major indicators of empowerment as mentioned in the study of UNIFEM (2000). This study has found that two of the respondents took leadership positions in their area in obtaining proper roads and drinking water facilities.

One of them was Rani. She and her group members were able to initiate positive changes. She elaborates her efforts below.

“Our living area is in a low-lying area where water gets stagnated during the rainy season and causes disease like malaria and diarrhoea. We suffered a lot of problems and nobody took any initiative to solve this problem. Our group members gave a petition to the Corporation Office. Nothing happened. So our group members contributed some money and we collected the remaining amount from the people in our area. We called a contracting company and asked them to fill up the low-lying area with rubbish. This was a temporary

solution till the corporation built new roads. Similarly, way we made arrangements for metro water connection too. Though there are many males in good positions in the area, nobody bothered about the social activities. Only ladies do everything. When we do good things, these people criticize us. But we are not bothered about others. What is good is that we do this with no expectations. The area counsellor was angry with us because we were getting a good name from our people. Sometimes others go round telling that we are collecting money to get some commission for us. We do not gain anything from this work, only our time and energy are involved”

Komeleswari goes further by saying that:

“On the day of the three years completion of our group, we organised a small function and invited our area counsellor to the event. At the function we took a pledge of donating our eyes. We invited the Chief Secretary of the Rotary Club and we took the oath of our eye donation before him”.

(g) Improvement in the Communication Skills

From all the information gathered from the interviews, it was evident that the women’s communication skills had improved. The women members gained self-confidence and esteem to overcome their problems. They learned to interact with the bank and NGO staff.

Rose Mary elaborated this part:

“Before joining the SHG I never talk to others. I used to feel shy to open my mouth. Now my communication skills have improved a lot due to the interaction with my friends in the SHG. My friends used to tease me that if I opened month, pearls would fall. Nowadays they tease me to shut my mouth and to be quiet. I am very happy to hear such comments”.

The information gathered from the qualitative interviews has been helpful to assess the living conditions of the women, their group solidarity and other group information and to assess their empowerment level before and after their participation in SHG. A comparison between the socio-economic status of women in SHG in Chennai city before and after the Self Help Group intervention shows considerable improvement. The quantitative and qualitative evidence concurs with the survey results that showed that the SHG programme had created a positive impact on the women who participated in the programme.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusion

The findings from this study showed that SHGs played a major role in the development of women. The women belonging to the lowest strata had been given a chance to interact with the many groups like banks, NGOs and officials from the government and they were exposed to public institutions. Group participation was one of the major elements of SHGs. Interaction in meetings helped to develop friendship, express solidarity with the problems of others, natural leadership and enhanced the members' capacity for development. Good peer groups provided an efficient social support system. Women found a new identity through SHGs as some of the members reported that after they had joined the SHGs, they experienced a special bond when they met one another in the market places or bus stops.

Group affiliation was a strengthening bond and a powerful tool to resolve their problems. By sharing happiness and sorrows, they developed confidence in facing their problems. A successful SHG needs to be an outlet where women meet leisurely, where sharing takes place with motivation and mobilization. It needs to be defined as a supportive, educational, change-oriented and mutual aid group. To do this, it has to address the women members' problems.

In well-established SHGs members contributed substantially to their family development in the form of getting credit for education of children, health needs and even for marriages and construction houses. It showed the way for the poor women to be involved in income-generating activities and helped them to increase their savings and mobilisation of capital in future. The SHGs also increased the sustainability of women in terms of income and credit. Accessing the formal banking system encouraged and motivated them to get involved in self-employment activities. However, this credit

development alone was not sufficient to break through the atrocities that women had faced for many centuries. Even though the women generated their own income, improved their economic standards and were involved in social activities in many places, as mentioned earlier still in practice the women lagged behind and were still under the bondage of male domination. When it came to asset creation or inheriting family property, they were treated lowly compared to their male members in the family.

Women need to mobilize their freedom to decide on their rights. Besides, the agencies working with SHGs should have a sound philosophy of development and social justice specific to women. It is a fact that SHGs are increasingly attracting to the younger generation. However, this generation not only needs economic empowerment but also more self-confidence to fight against the atrocities and to claim a new self-image for themselves as human beings. The SHGs are only a vehicle to strengthen them collectively. Hence, SHGs as a social movement need to be organized on these lines.

Women empowerment is synonymous with the achievement of equality and equal mindedness in society. Women's empowerment will result in traditional female values being more respected in society. The empowerment of women, through the collective action for development of the SHGs, would lead to benefits not only for the individual woman and women's groups but also for the family and community as a whole. They assume the role of decision-makers in major aspects of the family and community life. The possible outcomes of women's empowerment through group approach at the household level are self-employment with assured wage employment throughout the year, sustainable livelihoods, improved health and education, enhanced social dignity and better status of women and female children. This social development approach will improve the socio-economic status of the participants. This approach will break the gender division of labour; provide women to access markets, skill training and technological support. The credit and

social development approach will help to promote significant changes in the women and improve their status.

6.2 Policy Implications and Recommendations

Drawing from the findings of this study a number of policy implications and recommendations are suggested as guidelines to give direction to the areas that need to be improved.

6.2.1 Policy Implications to the Government

The remarkable outreach of the poorest households is a major challenge for SHGs. It is important to emphasise that the microcredit should reach the poorest of the poor. The following are some policy implications that the government should focus on.

(i) Strict Government Monitoring Mechanism of the NGOs Funding

The poverty alleviation policies in India directed at women are coordinated by the government and NGOs. The government gives funding to both SHGs and NGOs to deliver credit to the women. The government's monitoring mechanism to track the NGOs to check whether the benefit reaches the poor women is not sufficient. NGOs have been involved in microcredit for a long time and they are trained in this field, whereas the new entrants into the field are adding microcredit to their portfolios, thus positioning themselves to be technically eligible to use government funds. If the funds are not channelled to the NGOs who are qualified, competent and able, the efforts of the government to reduce poverty will fail. Thus a more controlled structure is needed to ensure that the women get to benefit from the funds.

(ii) Greater Emphasis on Female Employment

To explore the formal employment opportunities outside the home is a very difficult task for the less educated women. In order to overcome this problem, emphasis should be given only to female members. The NGO and government organisation could insist that women

who are members of SHGs should be given first preference. SHG members' quota can be initiated to increase employment generation.

(iii) Greater emphasis on Productive Activities

The study reveals that most of the participants were involved in petty shops or self-employed as tailors or beauticians. They invested credit in these jobs, and ultimately generated little profit. These members should be introduced to modern techniques in production and service so that they could earn higher returns. If the members making home-based products could group themselves and start cooperatives, their outreach would be better and their marketing would be more focused. This will help them to identify the market needs and to implement things in a productive manner. The government should focus on this issue to help the members to produce and sell their products on a wider basis.

(iv) Increased Loans and Prompt Credit Availability

The procedures followed to avail credit are very complex and regressive. Providing immediate credit to the women living at subsistence level is important. Timely credit will help them to use the business opportunities and increase their financial sustainability. Also the government can increase the amount of loans on a much larger scale so that the members with proper repayment capacity can enjoy larger amounts to loans and can enhance their business needs.

(v) Increased General Literacy and Educational Levels of Women

Women's general education and literacy levels should be improved. Illiteracy is the basic cause of many social and economic evils. If the illiteracy rate in society becomes zero percent, other things like empowerment and poverty eradication will happen automatically. The World Education has documented that women who attend education programmes have

greatly increased their commitment to educating their children, especially their daughters. More focus should be given to female education.

(vi) Focusing on a Balanced Gender Membership in the SHGs

The women SHGs have been more visible in their functions and operations. Even though there are male SHGs functioning in many places in India, women SHGs have been given more attention. Poverty eradication and women empowerment can be achieved faster if the SHGs have both men and women members. This environment would encourage greater support from men to motivate the women to become independent and productive.

6.2.2 Policy Implications to the NGOs

The NGOs play a vital role in forming and enhancing the SHGs. They play an intermediating role in delivering the policies of the government to the SHG members. The following are the areas of focus that are recommended to the NGOs.

(i) Monitoring Microcredit use for Income-generating Activities

The women participants are provided with credit. But whether this microcredit is fully utilized for income-generating activities should be monitored by the NGOs. The finding of this study reveals that the participants used this credit for general purposes, including household expenses, renovation of houses, repayment of other loans, social ceremonies rather than investing on income generating activities. As a result, the full benefit of the microcredit has not been achieved. In order to avoid this, the NGO staff could monitor and motivate the members to use this credit only for income-generating activities from the beginning. The higher government officials should make sudden visits at the district and state levels to evaluate the performance of the SHGs. In addition, active SHGs should be

motivated by cash or in kind by the NGOs and the governments, apart from being given subsidies to improve them.

(ii) Skill Development Training and Technical Support

Generally the training given to the members was for short periods of one week. The EDP training and handicraft training courses enhanced their skill for income-generation purposes. The other training focused on the general issues of group formation, maintenance of accounts and bank-related issues. Comprehensive skill development training was a big question mark. The training given to the members was very monotonous and not suited to the current market needs and trends. Making masala powder, liquid soap, fruit jam would not be useful for the members in the long run. However, they generated small incomes at the current period, but these activities would not help the members to maintain their sustainability for a long time. The NGOs and the government organisation should look into this problem and train the women so that they would benefit from the microcredit programme for a longer period.

(iii) Providing More Opportunities for Community Participation

This study revealed that the women respondents are more interactive to community participation through celebration of Women's Day, Independence Day etc. but all these took place behind the closed doors. These women should come out to participate in welfare programmes focused on family planning, health and hygiene. Women members should be visible in all areas of community development. Before doing this, the NGOs should give these members proper orientation and training in these areas. The women members will then be noticed by the community, which will encourage the other women to come out to participate in these programmes.

(iv) Proper Monitoring of NGO Field workers

The NGOs should establish a proper system to monitor the field workers. The study found that, in some instances, the SHG women were exploited by the field workers. The field workers expected cash or some kind of payments from the SHG members, when they helped the women groups for bank linkages to get bank loans. The women were forced to pay one or two percent commission from the loans taken. These women who were from the lower strata were already suffering from the transaction costs. Paying the field worker was an added burden. The NGOs need experienced field workers to tackle the huge mass of SHGs. So the NGOs should ensure that the field workers do not take advantage of the SHG women.

(v) Monitoring of Animators

In the same way, the Animators need to be monitored by the NGOs. Normally the educated women with leadership qualities acted as animators. They misused the poor women. This study found that internal funds are misused by the animators in a few groups. The animators used the common fund of the SHG members for their own personal use. They also take the common fund and lend it to members as if it is their personal fund and charged interest for that. The field workers should check to find out whether the Animators are involved any such practices.

(VI) To avoid failure rates in SHGs

NGOs play a vital role in the functioning of SHGs. The study found that the active NGOs have very less failure rates and drop outs in SHGs. Hence the NGOs should monitor the failure rates and should interfere to rectify these issues.

The above are some recommendations based on the findings of the research study. The government, NGOs and the field workers have to consider making this programme more effective to reach and benefit the poor women.

6.3 Theoretical Implications and Contribution of this Study

The findings from this study have been influenced by certain theories and approaches. These theories and approaches can be employed effectively in poverty reduction and empowerment of women.

Firstly, the research findings are greatly inspired by the Theory of Relative Deprivation of Runciman (1966). Some of the poor women in the study area were relatively more deprived in a number of ways; they suffered from human deprivation in terms of basic needs of life such as access to education, adequate shelter and productive assets. In terms of living conditions, the study findings registered that the women in SHGs in North Chennai were highly deprived compared to the other areas. In some areas like Elephant Gate, the women were without basic needs like sanitation, electricity, water and road facilities. Even among the slum dwellers the living conditions were considerable very backward.

In terms of education, the findings from this study showed that high proportions of the households were educated up to high school or had higher secondary education. This showed that college and higher education was unreachable for poor women due to their low economic status. There were cases where the children, especially girls, were forced to stop their education due to their low economic status.

Secondly, this study confirms the Microcredit Poverty Paradigm. The findings in this study of Mayoux, L. (2000) revealed that the definition of poverty was not just a lack of income, but also the lack of the minimum requirements for basic human needs, such as

household consumer durable assets, consumption expenditure, food, clothing, health, education and social inclusions. The present study lends support to this theoretical basis and provides sufficient evidence for a satisfactory definition of poverty.

Thirdly, the Microcredit Financial Sustainability Paradigm is another explanatory factor that can be utilized to explain how the Micro Finance organisations brings credit, savings and other financial services to individuals, small businesses and self-employed workers employed in the informal sector. Nearly 90 percent of the women get benefited by taking the microcredit. This study confirms the theoretical premise that when the poor women are injected credit through SHGs programmes in meeting their needs of income-generating activities, it will help them to overcome the poverty. Thus the theoretical paradigm lends support as a satisfactory explanation of Financial Sustainability.

Fourthly, the status of women in the SHGs could be explained by employing the Microcredit Feminization Paradigm. This study illustrates that there were attitude and behavioural changes among the women as a result of the introduction of the SHG programme. Such types of interventions led to a noticeable change in the attitudinal and psychological aspects of the women. The social transformation helped them to increase their income earning capacity. More than two thirds of the women had enhanced social and economic independence resulting in an improvement in their social and economic status in life.

Fifthly, the Empowerment Theory is another explanatory factor that can be used to explain the status of women in the study area. The findings from this study showed that more than two thirds of the respondents had attained improved decision-making skills and better status in the family and society. More than half of the respondents showed better mobility and greater awareness of their health, and the importance of education for women.

They learnt many skills. The empowerment of women enhanced their social and economic independency.

Finally, as mentioned in the research framework, the other relevant theory for this study is the Theory of Joint Lending Liability (Ghatak & Guinnane, 1999). The survey found that more than 90 percent of the respondents had borrowed loans and they jointly repaid their loans and interest rates. The research confirms the Theory of Joint Lending Liability. The poor women who were neglected from financial institutions were provided with financial services through SHGs for income-generating activities aimed at improving their social and economic status.

In conclusion, the findings of this study add to the empirical evidence to the theories stated above. The present study also adds further evidence to the field of microcredit. It focuses on the SHGs from an urban perspective which is minimally researched in the context of Chennai City. The study focused on the impact of SHGs in terms of poverty reduction, sustainability and level of empowerment and on finding out how far the SHGs are useful for the upliftment of women in their socio-economic status. This is the empirical contribution made in the area.

6.4 The Implication of the Study for Future Research Directions

This study attempts to measure the effectiveness of SHGs microcredit programme in Chennai city. In analysing the data obtained, it appears that there are some areas which deserve more attention for future research.

The more important issues emerging from the present study call for future research in the following areas:

- (i) This study shows that measuring the impact of SHG in poverty reduction can be examined using appropriate price index or calorie intake. These are the more

important aspects that need to be looked at simultaneously in the future research of any poverty study with respect to SHGs in the study area.

- (ii) Poverty as a multidimensional phenomenon presents many facets: social, economic, cultural, environmental and ecological concepts. Most of the studies in microcredit are limited to a few variables like income, health and living conditions. Therefore, future research in the microcredit SHGs field needs to address the multi-dimensional issues of poverty in the study area.
- (iii) The effectiveness of the microcredit depends on the performance of the NGOs as they act as an intermediary between the SHGs and the government. Therefore, future research should examine the impact of microcredit by comparing different NGO could be focused in the study area. This will help to government the bench-mark which NGO performs better and the areas of development that are needed by the other NGOs which are not performing up to the standard. Thus, the government should make policies which will suit the needs of the NGOs and SHGs.
- (iv) Most of the impact studies in SHGs have been done with respect to the programme performance related to loan utilization, training of the program recipients, the socio-economic and demographic factors. On the other hand the overall effectiveness of the programme based on the interactions between donor agencies like programme officials, clients and policy makers should be examined. There is a need for future research to study the inter relationships between the programme agencies.
- (v) Studies can be extended in Chennai to include the micro finance products such as micro insurance and money transfers in the study area to ensure the outreach and institutional sustainability.

The SHGs should consider the credit and social development approach. Future research should study the effective ways to address the issues and challenges mentioned above. Research into those areas will enhance the overall development of SHGs which can benefit the women and the NGOs, government and the other agencies involved in providing credit to the women in SHGs.

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**A Study of the Socio-Economic Status of Women in Micro Credit Self Help Groups in
the Chennai City, Tamil Nadu, India**

Questionnaire

Date: _____

Q: NO: _____

1. Demographics

1.1 Name of the respondent: _____

1.2 Name of the NGO: _____

1.3 Location: _____

1.4 Centre No: _____

1.5 Group Name: _____

1.6 Age in completed years: _____ years

1.7 Communities:

FC	BC	MBC	SC	ST	OC
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1.8 Religion:

Hindu	Muslim	Christian	Others
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1.9 Marital Status:

Single	Married	Separated	Divorced	Widow
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1.10 Educational Status:

Primary	Elementary	High School	Higher Sec
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Graduate	Post Graduate	Dip /Technical	illiterate
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1.11 Class completed: _____

1.12 Occupation:

House wife	Private sector	Govt Emp	Vendor
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Coolie	House Maid	Off Helpers	Self Employed
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Petty Traders	Tailor	Others
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2. Socio Economic Details:

2.1 Nature of family: ☐ Nuclear ☐ Joint/ Extended ☐

2.2 House Hold Size:

1	2-4	5-7	8-10	10 above
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2.3 No of Children

2.4 Family Details:

S.No	Name	Earners(E) Depen- dant(D)	Relation ship to the SHG member	Age	Sex	Education	Marital Status	Occupation	Monthly income
1.	<u>Member</u>								
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
	Total								

Can assign **Sex:** Male (M), Female (F); **Education:** Primary-1, Elementary-2, High School-3, Higher Secondary-4, Graduate- 5, Post Graduate-6, Diploma/Technical-6, Illiterate-7; **Occupation:** Private Sector-1, Government employee -2, Self employed-3, Others-4.

3. Self-Help Group Information:

3.1 No. Of Group members: _____

3.2 Date of joining this group: _____

3.3 Reasons for joining this group:

1. _____
2. _____
3. _____
4. _____

3.4 Who introduced you to SHG?

- ☐ Animators
☐ NGO's
☐ Friends / Relatives
☐ Others

3.5 What are your duties and responsibilities in the group?

1. _____
2. _____

3. _____

3.6 Are you happy with your group performance?

1. Very satisfied ☐ 2. Satisfied ☐ 3. Unsatisfied ☐ 4. Very Unsatisfied ☐

3.7 Are there any difficulties undergone after joining the SHGs?

1. _____
2. _____
3. _____
4. _____

3.8 Are there any dropouts in your group members? If yes reason for their drop out:

1. Yes ☐ 2. No ☐

Reasons for Drop out:

1. _____
2. _____
3. _____

4. Living Conditions before and after joining the group:

Type of House		No. Of rooms		Own/ Rented		If Rented Amt Paid		No. Of Utilities		Approximate area of Household		Household conditions	
Before	After	Before	After	Before	After	Before	After	Before	After	Before	After	Before	After

Type of House: Pacca house-1, Kutch house-2, Hut-3, Squatters-4; Own -1, Rented-2, Company owned-3;

No. Of Utilities: Kitchen-1, Toilet-2, Bathroom-3; **Approximate area of Household:** < 250sq ft -1, <500sq

ft- 2, <750 sqft – 3, <1000 sqft – 4, above 1000 sqft -5; **Household conditions:** Very good-1, Good-2,

Average-3, Bad-4, Very Bad-5

4.1 Possession of Consumer Durables / Household Articles before and after joining the group:

S.No	Consumer Goods	Yes / No		S.No	Consumer Goods	Yes / No	
		Before	After			Before	After
1.	Radio			8.	Fan		
2.	TV			9.	Refrigerator		
3.	Wet Grinder/ Mixer			10.	Computer		
4.	Washing Machine			11.	Motor Bike		
5.	Cookers			12.	Bi Cycle		
6.	Phone			13.	Car		
7.	A/C			14.	Others		

5. Income Details

Monthly Income (Before SHG)	Loan / Deductions	Net Income	Monthly Income (After SHG)	Loan / Deductions	Net Income
Total			Total		

5.1 Other Sources of income

Additional Sources of Income	Amount (in RS)
1. Income from SHG income generation Activities	
2. Agriculture Activities	
3. Movable assets	
4. Immovable assets	
Total	

5.2 Over the last 12 months has your total business income.....?

1. Increased 2. No Change 3. Decreased

5.3 Do any of you employed Household members support your family regularly?

1. With money 2. With Goods 3. With both 4. No support

5.4 What is the value of the approximate financial support per month _____ RS?

6. Savings Pattern of the Household:

Agencies Name	Before SHG		After SHG		Total
	If yes, specify the amount	No	If yes, specify the amount	No	
SHG					
Nationalised Banks					
Co-operative Banks					
Post Office					
Local / Chits					
Jewels Chit					
Any others					

6.1 Is there any other sources of family savings Yes [] No [] If yes Amount _____Rs

6.2 Did you start to save only after joining SHG: Yes [] No []

6.3 Amount of compulsory savings saved in SHG Rs. _____ Weekly [] Monthly [] others []

6.4 Savings when joined SHG _____ (in Rs) Current Savings _____ (in Rs)

Total Savings _____ (in Rs)

6.5 During the last 12 months, has your personal cash savings.....?

1. Increased 2. No Change 3. Decreased

6.6 What are the main reasons for the increase in your savings.....?

[] Increased income from business

[] Improved money management (reduced expenses, cut household costs, good investment etc)

[] Improved Savings strategies (knowing how to save, why one should save etc)

[] Other

[] Don't Know

6.7 Were any of these reasons for savings increase due to your participation in SHG program?

Yes [] No []

7. Household Expenditure Details: (in Rs per Month):

Family Expenditure	Before Joining SHG	After Joining SHG
Food		
Clothing/ footwear		
Education		
Medical and Health		
Bills (water, electricity and telephone)		
Festivals		
Gifts / Recreation		
Others		
Total		

7.1 Changes in food and other habits (tick the answer)

No. Of Meals per day 1-2 [] 2-3 [] Always 3 meals []

7.2 Change from ration rice to open market rice.

Yes [] No [] Not Applicable []

7.3 How would you describe your financial ability to provide a sufficient amount of food for your family during the last one year?

1. Increased 2. No Change 3. Decreased

7.4 If your Household expenditure per month exceeds your monthly income, how can you reconcile this?

1. by borrowing
2. Seeking additional income
3. Selling some Household
4. Looking for a new occupation

8. Social Facilities:

8.1 Children's Education Facilities:

Items	Before SHG			After SHG			Extra Amt Spent
	Yes	No	Amt spent	Yes	No	Amt spent	
Public school							
Private school							
College studies							
Rejoining school/ college							
Total							

8.2 During the last 12 months, has your ability to pay school fees increased?

1. Increased 2. No Change 3. Decreased

8.3 If yes, why did it increase?

- [] Fewer Children in School
- [] Using loan to pay school fees
- [] Using Profit from the business to pay school fees
- [] Other
- [] Don't Know

8.4 If No, why did not increase?

- [] Increased school fees to high
- [] No longer receiving help from husband/partner
- [] Business income low
- [] Other
- [] Don't Know

8.5 Are you content with your daughter's level of education?

1. Increased 2. No Change 3. Decreased

9. Health Facilities:

9.1 If you or any one of your family member is sick where do you visit frequently in the first place.

1. The health centre in your location 2. Private Health Clinic 3. Government Hospital
4. Private Hospital

9.2 Are you satisfied with the health services available in your location? [] Yes [] No

9.3 How would you describe your ability to pay for medical expenses of you and your family in the last 12 months?

1. Increased 2. No Change 3. Decreased

10. Loan Details:

10.1 Any Shift of occupation by the members in 3 years.

Particulars	Before joining the group	At the time of Group formation	At Present	Reasons for shift in occupation
Petty Trading				
Government employment				
Private Sector				
Informal Sector				
Self-employment				
Others				

10.2 Financial sources before joining SHG

Sources	Loan Amount	% of Interest	Amount and Mode of repayment			
			Daily	Weekly	Monthly	Others
Nationalised Bank						
Co-operative Bank						
Private Finance						
Money lenders						
Pawn Brokers						
Local Chits						
Others						

10.3 Loan Purposes:

No. Of loan	Loan amount (in Rs)	Source of loan	Purpose						
			Income generation			Non-Income generation			
			Trading	Manufg	Others	Education	Medical	Housing	Marriage

10.4 Amount of last loan RS. _____

10.5 Frequency of repayment weekly [] monthly [] others []

10.6 Last Loan Term _____ (months)

10.7 Did you get this loan when you need it the most Yes [] No []

10.8 Have you paid the loan as per the schedule Yes [] No []

10.9 If no what is the reason for over due

☐ Natural Calamities

☐ Death

☐ Interest rate is high

☐ Other Debts

☐ Low / No profit from business

☐ any other reason

☐ Children / Relatives marriage

10.10 Asset Details:

S.no	Asset	Value in Rs		S.no	Asset	Value in Rs	
		Before joining the Group	After joining the Group			Before joining the Group	After joining the Group
1.	Housing plot			6.	Jewellery		
2.	House			7.	Two wheeler		
3.	House repair			8.	Bicycle / Auto		
4.	Agriculture land			9.	Others		
5.	Business tools						

10.11 Details of the consumer goods purchased

S.no	Consumer goods	Value in Rs		S.no	Consumer goods	Value in Rs	
		Before joining the Group	After joining the Group			Before joining the Group	After joining the Group
1.	Cot			6.	TV		
2.	Bureau			7.	Fan		
3.	Mixie			8.	Fridge		
4.	Grinder			9.	Gas		
5.	Radio			10.	Furniture		
	Total				Total		

11. Changes in Recreational habits

Details	Before group formation			After group formation			Extra amount spent
	Yes	No	Amount spent	Yes	No	Amount spent	
Going to cinema theatre individually							
Going to cinema theatre with family							
Individual tour							
Pilgrimage							
Reading habits							
Any other							
Total							

12. Changes in Family and Social relationship after joining SHG (Tick the appropriate column)

S.No	Particulars	Increased	Decreased	No Change
1	Respect from Husband			
2	Respect from Parents			
3	Respect from Children			
4	Social Acceptance			

5	Recognition within group			
6	Responsibility in the living area			
7	Participation in the public activities			
8	Quarrels in the family			
9	Wife Beating			
10	Any other			

13. Importance in the participation in decision making

13. a at home

Neglected Consulted

13. b. in the SHG

Neglected Consulted

14. Training

Did you receive any training for the activity chosen Yes [☐] No [☐]

If yes specify what type of training you acquired and from where?

S. No	Training underwent	Duration	Effectiveness				
			Very Useful	Useful	Somewhat Useful	Not Useful	No idea
1							
2							
3							
4							

14. Managerial Ability

Particulars	1. Yes 2. No
Do you take crucial decisions in purchase of raw materials for your product?	
Do you take crucial decisions in pricing of the product of your activity?	
Do you plan your activities and get things done by others?	
Have you created any additional job opportunity for others to get employed in your enterprise after joining the group?	
Are you able to arrange the credit and other inputs on time?	

16. Basic Amenities (Health, Water supply, Sanitation and Resources)

Particulars	Before joining the SHG group	After joining the SHG group
Access to medical facilities		
Improvement in Sanitation (toilet) facility within house		
Water supply in house or location		
Market facilities		
Adequacy of transport facility		
Proper electricity supply		
Basic access to health centre		

17. Indices of Empowerment of women in Decision- making

S.No	Skills and value	i Increased	Decreased	No Change
	Women's Mobility and Social Interactions			
1	Greater Self Confidence			
2	More assertive role in domestic sphere			
3	Greater respect in the family			
4	Reduction in domestic violence			
5	More participation in the local elections			
6	Increased awareness to improve community lives			
7	Visiting Parents			
8	Visiting Relatives			
9	Visiting Friends			
	Changes in Labour Patterns			
10	Better buying skills			
11	Better selling skills			
12	Independent Marketing			
13	Better Business Practices			
	Changes in Access and Control of Resources			
14	More assertive role in financial matters			
15	Gained new skills			
16	Better family budgeting			
17	Purchase of real estates			
18	Better pricing for the products			
	Changes in Intra Household Decision Making			
19	More assertive role in Children's education and health			
20	More assertive role in deciding on recreation			
21	Increased awareness to improve family lives			
22	Greater participation in community affairs			

Appendix 1: State – Specific Poverty Lines in 2004 – 05
(Rs. Per capita per month)

S. No	State/U.T's	Rural	Urban
1	Andhra Pradesh	292.95	542.89
2	Assam	387.64	378.84
3	Bihar	354.36	435.00
4	Chhattisgarh	322.41	560.00
5	Delhi	410.38	612.91
6	Goa	362.25	665.90
7	Gujarat	353.93	541.16
8	Haryana	414.76	504.49
9	Himachal Pradesh	394.28	504.49
10	Jammu & Kashmir	391.26	553.77
11	Jharkhand	366.56	451.24
12	Karnataka	324.17	599.66
13	Kerala	430.12	559.39
14	Madhya Pradesh	327.78	570.15
15	Maharashtra	362.25	665.90
16	Orissa	325.79	528.49
17	Punjab	410.38	466.16
18	Rajasthan	374.57	559.63
19	Tamil Nadu	351.86	547.42
20	Uttar Pradesh	365.84	483.26
21	Uttarakhand	478.02	637.67
22	West Bengal	382.82	449.32
23	Dadra & N.Haveli	362.25	665.90
	All-India	356.30	538.60

Source: Web at <http://www.planningcommission.gov.in/news/prmaro7.pdf>

(Note: Based on URP-consumption, i.e., consumption data collected from 30 day recall period for all items)

Appendix 2: Percentage of Population below poverty line by states – 2004 – 05
(Based on URP consumption)

S.No	States / Union Territories	Percentage of Rural Population	Percentage of Urban Population
1	Andhra Pradesh	11.2	28.0
2	Arunachal Pradesh	22.3	3.3
3	Assam	22.3	3.3
4	Bihar	42.1	34.6
5	Chhattisgarh	40.8	41.2
6	Delhi	6.9	15.2
7	Goa	5.4	21.3
8	Gujarat	19.1	13.0
9	Haryana	13.6	15.1
10	Himachal Pradesh	10.7	3.4
11	Jammu & Kashmir	4.6	7.9
12	Jharkhand	46.3	20.2
13	Karnataka	20.8	32.6
14	Kerala	13.2	20.2
15	Madhya Pradesh	36.9	42.1
16	Maharashtra	29.6	32.2
17	Manipur	22.3	3.3
18	Meghalaya	22.3	3.3
19	Mizoram	22.3	3.3
20	Nagaland	22.3	3.3
21	Orissa	46.8	44.3
22	Punjab	9.1	7.1
23	Rajasthan	18.7	32.9
24	Sikkim	22.3	3.3
25	Tamil Nadu	22.8	22.2
26	Tripura	22.3	3.3
27	Uttar Pradesh	33.4	30.6
28	Uttarakhand	40.8	36.5
29	West Bengal	28.6	14.8
30	A & N Islands	22.9	22.2
31	Chandigarh	7.1	7.1
32	Dadra & N.Haveli	39.8	19.1
33	Daman & Diu	5.4	21.2
34	Lakshadweep	13.3	20.2
35	Pondicherry	22.9	22.2
	All-India	28.3	25.7
<p>URP consumption = Uniform Recall Period Consumption in which the consumer expenditure data for all the items are collected from 30 day recall period.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura. 2. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa. 3. Poverty Ratio of Tamil Nadu is used for Pondicherry and A & N Island. 4. Urban Poverty Ratio of Punjab used for both rural and urban poverty of Chandigarh. 5. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli. 6. Poverty Ratio of Goa is used for Daman & Diu. 7. Poverty Ratio of Kerala is used for Lakshadweep. 			

Source: Poverty Estimates for 2004-05 – Planning Commission.

**Appendix 3: Self Help Group Bank Linkage Performance in India by
State wise as on March 2010**

States	No. of SHGs	No. of Members
Andaman & Nicobar Islands (UT)	3763	44849
Andra Pradesh	1447560	17125013
Arunachal Pradesh	6418	68329
Assam	85912	794231
Bihar	114954	1201515
Chhattisgarh	113982	1242063
Goa	6652	93201
Gujarat	168180	817247
Haryana	30190	258851
Himachal Pradesh	48349	266227
Jammu & Kashmir	6177	48336
Jharkhand	79424	937142
Karnataka	534997	6092653
Kerala	394265	3780233
Madya Pradesh	178226	1988404
Maharashtra	753930	6461389
Manipur	9696	125645
Meghalaya	11787	134352
Mizoram	5080	53179
Nagaland	5927	54347
New Delhi	2191	26182
Orissa	499347	3018596
Pondicherry	16618	229882
Punjab	45005	503179
Rajasthan	269396	2434586
Sikkim	2428	26514
Tamil Nadu	824965	9461886
Tripura	31349	283214
Uttar Pradesh	429775	2060765
Uttarakhand	44792	279477
West Bengal	646416	4320400

Source: Micro Finance Report 2010

Appendix 4: Growth trends in SHG Bank Linkage Programme 2006 – 2010

Details	2006	2007	2008	2009	2010	2011
No. of SHGs provided with Bank loans	2238565	2924973	3625941	4224338	4587178	4813684
Average disbursed loan per group (in Rs.)	37574	44343	46800	74000	115820	122744
Outstanding loans (in billion Rs.)	-	123.66	169.99	226.79	272.66	306.27

Source: Micro finance India, State of the Sector Report, 2011

Appendix 5: Outstanding SHG Bank Loans (March 2010)

Agency	Outstanding Loans of SHGs	
	No. of SHGs	Amount of outstanding loans (million Rs)
Commercial Banks	3055254	185689.5
Regional Rural Banks	1015851	55863.3
Cooperative Banks	521247	31114.1
Total	4587178	272666.9

Source : Annual Report NABARD 2010

Appendix 6: Loans from Banks to MFIs (2010-2011)

Category of Banks	Loans disbursed by Banks to MFIs during year 2010-11		Outstanding Bank loans to MFIs on March 2011	
	No. of MFIs	Amount (Rs. in millions)	No. of MFIs	Amount (Rs. in millions)
Public Sector Banks	282	2,846	1,661	5,048.0
Private Sector Banks	157	3,622.9	446	4,095.0
Foreign Banks	3	15.5	19	433.7
RRBs	1	0.1	9	0.3
SIDBI	59	843.8	139	3,041.8
Total	502	7,328.4	2,274	12,618.8

Source: Micro finance India, State of the Sector Report, 2011

Appendix 7: Savings Performance of SHGs

Agency	Savings of SHGs placed with banks						
	No. of SHGs			Amount Saved (million Rs.)			Average Savings per SHG (RS 2010)
	2008	2009	2010	2008	2009	2010	
Commercial Banks	2810750	3549509	4062822	20777.3	27729.9	36812.7	9060
Regional Rural Banks	1386838	1628588	1646059	11664.9	19897.5	12697.7	7714
Cooperative Banks	812206	643050	1108870	5411.7	7828.8	14069.8	12688
Total	5009794	6121147	6817751	37853.9	55456.2	63580.2	9325

Source: Micro finance Report 2010

Appendix 8: Ranking of select states based on MPI and MPPI

Top 5 states			
Name of the State	MPI	Name of the State	MPPI
Andhra Pradesh	3.64	Andhra Pradesh	6.35
Tamil Nadu	2.27	Tamil Nadu	2.77
Orissa	2.00	Orissa	2.49
Karnataka	1.57	Karnataka	1.74
West Bengal	1.48	West Bengal	1.65
Last 5 States			
Name of the State	MPI	Name of the State	MPPI
Jammu and Kashmir	0.33	Jammu and Kashmir	0.13
Punjab	0.07	Punjab	0.14
Bihar	0.20	Bihar	0.22
Haryana	0.23	Haryana	0.27
Gujarat	0.26	Gujarat	0.32

Source: Micro Finance Report 2010

Appendix 9: Group Formation of SHGs as on 2010

District	RURAL			URBAN			TOTAL		
	Groups Formed	Women Enrolled	Savings Rs. In lakhs	Savings Rs. In lakhs	Groups Formed	Women Enrolled	Savings Rs. In lakhs	Groups Formed	Women Enrolled
Ariyalur	5991	95856	3224.00	3527.14	717	11113	303.14	6708	106969
Chennai	0	0	0.00	9948.75	23620	366110	9948.75	23620	366110
Coimbatore	9842	157472	5022.78	8525.18	5037	78073	3502.40	14879	235545
Cuddalore	13890	222240	8122.87	10294.39	3815	59132	2171.52	17705	281372
Dharmapuri	6807	108912	6665.92	7347.89	1198	18569	581.97	8005	127481
Dindigul	10776	172416	4398.29	4950.00	2793	43291	551.71	13569	215707
Erode	9456	151296	5758.05	8944.75	5975	92612	3186.70	15431	243908
Kancheepuram	16457	263312	9342.66	13087.07	7034	109027	3744.41	23491	372339
Kanniyakumari	6135	98160	5062.41	11918.20	7994	123907	6855.79	14129	222067
Karur	7448	119168	7984.67	11826.20	2302	35681	3841.53	9750	154849
Krishnagiri	8687	138992	8562.00	8792.50	1224	18972	230.50	9911	157964
Madurai	9707	155312	6659.31	8513.81	4713	73051	1854.50	14420	228363
Nagapattinam	11392	182272	7340.93	8930.45	2216	34348	1589.52	13608	216620
Namakka	8406	134496	5773.94	8935.25	3412	52886	3161.31	11818	187382
Nilgiris	3510	56160	1985.20	4238.70	3756	58218	2253.50	7266	11448
Perambalur	3454	55264	823.46	952.40	562	8711	128.94	4016	63975
Pudukkottai	9832	157312	17033.93	21450.02	1492	23126	4416.09	11324	180438
Ramnad	8019	128304	6807.90	8086.58	1909	29589	1278.68	9928	157893
Salem	10952	175232	4426.96	7167.50	7512	116436	2740.54	18464	291668
Sivagangi	8841	141456	4021.12	5883.70	1492	23126	1862.58	10333	164582
Thiruvannamalai	14833	237328	4526.00	5208.00	2814	43617	682.00	17647	280945
Thirunelveli	11789	188624	5825.63	9859.60	7196	111538	4033.97	18985	300162
Thanjavur	13415	214640	8168.70	10102.10	3893	60341	1933.40	17308	274981
Theni	6400	102400	3118.78	5228.05	4560	70680	2109.27	10960	173080
Thiruvallur	10560	168960	6097.27	8400.98	6168	95604	2303.71	16728	264564
Thiruvarur	9279	148464	3726.14	4224.74	1640	25420	498.60	10919	173884
Tirupur	7032	112512	4295.50	7191.96	4720	73160	2896.46	11752	185671
Thoothukudi	10796	172736	7191.96	7514.74	4242	65751	2048.34	15038	238487
Trichy	10415	166640	5466.40	5962.94	4915	76182	2465.17	15330	242822
Vellore	13653	218448	3497.77	9358.56	2835	43942	302.69	16488	262390
Villupuram	16841	269456	9055.87	5075.45	2688	41664	718.95	19529	311120
Virudhunagar	9429	150864	4356.50	5453.39	2821	43725	1096.89	12250	194589
Total	302092	4833472	184342.92	256800.99	139219	2157894	74770.12	441309	6991366

Source: <http://www.tamilnaduwomen.org/statusreport.php>

Appendix 10: SHG related information in Tamil Nadu as on 2010

Self Help Groups formed by TNCDW Ltd.	
No. of SHGs	4,89,008
Rural:	3,31,937
Urban:	1,57,843
No. of SHG Members:	75,66,497
Rural:	51,76,219
Urban:	23,90,278
Financial Linkages to SHGs:	
Total Savings of SHGs	2,973 crores
Revolving fund provided so far:	4,34,029 SHGs
Credit Linkage provided so far:	10,658.16 crores
Federation of SHGs:	
No. of Habitation Level Forums (HLFs):	10896
No. of Panchayat Level Federations restructured	4,697
Support Organisations:	
No. of Banks involved	21
No. of Bank Branches involved	6300
No. of NGOs Affiliated:	448
No. of PLFs Affiliated:	306
No. of Training Institutions	256
Marketing support to SHGs:	
Types of SHG Products	327
No. of Marketing Complexes in the State	
Main Complexes:	29
Additional Buildings:	22
Complexes at Block/Village Level:	256
Village Haats:	86
SHG Infrastructure:	
No. of SHG Buildings:	12,618
No. of Buildings taken up for constructions:	1,057
Placement linked skill training for youth:	
No. of Youth Trained so far:	87,105
Youth placed in private sector:	58,360
No. of Training Institutions:	256
Types of Trades:	45

Source: <http://www.tamilnaduwomen.org/statusreport.php>

Appendix 11: Details of NGOs under Mahalir Thittam in Chennai as on 2010

S.No	Name of the NGO	Total No. SHGs
1	4M-Trust – Seethakathi Trust	497
2	Arpanam	663
3	Arunodhaya	779
4	BharathiMagalirNarpaniMandram	439
5	DESH	288
6	Karunalaya Social Service Society	319
7	Madras Christian Council of Social Service	969
8	Padmasri Sarojini Varadhappan Mahalir Sangam	1446
9	Don Bosco Beatitudes Social Welfare Centre	336
10	Don Bosco Social Service Society	259
11	Asha Nivas Social Service Centre	3204
12	Gnanasundaram Bakthavachalam women's Sangam	425
13	Guild of Service	553
14	IWDI	1231
15	Marialaya	921
16	Nivedita Magalir Pothu Nala Sangam	321
17	Udhavum Idhayam	359
18	Rehoboth Education Trust	561
19	REEDA	454
20	Society for Education and Economical Development of Poor	287
21	Society of Daughter of Mary Immaculate	409
22	Jayalakshmi Ammal Educational Trust	328
23	People Social Welfare Association	621
24	Paramour Rajiv Ashman Nagar Social Service Society	297
25	Presentation Community Service Centre	530
26	Sornambal Education Trust	1898
27	Streets Elfins Education and Development Society	546
28	Anantha Jothi	114
29	Monfort Community Development Society	376

Source: Project Officer Report August 2010, TNCWD – PIU Chennai

Appendix 12: Frequency Distribution of Possession on Consumer Durables values of

SHG members:

Consumer Durables	Before		After	
	Frequency	Percentage	Frequency	Percentage
Radio:				
Yes	290	38.4	133	17.2
No	468	61.6	625	82.8
Total	758	100.0	758	100.0
Television:				
Yes	340	45.0	415	54.6
No	418	55.0	343	45.4
Total	758	100.0	758	100.0
Wet Grinder:				
Yes	301	39.9	336	44.1
No	451	60.1	422	55.9
Total	758	100.0	758	100.0
Washing Machine:				
Yes	80	10.6	130	16.8
No	678	89.4	628	83.2
Total	758	100.0	758	100.0
Cookers:				
Yes	311	41.2	475	62.5
No	447	58.2	283	36.3
Total	758	100.0	758	100.0
Phone:				
Yes	276	36.6	484	63.7
No	482	63.4	274	36.3
Total	758	100.0	758	100.0
Air conditioner:				
Yes	23	3.0	46	6.1
No	735	97.0	712	93.9
Total	758	100.0	758	100.0
Fan:				
Yes	343	45.4	319	42.1
No	415	54.6	367	48.6
Total	758	100.0	758	100.0
Refrigerator:				
Yes	136	18.0	187	24.7
No	622	82.0	571	75.3
Total	758	100.0	758	100.0

'Table Appendix 12 continued'				
Consumer Durables	Before		After	
	Frequency	Percentage	Frequency	Percentage
Motor Bike:				
Yes	114	14.7	145	18.8
No	644	85.3	613	81.2
Total	758	100.0	758	100.0
Bicycle:				
Yes	86	11.0	135	17.5
No	672	89.0	623	82.5
Total	758	100.0	758	100.0
Car:				
Yes	6	0.8	15	1.6
No	752	99.2	743	98.4
Total	758	100.0	758	100.0
Others:				
Yes	4	0.5	18	2.0
No	754	99.5	740	98.0
Total	758	100.0	758	100.0

Appendix 13: SEM Model 1 Regression Weights

Path of the Variables			Unstandardised Coefficient	S.E	Standardised Coefficient	t value	P value
Total Income	←	Total Loan Amount	0.043	0.031	0.050	1.374	0.169
Expenditure	←	Total Loan Amount	0.150	0.034	0.160	4.469	< 0.001**
Amount of Savings	←	Total Loan Amount	0.336	0.045	0.264	7.531	< 0.001**
Amount spent on Children Education	←	Total Loan Amount	0.003	-0.033	0.003	0.091	0.927
Total Asset	←	Total Loan Amount	0.160	0.039	0.146	4.074	< 0.001**
Importance in Decision Making	←	Total Income	0.006	0.016	0.013	0.374	0.708
Importance in Decision Making	←	Expenditure	0.065	0.015	0.157	4.455	< 0.001**
Importance in Decision Making	←	Amount of Savings	0.004	0.011	0.014	0.396	0.692
Importance in Decision Making	←	Amount spent on Children Education	0.060	0.015	0.141	4.004	< 0.001**
Importance in Decision Making	←	Total Assets	0.043	0.012	0.122	3.458	< 0.001**
Health Facilities	←	Total Income	0.024	0.020	0.042	1.195	0.232
Household conditions	←	Total Income	0.240	0.030	0.290	0.807	0.420
Health Facilities	←	Expenditure	0.023	0.018	0.045	1.276	0.202
Household conditions	←	Expenditure	0.085	0.027	0.111	3.100	0.002**
Health Facilities	←	Amount of Savings	0.075	0.014	0.196	5.558	< 0.001**
Household conditions	←	Amount of Savings	0.031	0.020	0.055	1.525	0.127
Health Facilities	←	Amount spent on Children's Education	0.043	0.019	0.050	1.374	0.080
Household conditions	←	Amount spent on Children Education	0.070	0.028	0.089	2.476	0.013*
Health Facilities	←	Total Assets	0.055	0.016	0.024	3.472	< 0.001**
Household conditions	←	Total Assets	0.016	0.023	0.024	0.663	0.508
Empowerment of Women	←	Importance in Decision Making	1.916	0.065	0.728	29.295	< 0.001**
Empowerment of Women	←	Health Facilities	0.061	0.052	0.029	1.181	0.237
Empowerment of Women	←	Household conditions	0.037	0.036	0.026	1.046	0.296

Note: ** Significant at 1 % level, *Significant at 5 level

Appendix 14: SEM Model 1 Regression Weights

Path of the Variables			Unstandardised Coefficient	S.E	Standardised Coefficient	t value	P value
Total Income	←	Total Loan Amount	0.043	0.031	0.050	1.374	0.169
Expenditure	←	Total Loan Amount	0.150	0.034	0.160	4.473	< 0.001**
Amount of Savings	←	Total Loan Amount	0.336	0.045	0.264	7.531	< 0.001**
Amount spent on Children Education	←	Total Loan Amount	0.003	0.033	0.003	0.091	0.927
Total Asset	←	Total Loan Amount	0.160	0.039	0.146	4.074	< 0.001**
Importance in Decision Making	←	Total Income	0.002	0.016	0.004	0.106	0.916
Importance in Decision Making	←	Expenditure	0.051	0.015	0.125	3.503	< 0.001**
Importance in Decision Making	←	Amount spent on Children Education	0.057	0.015	0.135	3.865	< 0.001**
Importance in Decision Making	←	Total Assets	0.330	0.120	0.930	2.640	0.008
Health Facilities	←	Total Income	0.024	0.020	0.042	1.195	0.234
Household conditions	←	Total Income	0.250	0.030	-0.290	0.814	0.416
Health Facilities	←	Expenditure	0.023	0.018	0.045	1.238	0.216
Household conditions	←	Expenditure	0.085	0.019	0.111	3.100	0.002**
Health Facilities	←	Amount of Savings	0.075	0.014	0.196	5.558	< 0.001**
Household conditions	←	Amount of Savings	0.034	0.021	0.060	1.650	0.099
Health Facilities	←	Amount spent on Children's Education	0.043	0.019	0.810	2.249	0.025
Household conditions	←	Amount spent on Children Education	0.070	0.028	0.089	2.476	0.013*
Health Facilities	←	Total Assets	0.055	0.016	0.012	3.357	< 0.001**
Importance in Decision Making	←	Total Loan Amount	0.079	0.140	0.204	5.756	< 0.001**
Empowerment of Women	←	Importance in Decision Making	1.916	0.065	0.728	29.295	< 0.001**
Empowerment of Women	←	Health Facilities	0.068	0.052	0.032	1.305	0.192
Empowerment of Women	←	Household conditions	0.024	0.036	0.017	0.670	0.503
Empowerment of Women	←	Expenditure	0.77	0.27	0.071	2.797	0.005

Note: ** Significant at 1 % level, *Significant at 5 level