

## CHAPTER FIVE

### **SUMMARY, CONCLUSION AND RECOMENDATIONS**

#### **5.1 Introduction**

This chapter provides a general summary and conclusions from the study, as well as recommendations for policy analysis. At the end of the chapter, limitations of the study in detail and suggestions for further studies are provided.

#### **5.2 Summary of the study**

The study investigated the effect of microfinance on the socio-economic empowerment of women with a clear focus on the SHG groups as a tool of socio-economic empowerment. (*Bennet & Goldberg 1993*) asserted that in the developing and emerging economies, low-income women are often victims of societal suppression and abuse; while their counterparts in developed economies are victims of lending discrimination. It is therefore argued that lending to women may help empower them economically and socially. The heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to the society at large. In order to assess the contribution of microfinance through SHGs to the socio-economic empowerment of women, they survey method was adopted where questionnaires were administered to the members of the Self-help groups in the sample. Data collected was analyzed using descriptive techniques such as frequencies and

percentages and the results have been presented relying on tables, figures and pie charts. The finding of the study indicates that the microfinance programmes through the SHG movement had some positive impact on the business of the SHG members. The findings also tell us about how the family lives and social standing as a whole have been impacted by the Self-help group membership.

### **5.3 Conclusion from the study**

The following conclusions were drawn from the study.

The study concludes that socio-economic empowerment of women through participation in SHGs and its programmes, particularly in the district of Ranchi, has taken place and has the possibility to gain huge momentum in the days to come. Since, the study finds that 60 per cent of the SHG members are of the age group of 25-35 years, and this is the age group in which people are most energetic and enthusiastic. This is the age group which has more capacity to adapt themselves to changing socio-political and technological environment. The study also finds that 57.5 per cent of the SHG members have access to credit through their respective SHGs and established bank linkages. 22.5 percent have availed bank credit on their own credit worthiness while 12.5 per cent have availed credit from RRBs. By this we can safely conclude that the majority of the SHG members no longer have to depend on money lenders for their business and consumption expenditure and that they have enough profit to save, plough back some part of the profit for expansion and diversification in their respective projects. We find that around 75 per cent of the SHG members are of the opinion that around 80 per cent of them are able to repay their loans on time. This

indicates that there is substantive growth in their credit worthiness and borrowing power, which is a primary indicator of economic empowerment. The study also finds evidences of economic empowerment, when it is found that SHG members who were earlier (before becoming a SHG member) earning less than Rs.1,000/- a month, constituted 56 per cent of the sample but after joining the self-help group programme their number has gone down to 22 per cent of the sample. Conflicts do arise in our society, even in our family. Hence, the fact that 77 per cent of the SHG members agreeing to the presence of conflicts within the group is not alarming. However, it is heartening to note that 58 per cent of the SHG members have reported to be capable of managing and handling conflicts. A very strong and positive signal emerges from the study when we find that 93 per cent of the SHG members have reported that there is improvement and more learning in their business practices. This phenomena definitely signals more empowerment in their economic life. We also find that there is significant improvement in their social lives as well. 74 per cent of the SHG members are of the opinion that there is improvement in their standard of living. 66 per cent find improvement in their relationship with other family members, out of which 61 per cent say that the relationships have greatly improved. The study finds high level of socialising and motivation within the SHG members which is one of the important factors of measuring empowerment. 74 per cent report to have very high level of motivation while 89 per cent report to be socially very active. Capacity to express one's feeling and opinion in public is yet another condition for gauging empowerment of a woman. Our study finds that the capacity of such expression among the SHG members has grown by 30 per cent after joining SHG programmes. The freedom of taking decisions within the family with respect to a woman in India, is limited.

However, SHG members in our study have shown the initiation of a different culture. 19 per cent of the members have accepted that their decision making freedom has increased after joining the SHG programmes. If a woman is not or less empowered, naturally she would feel marginalised in the society. On this issue 89 per cent of the SHG members say that they do not feel marginalized in the society. This is definitely a very positive signal of women empowerment happening through the SHG actions.

However, there are certain observations in the study which are not very positive and demands immediate attention. First and foremost is the matter of education. The study finds that 54 per cent of the SHG members have received education only up to primary level. This figure escalates to 60 per cent when we include those members who have never received any formal education. Level of education definitely is a primary issue when we talk about empowerment of women. SHGs and their members should ensure that history does not repeat itself. We expect that with the kind of socio-economic development and empowerment that is happening in the lives of the SHG members, they would ensure that their children receive formal and productive education, as a matter of priority.

**Secondly**, the study finds that 67 per cent of the SHG members are dependent on agriculture and related business activities. In this regard, there are two major points to consider. One, that the district of Ranchi has small and seasonal rivers coupled with hard rocky soil. Two, that the business of agriculture has less return on investment when compared to many other business activities. Hence, SHGs as well as the Government schemes should take up this matter more seriously and

apart from providing credit, skill development for other occupations should be given a greater priority.

**Thirdly**, the matter regarding rate of interest is a major issue. The study reveals that 95 per cent of the sample has to pay an interest rate which is more than 25.5 per cent, out of which 42 per cent pay an interest which is above 30%. SHG credit comes under the purview of priority sector lending but due to low outreach of the banks and MFIs and also their operating costs the rates tend to go up. This becomes more dangerous in the absence of good regulatory framework. We would through our study, like to conclude that the SHG members have to pay for the inefficiencies of the banks, MFIs and NGOs.

**Fourthly**, our study finds that 35 per cent of the SHG members have a family size of more than six members. Though one may argue that this is a common feature in rural India, especially when most of the population is connected to agriculture and related business, still we would like to emphasise that family planning need not be restricted to urban India only. Here, we conclude that SHGs should give due importance to family planning and thereby educate their members about the advantages of good family planning. The SHGs need to convince their members regarding the correlation between a woman's health empowerment and family planning.

**Fifthly**, the study also finds that in the matter of financial risk management the SHG members stand very weak. Only, 34 per cent of the sample has reported to have bought insurance during some time of their life. The situation gets worse when we also find that 64 per cent out of the 34 per cent have discontinued their insurance policies. On further enquiry we find that the main reason for these

people discontinuing with their insurance policies could be attributed to “false selling” of insurance products. Though this piece of information relies mainly on the opinion of the respondents, still we may conclude that the formal risk management procedures needs greater penetration in rural areas of the district and proper mechanism needs to be developed by the regulatory authorities to ensure that the rural poor do not feel cheated. Moreover, it is also important to point out that insurance of life and assets brings about greater security, by virtue of which she is enable to take certain decisions which she could not have taken otherwise. Hence, we may safely conclude that inducing better risk management programmes in the rural areas of the district, through the SHGs or otherwise would add to the socio-economic empowerment of woman.

However, with the inception of the ‘Prime Minister Jan Dhan Yojna’, some people especially the bankers and some of the academicians are of the opinion that the impact of SHGs will gradually reduce because of the fact that the PMJDY scheme will automatically create bank linkage to the unbanked and also provide credit and insurance facilities. The finance ministry has rolled out an overdraft facility of up to Rs.5,000/-, to one earning member of each family, preferably a woman. Fresh guidelines issued by the finance ministry tells that such overdraft facility would be for any general purpose and hassle free, to be provided to the marginalized and the underprivileged. There would be no restrictions on the end use of the credit offered and would be sanctioned for a period of three years, subject to annual review. Such facility is intended to work as micro finance measure that would prevent poor people from taking loans from money lenders. The entire banking system in the country has already opened 12.54 crore accounts

with a cumulative balance of 10,499.62 crore as on February 2015. (*The Financial Express, March 11<sup>th</sup> 2015*). The figures are astounding and it seems that the path and purpose of monetary empowerment of people, especially the women, has been taken care of by the Government and the Banks. However, empowerment of women has a larger meaning and only financial inclusion and provision of credit without specific purpose may not lead to total empowerment. The bonding and sharing of success and failures of women, which is an outcome of the SHG movement has a great impact on the society as well as the community. The SHG movement promotes harmony and unity whereas the Government's scheme may not be able to create such an environment. Empowerment of women is deeply rooted with the shared goals, success stories and worries of the women folk, which further gives them energy and pride to march on the road ahead. This leads to the struggle for further empowerment of various social as well as economical agendas, whereas these government schemes would only provide for more financial inclusion and credit. SHGs, NGOs and MFIs are hubs for skill development, and history tells us that the banking system has neither time nor interest in these matters. Hence, though the PMJDY scheme may act as a deterrent in promotion of more and more SHGs, still the importance of SHGs for empowerment of women should not be underestimated.

Thus we can now finally conclude that access to microfinance through the SHG route has contributed immensely to the socio-economic empowerment of women through improvement in their business activities. Access to microfinance has improved the status of women both at the family level and in the society as a whole. At the family level, the study finds an improvement in the house hold

income and standard of living of the family. At the social level, there has been rise in the confidence level of the SHG members, increased degree of socialization and positive outlook in terms of aspiring to future leadership positions.

#### **5.4 Recommendations**

Based on the above conclusions, the following policy recommendations are suggested:

**Firstly**, Banks, Microfinance institutions as well as SGHs should endeavour to extend more credit facilities to the member of self-help groups to expand their business since the results of the study has confirmed that such microfinance has a positive impact on the enterprise level. **Secondly**, the Non-Government Organizations (NGOs) and the SHGs themselves should provide more training programmes to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance. **Thirdly**, the Government in question should consider granting tax exemptions and other incentives to organizations which seek to extend credit to women as a way of encouraging them to perform. **Fourthly**, the NGOs, MFIs, Banks and SHGs themselves should come up with more cost efficient way in its group lending methodologies in order to create a rippling effect of reduction in lending rates. **Fifthly**, the SHGs should endeavour to provide appropriate education to their members and also the children of their members. There are various instances of SHGs running their own primary schools. **Sixthly**, the SHGs should strive for counselling and training from external bodies, especially in the matter related to diversification of business activities in to more fruitful and riskless business thereby reducing the load on agriculture and related activities. **Seventhly**, all SHG

members should now learn to connect their level of empowerment with their health. Hence, we suggest that SHGs conduct family planning camps and strive to maintain a family size which would be economically benefiting the family and society. **Finally**, we recommend that the SHGs take the help of external agencies for learning the need and art of risk management and ensure that all members of a group are exposed to risk management procedures based on their risk and premium paying capacity. We also recommend that the Insurance companies along with the regulatory authorities become more alert, and sell their products ethically in the rural areas.

### **5.5 Limitation of the study and suggestions for further studies**

Due to time and cost constraints, the study relied only on samples drawn from the various blocks of the district. It is therefore suggested that further studies should be done on the various districts of the state of Jharkhand, as well as in other states, in order to access the nationwide impact of the Self-help group programme and its impact on socio-economic empowerment of women. Some other difficulties faced during the research are mentioned below in the form of limitations.

1. There is no official figure of the number of self-help groups operating within the district. Hence, the study depends on estimates drawn on the basis of population figures provided by census data. It is high time that the State Government initiates surveys and provides the details of SHGs operating within the districts and the state. Since there is no need for registration, the SHGs could be formally registered with the village panchayats, and data could be made available on the web site of the state government.

2. The rural area of the district of Ranchi is going through a phase of social unrest because of growing Naxalism. This has made the survey extremely difficult from the point of view of security. Many a times the survey team was seen with extreme doubt, as if they were agents of the police or any other group.
3. Some villages of the district are located in very remote areas without any place to put up in the night. Hence, the survey team faced the constraint of time spent in the survey, as there were compelling reasons to return back to the nearest bus-depot before sun set.
4. The villages under survey, being located far away from each other and sparsely populated made the survey very costly and time consuming.
5. Many times the survey team had to return back without substantial job done as because the SHG members are not available all the time. The questionnaires could be administered to them only when they were found in their homes.
6. Transportation became a great hindrance, as many of the villages are not properly connected by proper roads, rather they are connected by paths which can only be travelled on foot or cycles.
7. Finally, as found in the survey, a big portion of the sample has very little or no formal education. Naturally, the survey team had to spend a lot of time to explain to the respondent, the meaning of the question and the objective of the study. Moreover, all the respondents being females naturally were hesitant to talk to male strangers.

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