

## **CHAPTER 11**

### **SUMMARY, CONCLUSION AND POLICY RECOMMENDATION**

The SHG based microfinance program have shown potentiality in transforming the lives of poor and marginalised section through co-operation and quality intervention. Ensuring timely and adequate finance facility was always matter of concern among women for meeting both family expenditures as well as their livelihood business. The SHG program had remove these crisis to certain extent through multi-level financing such as common pool or corpus fund and bank linkage fund. Many studies have reported various loopholes in government aided programmes targeting poorest of poor due to large number of intermediators and channel partners. The SHG program is free from these intermediators and due to joint action of all members a unity in access to facilities were observed.

In India, the microfinance business have transformed from forceful financing to fruitful financing as many private players have started entering the business. The linked financial institutions due to regular repayment and discipline financing are treating now the poor women entrepreneurs as their major customers. In Odisha, a particular day in a week is mostly devoted for SHG customers needs, requirements and grievances. Several literature review found positive impact of the program in uplifting the women in social, economic, political and cultural dimensions. This chapter describes some of the broad conclusions of the study taking into consideration the secondary data, field survey and data analysis explained in remaining chapters. Attempt have been also made in this chapter to comment some of the policy implications so as to make the program more effective and reachable. Every study

holds some limitation and therefore a section being devoted in this chapter to highlight the limitations with scope for further research.

### **11.1. Microfinance Outreach and Coverage**

- Globally, it has been estimated to have more than 139.9 million borrowers benefited from the services of MFI with 80 percent women and 65 percent rural borrowers.
- In France, Microfinance besides microinsurance activity mostly exist in form of micro-credit loans and were developed in 1980 for specifically professional purposes.
- The programme has shown high employability rate of the borrowers i.e. 91 percent entrepreneurs and 65 percent at individual level.
- According to European commission, a microcredit is a loan below € 25000 granted to an individual lacking access to formal financial system and banks. MFIs in Europe are mostly NBFCs (60 percent) and NGOs (31 percent) which operates on various institutional model based on diverse national and legal regulatory framework.
- Microfinance in Africa uses diversified approach ranging from traditional group lending to international institution linked specialised lending. The MFIs operates outside the purview of formal banking sector and thus arrange their own source of funding.
- According to the World Bank, Brazil stood well behind other Latin American countries in microfinance industry due to macroeconomic

instability, crowding out effect of subsidised government credit lines and legal and regulatory obstructions.

- The countries in South-Asia continues to dominate the global microfinance industry with 85.6 million borrowers and credit portfolio.
- It accounts roughly more 60 percent of total borrowers and 23.5 percent growth in loan amount. India top in chart of microfinance services in terms of coverage and outreach.
- Bangladesh is considered to be the birth place of Microfinance where the operation began since 1970s. The formation of Grameen Bank and microfinance lending attained the objective creating economic and social development from below.
- The MFIs of Bangladesh in terms of portfolio and membership is broadly classified into four categories i.e., Very large (ASA, BRAC and Grameen Bank), Large (TMSS and BURO-B), medium (PKSF) and Small MFIs (MRA).
- The Sri Lanka suffers from different issue as compared to other countries of South Asia. The financial access position is quite impressive as 21 million enjoys diverse range of services from different service providers.
- Microfinance in Nepal started since 1970 as poverty reduction tool with the implementation of Small Farmer Development Program (SFDP). The extension of microfinance services was observed in 1990 with introduction of Grameen Bank Financial System (GBFS) with initiation of Nepal Rastra Bank (Central Bank of Nepal).
- The introduction of microfinance in Bhutan may be traced back since 1980s in collaboration with Food Corporation of Bhutan (FCB) and later formally

transferred to BDFC in 1989 with responsibility of nationwide credit assistance. The BDFC was formed in technical assistance with Asian Development Bank (ADB) having fully computerised facility with three credit staff members per district.

### **11.2. Microfinance in India – National and Regional Perspective**

- In India, the microfinance origin can be traced since 1970s with introduction of SEWA (Self Employed Women Association) Bank having objective of providing credit services to poor women engaged in unorganised sector in Ahmadabad city, Gujarat.
- The saving linkage status shows higher dominance of Southern region (48 percent) followed by Eastern (less than half i.e. 21 percent) and Central region (approximately 1/5 of the southern region). During 2007 – 08, more than 50 lakh SHGs have enrolled under the scheme and availed the benefits of saving-linkage facility under group mode.
- The credit linkage (C.L.) status shows similar pattern i.e. highest credit linkage in Southern region (63 percent) followed by Eastern (18 percent), Western (7 percent) while lowest in North-eastern region (3 percent) and Northern region (3 percent). A comparative institutional analysis finds highest saving linkage facilitation to SHGs by commercial banks in almost all regions (except North-Eastern) with high concentration on Northern region (70 percent), Southern Region (64 percent) and Western region (55 percent) while lowest in North-eastern and Central Region.
- The Southern and Eastern region still continues to dominate the 1<sup>st</sup> and 2<sup>nd</sup> position since inception of the programme both in absolute as well as share in total percentage.

- Till 2019, a total of 100 lakh SHGs in India were provided saving linkage facility by different formal financial institutions which is 1.4 times higher than 2009-10 enrolment.
- The saving linkage facility to SHGs at India has increased at the rate 4.3 percent per annum during the period under study. A declining trend in enrolment was observed in 2012- 13, where 6.42 lakhs SHGs have been delinked from saving linkage programme due to non-compliance of rules and regulations, non-maintenance of account, lack of participation and multiple enrolment of members.
- As per the report of Status of Microfinance in India, 15.86 lakh SHGs have availed loan from different formal financial institutions in 2009-10 among which the share of eastern region was 17.4 percent only and that of West Bengal is 44.5 percent (within eastern region).
- The Eastern region is the second major beneficiary of credit linkage facility (after southern region) under SHG programme over the selected years with the share ranging from 14.9 percent to 33.7 percent.
- In West Bengal, the share of credit facility to SHGs is significant as its share range in eastern region from 44 percent to 66 percent while at national level from 7 to 18 percent over the years under consideration. In 2018 – 19, the SHGs in West Bengal have shown highest credit linkage with providing credit to 1.51 lakh SHGs.

### **11.3. Microfinance in West Bengal**

- The microfinance services in West Bengal is supported majorly via government, non-government agencies, DRDC and MFIs. The program is linked to NRLM and at state level is executed and implemented via

Anandadhara and Muktidhara under West Bengal State Rural Livelihood Mission (WBSRLM).

- The programme is found in active operation in all 23 districts with highest share of 27 commercial banks (21 government and 6 private) sharing 50 percent, 03 RRBs (with share 28 percent) and 18 cooperative banks (22 percent) of saving linkage.
- Out of existing 9.76 lakh SHGs in West Bengal, 8.56 lakhs were promoted under NRLM (88 percent) comprising 88.46 lakh members.
- The district-wise analysis found higher concentration in Murshidabad district comprising 84561 SHGs and sharing 10 percent of total SHG programme of state. The 2<sup>nd</sup> position is captured by Purba Midnapur district having 77230 SHGs (9 percent), South 24 Parganas (8.3 percent), Malda (6.1 percent), Birbhum (6 percent) while lowest share is observed in Darjeeling (0.7 percent), Paschim Burdwan (0.9 percent), Jhargram (2 percent) and Alipurduar (2.4 percent).
- The number of SHG availed loan during the financial year 2018 – 19 were 4 lakh with an average loan of 2 lakh per SHG. As compared to saving linkage 45 percent of SHGs have availed loan facility during the said financial year. The highest credit linkage was observed in Purba Midnapur (34.862) followed by Murshidabad (31,512), South 24 parganas (25,166), Coochbehar (24,802) and Purba Burdwan (24,779) while lowest credit linkage was observed in Kalimpong (898), Darjeeling (1501), Paschim Burdwan (4157) and Siliguri (4274).
- The highest number of Upasanghas were observed in Murshidabad district (3121) followed by South 24 parganas (3086), Purba Midnipur (3068), North

24 parganas (2923) and Paschim Midnapur (2722) while lowest were observed in case of Kalimpong (195), Siliguri (332), Darjeeling (347), Paschim Burdwan (385) and Jhargram (775).

- The average number of SHGs affiliated to each PLF (Upasangha) in West Bengal is 15.4 with median 14.8 (SHGs). Highest number of SHGs affiliated to each federation is observed in Jalpaiguri (25), Uttar Dinajpur (25), Coochbehar (22), Birbhum (22) and Bankura (20) while lowest in Kalimpong (3), Darjeeling (4) and Paschim Burdwan (9).
- In Purulia, the SHGs are promoted majorly via government and non-government agencies, MFIs, local clubs, volunteers and societies. According to DRDC Purulia reports till March 2017, there exist 25,757 active SHGs operating in the district constituting both intensive as well as non-intensive blocks.

#### **11.4. Socio -Economic Profile and Group Management**

- The average age of SHG members enrolled is 35 years with standard deviation 10.35. The median value 34 years and minimum and maximum age 19 and 66 years respectively. The study found higher involvement of medium age group (i.e. 31 – 50 years) in Purulia and similar pattern is followed in both intensive (50 percent) and non-intensive block (51 percent).
- The study found enrolment of 91 percent married members into the program followed by widow (6 percent), unmarried members (2.5 percent) and single (3 percent). The intensive analysis found higher number of widows from middle age group (20 members) and high age group (18 members).
- 38 percent of SHG respondents belongs to OBC – B category in the district followed by general (26 percent), ST (17 percent), SC (14 percent) and OBC –

A (5 percent). In intensive blocks higher engagement of General class (33 percent) members into the SHG program is observed followed by OBC – B (31 percent), ST (17 percent) and SC (15 percent). While in case of non-intensive blocks massive concentration of OBC – B (46 percent) is observed followed by General (18 percent), ST (17 percent) and SC (12 percent) is observed.

- The study found higher presence of Hindu sample respondents (85 percent) into the program and Muslim respondents only 15 percent.
- 34 percent of WSHG respondents are illiterate among which 62 percent of WSHG respondents learn to make signature. Further, 23 percent of respondents have studied from class 9 – 10 and 18 percent from class 6 – 8. Overall composition shows maximum dominance of illiterate and primary level WSHG members in the program (48 percent).
- The analysis shows inclusion of 69 percent of BPL families into the program and 31 percent of non-BPL members. The category-wise analysis shows inclusion of 68 percent BPL households in intensive blocks and 70 percent in case of non-intensive blocks.
- Further, the study found highest BPL households among ST community (90 percent) followed by OBC – A (82 percent) and SC (81 percent) while lowest (yet more than 50 percent) in case of OBC – B (57 percent) and General caste (63 percent).
- The average earning members is found to be higher in SC and OBC B community of intensive blocks i.e. 2.5 members each household while that in non-intensive blocks SC households holds superior position (2.8 members per households).



- Further, 34 percent of respondents reported living in kacha/mud wall house with higher concentration in intensive blocks (37 percent) compared to non-intensive blocks (31 percent). A significant share of WSHG members also lives in semi-pucca house (26 percent) with higher dominance in non-intensive blocks (29 percent) as compared to intensive blocks (23 percent).
- The study found availability of toilet facility at 58 percent WSHG members houses while 42 WSHG members still access open defecation.
- Our study found impressive performance as 92 percent of WSHG respondents have electricity facility at their home. Further, the availability of electricity facility found more than 95 percent at Balarampur, Purulia I and Raghunathpur blocks of non-intensive category and that in only Para block of intensive category. Higher exclusion i.e. 15 percent is observed among WSHG members of Jhalda II block.
- The average number of member per group in the study area is 11 with standard deviation 1.56. The category – wise distribution finds higher membership per group (11.24 members) in case of intensive blocks compared to non – intensive blocks (10.6 members).
- 40 percent of respondents have joined the program on self-interest and the share is found to be higher in non-intensive blocks as compared to intensive blocks.
- 43 percent of WSHGs in Purulia are promoted by various government agencies including block, panchayat and other grassroot organisations. Further, Sangha (Secondary Level Federations) also plays a significant role in promoting SHGs (26 percent) followed by various Banks (23 percent) and others (7 percent).

- The study reveals 51 percent of the women members have joined the program with view to have regular saving. This acts as a major reason in both intensive (42 percent) as well as non-intensive blocks (60 percent).
- 39 percent of WSHGs select their leaders/representatives through educational status, Others (21 percent) and members having banking and documentation knowledge (17 percent). The other factors include nature of members, self-interest, confidence and active participation.
- Study found 35 percent of WSHGs holds their meeting fortnightly while 32 percent and 31 percent on monthly and weekly basis.
- The study shows among 72 percent of WSHGs the attendance varies from 50 – 60 percent in last one year while there exist limited WSHGs in Purulia whose attendance is above 60 percent (only 16 percent of WSHGs). Further, there exist 13 percent of WSHGs whose attendance of members is less than 50 percent during last one year.

#### **11.5. WSHG - Financial Management and Linkage**

- The study shows 47 percent of WSHGs have availed loan from various banks, 34 percent both from Bank + Sangha (GPLF) and 4 percent from Sangha. Further, there exist 14 percent of WSHGs who didn't availed any loan from designated institutions/organisation.
- The study found an average loan per WSHG in the study area is Rs. 2.52 lakhs with higher loan availability each WSHG in non-intensive blocks (Rs. 2.65 lakhs) as compared to intensive blocks (Rs. 2.38 lakhs).

- The average visit made by WSHGs for getting each loan is higher among WSHGs linked to RRBs i.e. 2.27 visits for each loan followed by WSHG linked to co-operative banks (2.08 visits) and commercial banks (1.96 visits).
- The study found contribution of WSHG members to common pool vary between Rs. 20 to Rs 100 per month. It has been further observed 66 percent of WSHGs monthly contribution to common pool ranges between Rs. 40 – 60 with highest contribution of Rs. 50 per month by 55 percent WSHGs.

#### **11.6. WSHG Business Enterprises – Activities, Employment and Income**

- 40 percent of WSHG respondents have undertaken farming as their main occupation. This includes working in owned, leased land as well as share farming. Further, 23 percent of WSHG members are working as daily labour, animal husbandry (6 percent), household business (2 percent) and other activities (1 percent).
- The study found 39 percent of WSHG members in the study area have undertaken Animal husbandry as their major occupation followed by household industries/unit (16 percent), Shops (16 percent) and others (15 percent). Further, 14 percent WSHGs have not undertaken any activities.
- The activity – wise investment is found to be higher in case of Shops/business (Rs. 32,423) followed by others (Rs. 25,635), Animal Husbandry (Rs. 24,858) and household industries (Rs. 17,364). Further, there exist WSHG members who have availed average loan of Rs. 29468 while not invested in any economic activities.
- The study found the average days of employment of WSHG respondents before joining group was 9.3 man days with standard deviation 7.95.

- A significant finding of the study is that the employment of WSHG respondents in other activities have declined from 7.4 man days per month to 5.9 man days per month in the study area. Further, the decline is found to be higher among WSHG respondents of intensive blocks as compared to non-intensive blocks (i.e. declined 1.9 and 1.1 man days).
- The study found an average monthly income of Rs. 1080 among sample respondents in the study area prior joining the SHG programme.
- In parlance, the income of the WSHG respondents after joining the programme has increased to Rs. 2601 registering an increase of 140 percent. The average total income of the WSHG respondents in both intensive and non-intensive blocks have increased with higher jump in former 147 percent as compared to later i.e. 135 percent.
- The activity-wise distribution shows highest average employment among WSHG respondents who are engaged in household industry (14.5 man days per month) followed by shops (13.8 man days) and Animal Husbandry (11 man days) while lowest among Others (i.e. 10 man days respectively).

#### **11.7. WSHG Programme – Assistance, Challenges and Empowerment**

- The study found 73 percent of WSHG respondents in the study area have availed training facility while 27 percent not attended any training after joining the SHG programme.
- The study found various types of product related training impacted to WSHG respondents in the study area among which highest number of training availed by WSHG respondents of Kashipur block (8 out of 13 under consideration).

- The major problem as identified during interaction with WSHG respondents in the study area is marketing of their produce (24 percent). This includes the various problems of marketing options and competition for their products. Many WSHG members due to lack of information and high transportation for small produce tries to sell their produce to local traders and mediators or at local market.
- The second major problem reported by WSHG respondents is infrastructural related issues. The study found 22 percent of WSHG respondents are suffering from infrastructural related issues including problem of storage, packaging, transportation and absence of all seasonal houses for production continuation during rainy season.
- The third major problem reported is production related issues which includes the non-availability of raw material throughout the year, lack of skills, backward technique of production, disease and dependency upon traditional businesses.
- The fourth major reported problem is finance related issues which includes loan amount, rate of interest, frequency of allotment and repayment and complex procedure. The study found 20 percent of WSHG respondents are suffering from finance related issues with higher presence in intensive blocks (21 percent) compared to non-intensive blocks (18 percent).
- The study found 65 percent of respondents have observed positive change in behaviour of family after joining the SHG program.
- The study found 72 percent of WSHG respondents in the study area are participating in day to day household expenditure after joining the program.

- Decision pertaining to buying and selling of resources/items by WSHG respondents shows higher presence among intensive blocks (77 percent) as compared to non-intensive blocks (71 percent).
- The major objective of our study i.e. achieving empowerment dimensions found significant improvement in all three dimensions i.e. Individual and Household related decisions/perceptions, Exposure and Outreach, and Community and social participation.

### **11.8. Hypothesis Testing**

- The financial performance of WSHGs in terms of group average monthly saving, average loan and number of loans is equal both intensive and non-intensive blocks under study is rejected.
- The second hypothesis stating equality in terms of number of loans and average loan amount among president, secretary and members in the group is rejected while accepted for utilization ratio in the study area.
- No statistical significant difference in average monthly group saving and average incremental changes in income of WSHGs respondents in both intensive and non-intensive blocks while significant difference in average incremental changes in expenditure is observed.
- The hypothesis examining information and knowledge of members about banking functions and objectives of SHG program is equal in both intensive and non-intensive blocks is accepted.
- The hypothesis about equal benefits of training facility reaped by WSHG respondents of intensive and non-intensive blocks are accepted while

regarding the exposure status the presumption of equality in exposure in form of interaction with officials/others is rejected (superior status of WSHG respondents of non-intensive blocks as compared to intensive blocks).

### **11.9. Policy Recommendation**

- **Extending the gamut of microfinance services:**

The study found the WSHGs in the study area are only provided with the limited financial services i.e. saving account and loan account that too in the name of SHG. Individual saving account services have not been availed by 84 percent of respondents in the study area. Further, the various social security schemes of the government such as no frill accounts, PMSBY and PMJJY were not linked with WSHGs. In Odisha, the federation with their returns from Community Investable Fund extended government insurance facility to all affiliated SHG members.

- **Imparting Product related Training and Development**

Our study observed very limited number of WSHG respondents were provided product diversification and development related training at study area. Even after 20 years of active participation of government and non-government agencies many WSHG members have excluded from basic group related training also. It urgently required to impart the product and program related training to all WSHG members for the efficiency, knowledge and skills enhancement.

- **Addressing Business Issues and Challenges**

Most of the WSHG respondents in the study area are engaged in animal husbandry businesses and are more prone to disease and other related issues. Even after taking loan via group respondents are stick to traditional business

for sustainable livelihood. Its time for the promoting agencies to switch them from traditional activities investment to daily use product development. The linkage with corporate world will not only provide them exposure but also bring the way of thinking for better livelihood option.

- **Functions of Federations are required to be Executed properly**

The role of federations in Purulia district is found very limited and restricted to few powerful respondents. The initiation of the federation was done so as to provide platform each member to raise voice. The interaction with majority of WSHG respondents reveals very limited knowledge about role, objectives and functions of federations in the study area. Federations are the intermediaries between WSHGs and Government/organisations and their roles are much more than only accumulating and allocating fund. The federations are required to be restructured in the study area and special focus on process of selection for training, loan and other assistance are required to be restructured.

- **Government initiative for financial bargain and Digitalisation**

As compared to national, regional and state level average loan made available to each SHG, the average loan since inception of group is found lower. The district administration/nodal agencies are required to take initiative for further bargain with financial institutions for better deal in terms of loan amount and rate of interest. The government is required to take effective action for digitalisation of SHGs in the study area so as to have proper record of loan details, repayments, subsidy and funds status.

- **Involvement of SHGs in Government Offices and Schools**

The government should now think to expand the business gamut of SHGs through providing them participation on rotational basis in government office



canteens, school and college canteens/shops, PDS, special relief and assistance program and other government sponsored/aided offices and organisations. This will enhance their operational and managerial capacity to act/performance on other arenas.

#### **11.10. Limitations of the study and Scope for Further Research**

- Our study is limited to 640 WSHGs respondents in Purulia, for area specific issues of SHGs and their members a more intensive study more inclusion of sample respondents are required.
- The study has covered president, secretary and two members of each group and thus the others members of the group have been left out. For sustainable group level study all members of the SHG are required to be intervened.
- Analysing the SHGs of intensive and non-intensive blocks provided us various information about their differences. A separate study may be concluded on the SHGs of more developed and less developed blocks taking into consideration various financial, social and demographic parameters.
- Another limitation relates to the information on some sensitive issues like income, expenditure, asset holding and saving of the WSHG respondents. The respondents might not revealed true information in fear of not getting assistance from government/other sources.