

EMPOWERMENT OF RURAL WOMEN THROUGH SHGs AND MICROFINANCE

(A Study in North Coastal Andhra Region of Andhra Pradesh)



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CHAPTER--VIII

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

Empowering women is an issue of debate not only in the present days but long back also. The eminent personalities and social reformers fought a lot for women empowerment. The efforts of Baba Saheb Dr.B.R.Ambedkar, in the form of Hindu code bill for providing 33 percent of reservations in legislatures, to provide political empowerment to women is worth noting here. Of course, all these efforts were in vain due to the various reasons. In India, women constitute nearly 50 per cent of total population. Majority of them, especially in the rural areas , depend upon men for their livelihood and continue to be voiceless section, though economic value is not attached to women's role. In bringing up the family, their contribution is very significant. Since household health and nutrition are generally in the hands of women, the empowerment of them is necessary for ensuring their own welfare and also the well being of the entire household. Real empowerment of women would happen only by adding more value on their contribution to the family and the society. After India got independance, a large number of efforts have been made to empower the women politically, socially and economically. Among all the efforts of governments both at centre and various states, introduction of Women Self Help Group Movement popularly known as DWACRA Groups or Velugu Groups or Mahila Sangalu by the government of Andhra Pradesh in the United Andhra is successful and role model step in empowering the women economically, socially and politically. The SHG movement of the Andhra Pradesh is role model for all the states of this country.

8.1 CONCEPT OF SHGS

Andhra Pradesh has extensively used the self-help group (SHG) as a tool of poverty alleviation and empowerment of women. An SHG is a small group of persons who come together with the intention of finding a solution to a common problem with a degree of self-sufficiency.

Within development initiatives, SHGs can be formed around various issues related to livelihoods and resources. One sees groups around watershed management, forest management, livelihood generation, etc. However, largely, the SHG is the conduit through which micro credit is routed to the poor in the belief that it will prove catalytic in helping them to pull out of poverty.

Andhra Pradesh is the fifth largest state in India, with a population of 76 million, of which three fourths live, in the 26,500 rural villages. According to the Survey of the IX Five Year Plan (1997-2002) carried out by the Government of Andhra Pradesh (GOAP), the state is among the poorest in India with many indicators below the national level. Income poverty has been reduced in the second half of the 90s but at a slower rate compared to the rest of the country. On the positive side, Andhra Pradesh has been pursuing economic reforms to step up growth and alleviate poverty. Significant strides have been made in participatory management of land, water and forest resources.

It is within this state of India that the SHG has constituted a primary route towards poverty alleviation and development. Both state and NGO initiative have recognized the value of forming small groups of poor people who have a common desire to generate livelihood options. Further, micro credit is seen as the key to unlock the poverty trap. SHGs are also supposed to empower women. Currently Andhra

Pradesh has mobilized and organized 48 lakh poor women in the rural areas into 3.7 lakh groups. These women's groups have built up a corpus fund of Rs 750 crores consisting of their savings, borrowings from banks and revolving funds from government programs. The major poverty alleviation project through which SHGs are promoted is the state-sponsored Velugu working in over 860 mandals in 22 districts, aiming to reach 29 lakhs of the poorest of rural poor.

With this background, it is proposed to make an attempt to study the impact of micro finance through SHGs on women empowerment in North Coastal Andhra Pradesh, which consists of three coastal districts viz., Visakhapatnam, Vizianagaram and Srikakulam Districts of Andhra Pradesh State.

8.2 CONCEPT OF MICRO FINANCE

The inherent capacity of the poor to improve their living is considered as the foundation for concept of Microcredit. Propelled by the demonstrative success of Bangladesh Grameen Experiment, Microcredit is acknowledged as an effective channel to take the poor into a new domain of economic empowerment. Microcredit movement assumed global advocacy through Microcredit Summit held at Washington in February 1997. The summit representing 1500 institutions and 137 countries is a landmark in the collective crusade against poverty, undertaken by the developed and developing countries together. The Microcredit Summit launched a nine-year campaign to reach 100 million of the worlds poorest families, by the year 2005. Microcredit is referred to as providing "Credit for self employment, financial and other business services including savings and technical assistance". In most countries in South Asia, credit cooperatives have been largely unsuccessful in extending financial services to the poor households. Generally, the cooperative movement includes people of all income levels within a particular village or community, and

does not target the poor. Moreover, management of the cooperative movement has been inadequate in most countries. In some countries such as India and Pakistan, a large proportion of cooperatives is reported to be non-functional, due to financial mismanagement and inability to recover dues. Even where they are functional, management is often dominated by rural elites, with funds allocated on the basis of patronage rather than needs. Frequently, they rely heavily on government funds and are largely owned and controlled by governments. Particularly in India, there are very few highly successful cooperative banks and societies, which are devoted specifically for providing financial services to the poor, such as SEWA Bank, Working Women's Forum etc.

Microcredit is distinctly different from other poverty alleviation schemes. Microcredit is a novel approach of banking with the poor, with the distinct advantages of high repayments of loans and low transaction cost. Loans under Microcredit programs are very small, on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. Microcredit continues to target the rural and urban households, with emphasis on women borrowers, provision of finance for creation of assets and their maintenance and bringing in greater quality of services. The beneficiaries are identified by microcredit providers themselves independently or through NGOs/SHGs/ the repayment period is generally very short. The amount is increased, based on the borrower's repayment history. In Microcredit, NABARD's role has been twofold, viz., promotional and financial. Promotional efforts assume the form of the SHG – Bank Linkage programme and facilitating training. Financial involvement is in terms of providing refinance, revolving fund assistance and grants.

Microfinance has become an accepted institutional framework for taking financial services to the poor. Microfinance has now evolved into a type of

independent financial system of its own and there are a number of variants in microfinance institutions and systems. But broadly, they can be classified into two—the individual approach and the group approach. An example of the group approach, where the group itself, not the individual member, is the client, is the self-help group program in India. In all countries, there are wide variety of small, informal savings and loans groups, such as rotating savings and credit associations (ROSCAs), which operate informally and are not registered. In at least three countries, these or similar groups have been institutionalized to some extent by involving them in formal microfinance programs. In India, SHGs are an integral part of the NABARD program for linking banks and SHGs. Nevertheless, they are generally not registered. Under Indian law, SHGs are only required to be registered (as a society, trust or cooperative) if they have more than 20 members. For this reason, many SHGs restrict their membership to 20 persons or less. In the context of microfinance, SHGs are formed to foster savings and credit. A small group of individuals become members and pool their savings on a regular basis to form a collective fund. This fund is then rotated as credit amongst the members through a system of self-generated norms. Hence, the basis of the SHG is the mutuality and trust in depositing individual savings in group funds. Once the initial trust is established, the incentive or motivation for a member is the access provided to financial services through the common pool fund, which is higher than the individual's own savings. Once such an SHG is formed and stabilized, it is possible for it to become a source of funds to others outside the SHG.

In most countries, the cost of subjecting MFIs to full prudential regulation and supervision would be prohibitive. In Bangladesh, for instance, there are around 1,000 NGOs involved in microfinance. And while MFIs in other countries do not have nearly the same outreach as in Bangladesh, the number of MFIs is not necessarily

less. In India, there are perhaps as many NGOs engaged in microfinance as in Bangladesh, plus some 90,000 primary agricultural credit societies and thousands of self-help groups. In the Philippines, there are some 500 MFIs reaching a combined total of only 30,000 borrowers. In Thailand, there are more than 1,500 community organisations engaged in microfinance. In India, there are at least three official second tier institutions, which will-lend to specialist MFIs. However, none of them imposes rigorous performance and reporting standards. The second tier institution with the largest lending program is Rashtriya Mahila Kosh (RMK). For a partner organisation to borrow from RMK, it should have at least three years experience in thrift and credit administration, a 90 per cent recovery performance during the last three years, satisfactory funds management and financial performance, and a good track record of work in the socio-economic field. These requirements are all quite general in nature. There are also a number of requirements relating to loans by the partner organisations to individual borrowers. Further, partner organisations are supposed to maintain 10 per cent of the loan provided by RMK as reserves, but this is not strictly enforced. The performance and reporting standards imposed by two other significant second tier institutions, the Small Industries Development Bank of India (SIDBI) and the NABARD are even less specific than those imposed by RMK and do not provide a basis for monitoring the financial performance of the NGO.

8.3 NEED FOR THE STUDY

There are research studies focusing in the impact of SHG on household income and living conditions of the SHG members. Most of the studies paid attention on women SHGs focused on the upliftment of women from poverty through micro finance. Little attention was paid on empowerment of women through micro enterprises. The available studies on SHG women micro enterprises in the unorganised sector analyses the socio-economic conditions of micro entrepreneurs

and constraints faced by them. Due attention was not paid on the economic aspects of micro enterprises under SHGs. No such study has been conducted in North Coastal Andhra Pradesh Region of the state of Andhra Pradesh So far.

Hence, there is a need to conduct an in-depth study on the financial matters of micro enterprises run by SHG members and their working needs, specific to women micro enterprises. It is in this backdrop, the study has been attempted to analyse the impact of micro finance on working and performance of SHGs in North Coastal Andhra Pradesh Region of the state of Andhra Pradesh. This will enable to formulate separate policies that could help women micro entrepreneurs, to supplement their family income which is necessary for their survival.

8.4 THE RESEARCH PROBLEM

The North Coastal Andhra Region of the state of Andhra Pradesh consists of three districts viz., Visakhapatnam, Vizianagaram and Srikakulam. Except the head quarters of Visakhapatnam District, almost all parts of the region are under developed in terms of both agriculture and industries. The industries presently available in these three districts are a mostly agro based industry, which implies that the survival and sustainability of the existing industries depends upon the development of agricultural activities. Almost all the agricultural fields of the three districts are rain fed areas not assured irrigation facilities are available. As a result, every year the rural people of these three districts migrate to the other districts of the state for work as agricultural labourers. This employment is also not available throughout the year. This situation of the region is adversely effecting the development of human life in all aspects. Low level of literacy, low levels of income are the situations prevailed in these three districts.

The only option to come out from this pathetic condition is to search employment in the Non-farm sector (Non-agricultural sector). There is a lot of scope

for getting employment or self employment in the non-farm sector. The investment requires for starting a self employment activity in non-farm sector is also lesser when compared to other sectors. Since the people of the region are very poor, they are unable to spare even small amounts to start some non-farm activity at their home. Ultimately they need to approach some informal sources like money lender, private micro finance agencies, traders and so on. But the interest rates in this informal credit sector is very high and unbearable by the poor people. As far as the formal credit sources are concerned, the structural set up of the formal institutions as reflected by stringent collateral requirements, cumbersome and lengthy procedures for obtaining loans, lack of knowledge on the part of the borrower, considered the provision of credit to the informal sector. Further the small regular and urgent loan demands for consumption of the poor informal sector households are not addressed by financial institutions. But small loans for consumption were readily available from money lenders who also placed the poor on the track of increasing debt and bondage. At times, conventional banks either funded by soft international loans or national government as a social response have opened “windows” to offer low cost loans to small and micro-businesses and have been surprised at the failure of their efforts. The non monetary transaction costs go a long way in explaining lack of success. Two points need to be noted here: in the first place, borrowers view the funds they receive as aid and not as a commercial transaction and therefore may not feel obligated to repay. Secondly, the conventional bank is not organized to effectively handle the task of collection. it may be more cost effective for the institution write off the loan than to seek recovery (Michael, 1995).

Given the non-suitability of the formal financial institutions for the credit needs of the rural and urban people, specialized micro credit programme which can cater to the need of the informal sector participants has emerged in the last two

decades in many developing countries of Asia, Africa and Latin America. Institutions offering financial services exclusively to the economically marginalized sections of the population have originated, proved their viability and come to stay in many of these countries. There is also a similar mechanism in some developing countries for providing credit to informal enterprises. This is through community organizations like self-help groups and NGOs. In India, for example, self-help groups have been set up to take care of credit needs of micro producers. The best example that can be mentioned here is SEWA, NGOs have also been involved in the provision of credit to the informal sectors. NGO can act as an intermediary for expanding credit from formal institutions. Moreover, they act as loan guarantors and can extend their activities beyond credit to training and skill development. Informal entrepreneurs usually need funds in small amount and NGOs are most suited to satisfy such demand.

Micro credit institutions evolved their own design features such as class, eligibility for membership in the group ranging from landless to minimum land holding; prior to entrepreneurial experience; monthly repayments to weekly repayments; individual lending to group based lending; requirement of collateral to non collateral and group lending contracts to no group lending contracts (Morduch Jonathan 1999). The group formation under micro credit institutions is based on a growing institutional concept in terms of resources and management skills of the women members to reduce the gender inequality and to increase their confidence to get involved in issues and programmes in the public and private spheres. The success of group lending is attributed to various factors such as the ability of the group to mitigate asymmetric information problems in the credit markets through active screening of members (Wenner, 1995); information advantage of the groups about the applicant's creditworthiness (Zeller, 1995 and Rajaram Dasgupta 2005); Social

cohesion and heterogeneity of asset holdings (Zeller, 1998); assortative matching of members (Ghatak and Guinnone, 1999); social ties between borrowing group members (Floro and Yotopoulos, 1991); group pressure to repay the loans (Besely and Coate, 1995, Paxton, 2000 and Sampti Gupta and Gautam Gupta, 2005); and peer monitoring through intra group insurance (Wydick Bruce, 1999).

Micro finance revolution in recent times occupies a prime role on women's empowerment and poverty alleviation. studies on micro finance indicate that adopting the method of group lending through SHGs could reduce the lending and supervision costs of public sector banks (Puhazhendi, 1995 and Madhura Swaminathan, 2007) and raise repayment rates (Karmakar, 1998 and Puhazhendi, Satya Sai, 2000) Khandhakar Shahidur 1998⁷⁰; Ramakrishna 2001,2003,2004, 2011; Pallavi Chavan, Ramkumar 2002; Frances Sinha 2005; Priya Basu and Pradeep Srivastava, 2005; Kabeer, 2005; Satish, 2005; Shylendra, 2006; Vasimalai, and Narendar, 2007 in their studies have systematically analyzed the various aspects of micro finance. While answering the various aspects of microfinance, the borrower's viewpoint is frequently missing. The access of the poor to formal credit through SHGs and its cost efficiency in reducing the transaction costs for the borrower's needs have to be analyzed in order to understand the benefits of group lending for the poor. However, the existing studies are limited in number. More field studies are required to pass any judgment on the outcome of the micro finance innovation. With this background, the present study entitled "Empowerment of rural women through SHGs and Micro Finance (A Study in the North Coastal Andhra Region of Andhra Pradesh) has been carried out with the following specific objectives.

⁷⁰ Khandker R.Shahidur (1998): "Fighting Poverty with Micro Credit (Experience in Bangladesh)" Oxford University Press, Inc., p. 145.

8.5 OBJECTIVES

1. To analyse the socio-economic profile of the sample respondents in the Study area i.e., North Coastal Andhra Pradesh which comprises of the three districts viz., Visakhapatnam, Vizianagaram and Srikakulam Districts.
2. To trace out the working of SHGs and awareness of women SHG members on functioning and managerial issues of SHGs in the study area in North Coastal Andhra Pradesh.
3. To analyse the determinants of micro credit in the study area.
4. To examine the level of support rendered to the rural women to empower them in the form of Micro Finance through Self Help Groups.
5. To suggest some policy measures to make the Micro Finance through SHGs as a more powerful tool for Empowering the Rural Women both at micro level (District level) and macro level (state of Andhra Pradesh)

8.6 METHODOLOGY

To achieve the objectives specified above, the following methodology has been adopted which include the sample designing, data collection methods, Sample size, specification of the universe of the study, statistical techniques employed so on which are comprehensively explained below.

8.7 SAMPLE DESIGN

Since the present study addressed itself to study the empowerment of rural women through micro finance and Self Help Groups, all the women SHG members of the rural areas of North Coastal Andhra Region of the state of Andhra Pradesh is

formed universe of the study. A multi stage random sampling technique has been adopted for selecting the respondents to this study. In first stage, North Coastal Andhra Pradesh region of the state of Andhra Pradesh, which consists with three districts viz., Visakhapatnam, Vizianagaram and Srikakulam, have been selected for the study purposively. In the second stage From Each district of the region, three mandals have been selected based on the accessibility to the district head quarter or ZMS (Zilla Mahila Samakya), which accounts to a total of Nine Mandals. In the third stage, from each mandal two panchayats have been selected based on the population. From two panchayats, one is major panchayat and the other one is minor panchayat and both are accessibility to Mandal Head Quarters or MMS (Mandal Mahila Samakya). All together 18 panchayats are selected for this study. In the fourth stage, from each panchayat @ 10% of total women Self Help Groups have been selected, which accounts for 135 each in three districts. In the fifth and last stage, from each selected SHGs the President of the group herself has been selected as sample respondent and interviewed, which made the total sample of 405 respondents. The number of SHGs and sample respondents selected for the purpose of the study has been presented in table – 8.1.

Table-8.1

**Particulars of Districts, Mandals, Villages, SHGs and Respondents Selected
for the Study Area**

S. No	Name of the District	Name of the Mandal selected	Name of the Panchayat Selected	No. of SHGs	Sample @ 10%
01	Visakhapatnam	V. Madugula	V.Madugula	278	28
			M. Kotapadu	51	5
		Chodavaram	Chodavaram	580	58
			Govada	82	8
		Ravikamatham	Kothakota	285	29
			Kavvagunta	65	7
TOTAL				1341	135
02	Vizianagaram	S. Kota	S. Kota	390	39
			Dharmavaram	89	9
		Vepada	Rayudupeta	252	25
			Veldam	99	10
		Kothavalasa	Kothavalasa	420	42
			Santhapalem	95	10
TOTAL				1345	135
03	Srikakulam	Amudalavalasa	Kommakota	378	38
			Mungavalasa	96	10
		Sarbuji	Sarbuji	345	35
			Ravivalasa	88	9
		Mandasa	Mandasa	359	36
			Mamipadu	68	7
TOTAL				1334	135
04	North Coastal Andhra Pradesh (GRAND TOTAL)			4020	405

8.8 DATA COLLECTION

Both primary data and secondary data have been used for the study. The primary data have been collected from around 405 SHG member in the study area i.e., North Coastal Andhra Pradesh, with the help of a pre-tested interview schedule specially designed for the purpose. To elicit the information on the various issues relating to the SHGs from the women SHG member, direct personal interview method has been followed. The secondary data has been collected from various published and unpublished sources like Statistical Abstracts of Andhra Pradesh which is being published by the Directorate of Economics and Statistics, Govt. of A.P., Hyderabad,

Hand book of statistics, published by the Chief Planning Officers of Visakhapatnam, Vizianagaram and Srikakulam Districts, various reports of NABARD and so on.

8.9 HYPOTHESIS

1. There is no significant difference among SHG members of three districts with regard to the perception on the statement “Participating in SHG increases the capacity of getting loans from various sources”.
2. There is no significant difference among SHG members of three districts with regard to their income levels.
3. There is no significant difference between SHG members of three districts with regard to the perception on the statement “Participation in SHG increases the power of decision making in the family”.
4. There is no significant difference among SHG members of three districts with regard to the perception on the statement “Participation in SHG increases the personal status in their family” . .
5. There is no significant difference among SHG members of three districts with regard to their perception on the statement “Participation in SHG changes their attitude towards the social issues.
6. There is no significant difference among SHG members of three districts with regard to the perception on the statement “Participation in SHG increases the health awareness”.

8.10 STATISTICAL TECHNIQUES

After processing the data with the help of Statistical Package for Social Science (SPSS), a mostly used statistical software package, a multiple regression analysis has been carried out to analyse the determinants of micro credit borrowings.

In addition to test the significant variations in some variable, the Analysis of Variance (ANOVA) test has been carried out. The details of the test conducted and the statistical analysis carried out has been presented below.

8.11 MULTIPLE REGRESSION ANALYSIS

In this section, an attempt is made to examine the factors influencing borrowings by using multiple regression analysis. Regression methods may be used for time series data considering historical evidence or cross-section data representing the technological relationships. The purpose of regression model is to quantify the degree of effect of each of the variables under consideration, in explaining the variation in the dependent variable. Since our study is based on cross-section data, the regression analysis will help us to identify the significant factors that influence the dependent variable.

8.12 SPECIFICATION OF THE VARIABLES

In the study, total amount of borrowings of rural households is the relevant dependent variable. Accordingly, Y is the total borrowing rural households. Borrowings include all loans by the rural households under the study. The following explanatory variables i.e., Age, Education, marital status, Occupation, Family Size, and Income are considered as the important determinants. By considering the above variables, the regression function adopted in this study is specified as under:

8.13 SPECIFICATION OF THE MODEL

The basic form of the model adopted in the study is of the following nature:

$$Y = f(\text{Age, Education, Occupation, Family size, Income})$$

The specific variables used in the equation are

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + u_i$$

Micro-Credit Borrowings = Total loan amount borrowed (Dependent Variable)

X1	=Age of the respondent
X2	=Number of Years of Education of Respondent.
X3	= Marital status
X4	=Family size of the house.
X5	=Dummy variable, whether the respondent is employee
X6	=Income of the household
U_i	= Error term

Different statistical tools are employed for analyzing the data. Simple techniques like averages and percentages are extensively used. After computing the data with the SPSS statistical software, the univariate and bivariate tables have been formulated to process the data and find out the results for the investigation. Hence, the following statistical tests have been carried out for the purpose of testing of hypothesis. Here, the ANOVA test has been applied to differentiate the attitudes of the women SHG members on impact of SHG membership on various socio-economic factors and t-tests were applied to measure the significant difference between the two groups wherever applicable.

8.14 THE F-TEST OR THE VARIANCE RATIO TEST (ANOVA)

The F-test is named in honor of the great statistician R.A. Fisher. The object of the F-test is to find out whether the two independent estimates of population variance differ significantly, or whether the two samples may be regarded as drawn from the normal populations having the same variance. For carrying out the test of significance, the F-ratio is calculated. F is defined as

$$F = \frac{S_1^2}{S_2^2} \quad \text{Where } S_1^2 = \frac{\sum (X_1 - \bar{X}_1)^2}{n_1 - 1} \quad \text{and } S_2^2 = \frac{\sum (X_2 - \bar{X}_2)^2}{(n_1 - 1)}$$

It should be noted that S_1^2 is always the larger estimate of variance i.e., $S_1^2 \geq S_2^2$.

$$F = \frac{\text{Larger estimate of variance}}{\text{Smaller estimate of variance}}$$

$$V_1 = n_1 - 1 \quad \text{and} \quad V_2 = n_2 - 1$$

V_1 = Degrees of freedom for sample having larger variance.

V_2 = Degrees of freedom for sample having smaller variance.

The calculated value of F is compared with the table value for V_1 and V_2 at 5% or 1% level of significance. If the calculated value of F is greater than the table value, then the F ratio is considered significant and the null hypothesis is rejected. On the other hand, if the calculated value of F is less than the table value the null hypothesis is accepted and it is inferred that both the samples have come from the population having the same variance.

8.15 THE t-test

The students t-distribution is an important statistical tool as number of application in statistics. The following are some of them;

4. T-test for significance for single means, population variables being unknown.
5. T-test for the significance of the difference between two sample means, the population variance being equal but unknown.
6. T-test for significance of an observed sample correlation coefficient.

In this analysis the investigator has used the t-test for testing the significance of the difference between two sample means.

The formulae used for this test is

$$t = \frac{\bar{X} - \bar{Y}}{S \times \sqrt{1/n_1 + 1/n_2}} \quad t_{n_1+n_2-2}$$

Where $\bar{X} = 1/n_1 \sum X$, $\bar{Y} = 1/n_2 \sum Y$

$$\text{and } S^2 = \frac{1}{n_1 + n_2 - 2} [\sum (\bar{X} - X)^2 + \sum (\bar{Y} - Y)^2]$$

8.16 LIMITATIONS OF THE STUDY

The present study has been conducted in the financial year 2015-16 and is limited to North Coastal Andhra Pradesh in the State of Andhra Pradesh, which consists three districts viz., Visakhapatnam District, Vizianagaram District and Srikakulam District. The sample has been taken from all the three district of the study area equally. The SHG members are also limited to 135 members from each district in the study area. The limited activities of the SHG members have been considered in the present investigation.

8.17 CHAPTERISATION OF THE STUDY

The study is organized into eight chapters. Chapter-I deals with introduction, need for the study, the research problem, objectives, hypothesis to be tested and research methodology. The second chapter deals with the review of related literature on women empowerment through Self-Help Groups, micro finance and its influence on women empowerment. The socio-economic profile of the sample women SHG members is presented in chapter – III. In Chapter-IV data and analysis has been

presented where the role and performance of SHGs in empowering the rural women, the financial praxes of SHG members and finally the impact of SHGs on women empowerment in various aspects has been discussed. Chapter – V deals with the determinants of micro credit borrowings in the study area. Chapter – VI presents an analysis of various aspects relating to the Income Generating Activities of sample respondents and perceptions of respondents on impact of SHG participation on various issues related to women empowerment. Chapter – VII presents the Case studies of some successful women SHG members of the study area. The last chapter i.e., Chapter – VIII presents the summary, conclusion and suggestions useful for policy making, based on the analysis carried out in the study.

8.18 FINDINGS OF THE STUDY

Based on the empirical analysis carried out in various chapters of the study, the following observations can be found worth noting.

1. According to the empirical data, around 47 per cent of respondents are literates with formal education and the remaining 53 per cent are illiterates without any informal education in the North coastal Andhra Pradesh.
2. It can be found that around 94 per cent of the respondents are in the monthly income range of less than Rs.2000 per month. The percentage of respondents within other income ranges is very less and negligible. A more or less similar picture can be found in district wise analysis also.
3. It can be noticed from the analysis that 74.60 per cent of the family members of the respondents are in the productive age group i.e., 15 years to 60 years of age and remaining are distributed between the two unproductive age groups (23.00 per

cent are below 14 years age group and only 2.40 per cent are above 60 years of age group).

4. The data reveals that all the sample respondents in the study area i.e., North Coastal Andhra as well as in the three districts of the study area have reported that they are maintaining their bank passbook on their own without depending upon the group leaders for the same. It is also a good sign of active participation on part of the members of SHGs in the study area.
5. It is evident from the data that around 91 per cent of the respondents have reported that the leaders of their group usually maintains the SHG books of accounts and other and around 7 per cent of the respondents have reported that the books of SHG are being maintained by some hired persons and the remaining 1 per cent of the respondents have reported that the literate members of the group generally maintains the group books of accounts and others. A more or less similar picture with slight variations in percentage can be found in various districts of the study area also.
6. It is found that around 31 per cent of the respondents in the study area reported that some members of their respective groups dropped out from the group previously whereas the remaining 69 per cent reported that there were no dropouts in their respective groups. The percentage of respondents who have reported that there are some drop outs from the group is 29.60 in Srikakulam District, 33.30 in Vizianagaram District and 29.60 in Visakhapatnam District.
7. It can be found from the data that around 96 per cent of the respondents in the study area i.e., North Coastal Andhra have reported that they are repaying the loan amounts regularly.

8. It can be found that in the total study area i.e., North Coastal Andhra, the total amount sanctioned to all 81 selected SHGs in 1st linkage loan is Rs.15, 35,730/-, out of which 39.07 per cent of amount has been received by the members of the small size groups, 55.53 per cent of the amount has been sanctioned to the members of medium size groups and 4.75 per cent of amount has been sanctioned and disbursed to the members of large size groups. The figures pertaining to vizianagaram Districts exhibits a more or less similar picture with slight variations in percentages.
9. It is also found from the data that in Srikakulam District, out of the total amount sanctioned to all the selected SHGs, 55.18 per cent has been disbursed to the members of the small size groups, 41.24 per cent has been disbursed to the members of the medium size groups and only 3.58 per cent has been disbursed to the members of the large size SHGs. In Visakhapatnam District, out of the total amount sanctioned in 1st linkage loan, 22.90 per cent of the amount has been received by the members of the Small size SHGs, 72.52 per cent has been received by the medium size SHGs and 4.58 per cent of the amount has been received by the Large size SHGs.
10. It is clearly understood from the data that the average loan amount received by an individual member in the small size SHGs is Rs.5,000/-, whereas it is Rs.3,628/- in medium size SHGs and Rs.2,085/- in large size SHGs. It implies that the members of small size groups have gotten higher amount in the 1st linkage loan and benefitted more. This happened only because of the reason that the linkage loan sanctioned to the group is being equally distributed to all the group members. Same picture can be seen in the district level analysis also with variations in the amounts.

11. It is found from the data that the total amount sanctioned to all the selected SHGs in the study area i.e., North Coastal Andhra Pradesh in the 2nd linkage loan is Rs.41,89,650/-, out of which 33.50 per cent has been received by the members of the small size groups, 60.62 per cent of the amount has been received by the members of the medium size groups and 5.79 per cent of the amount has been received by the members of the large size groups. It implies that the members of medium size group members have received highest percentage of total sanctioned amount to the selected SHGs. District wise analysis also exhibits a more or less similar picture with variations in percentages.
12. The empirical data reveals that the average loan amount received by the beneficiaries is higher in the small size groups when compared to the amount received by the member belongs to the other two groups viz., medium and small groups in the study area i.e., North Coastal Andhra Pradesh. Inverse relationship can be found between group size and amount of loan sanctioned to the beneficiaries. Same picture with variations in the figures can be found in the district wise analysis also.
13. It is found from the table that the total amount sanctioned to the sample SHGs in the North Coastal Andhra Pradesh is Rs.1,06,90,265/- out of which 30.94 per cent of amount has been sanctioned and released to the members of small SHGs, 59.09 per cent of the amount has been received by the members of medium SHGs and the remaining 9.96 per cent of amount has been received by the members of large SHGs. It indicates medium size group members have received higher percentage of total sanctioned amount when compared to the members of other two size groups. District wise analysis also exhibits more or less similar picture with variations in percentages.

14. The data reveals that the average loan amount received by the beneficiary is higher in small size groups when compared to the medium and large size groups. A more or less similar picture can be seen in various districts of the study area also. The average loan amount received by a beneficiary respondent in the overall study area is Rs.31,911/-. This amount is Rs.28,977/- in Srikakulam District, Rs.32,742/- in Vizianagarm District and Rs.34,662/- in Visakhapatnam District.
15. It can be noticed from the data that around 96 per cent of the respondents in the total study area i.e., North Coastal Andhra Pradesh have reported that there is no priority for sanctioning bank linkage loan issued to the members by the SHG. Priority based issue of loans can yield good results for economic empowerment of women. But these linkage loans are being issued to members by the SHG on equal sharing basis to avoid conflicts and controversies in the groups.
16. It is found that most of the sample respondents have benefitted from the participation in Self Help Groups in terms of financial support and acquiring knowledge on the functioning and managerial issues of Self Help Groups in the Study area.
17. It is found from the results of the regression analysis carried out that the literacy level is expected to have a positive significant relation in Micro credit borrowing amount among sample respondents. It is expected that the Micro credit borrowings are more where the literacy levels are high and vice-versa. The regression coefficient of this variable turned out to be statistically significant at 1 percent level with expected positive sign.
18. It is also found that Occupation is a dummy variable and specifies the employment status of the rural respondents. It takes value 1 for employee it is expected to have a positive relation as employee are having more Micro credit

borrowings than the others in the study area. The estimated coefficient of the occupational status is statistically significant at 5 percent significance level and it indicates that if the respondent is employee then 11.23 percent increases to have more micro credit borrowing capacity in the study area.

19. The results of the regression analysis show that the Income of the sample respondents in the study area has positive relation with Micro credit borrowings in the study area. The hypothesis reveals that higher income of the households has greater capacity to have micro credit borrowings. The estimated coefficient of the income of the respondent is positively associated with micro credit borrowings at 5 percent significance level. It indicates that a one percent increase in income leads to there may be 86.72 percent increase the capacity of micro-credit borrowing in the study area. Hence, income of the respondents shows influence on Micro credit borrowings of the respondents.

20. It can be concluded from the analysis carried out in this chapter that the independent variable considered for analysis are age, education, occupation, family size, marital status and income of the respondents are selected on the basis of the field experience and theoretical literature. The results of the analysis for the overall study area i.e., North Coastal Andhra Pradesh shows that the age, education, occupation and income of the respondents are significantly associated with micro credit borrowings at different probability level. At the disaggregate level, a little bit difference can be found with regard to the explanatory variable, which turned out to be significant at different probability levels.

21. It is very clear from the data that around 54 per cent of the respondents have not undertaken any Income Generating Activity in the study area. This percentage is 52.60 in Srikakulam District, 51.90 in Vizianagaram and 56.30 in Visakhapatnam

District. Around 46 per cent of the sample respondents have undertaken different kinds of income Generating Activities basing on the availability of resources and convenience. The important point that can be observed from the table that around 19 per cent of the respondents have chosen the agriculture as their Income Generating Activity and the other respondents have chosen different kinds of activities which have been presented in the table.

22. It is evident from the data that the respondents who have undertaken the agriculture as their Income Generating Activity reported that the reason for selecting the activity is they have own agricultural land. So that they are investing the loan amounts they got through SHG on their agricultural fields. The other reasons that have been reported by the respondents are paternal business, profitability, family business, easy availability of raw material, learned the work previously, and so on.
23. It is evident from the data that out of the total respondents 46 per cent of the respondents are undertaking the Income generating activity by investing loan amount taken through SHG, out of which 9.60 per cent have invested upto Rs.10,000/-, 25.40 per cent have invested Rs.10,001 to Rs.20,000/-, 11.10 per cent have invested Rs.20,001 to Rs.30,000/- and only 0.30 per cent have invested more than Rs.30,000/-. It can also be observed from the table that the percentage of respondents who have invested more than Rs.30,000/- is nil in Srikakulam and Visakhapatnam Districts. It can be concluded from the analysis that women respondents in the study area proved that the economic empowerment is possible even with lesser amount of investment also.
24. It can be observed from the table that all the respondents in the three districts of the study area have reported that the source of working capital for their Income

Generating Activity is SHG internal Lending. It shows that the SHG members are not depending on other informal sources like money lenders and others for their financial requirements to continue their Income Generating Activity.

25. It is very clear from the data that around 54 per cent of the respondents have not taken up any Income Generating Activity. In remaining 46 per cent of respondents, around 27 per cent reported that they are getting the profit per month from Rs.1001/- to Rs.2000/- per month, around 12 per cent are getting upto Rs.1000/- per month, around 6 per cent of the respondents are getting the profit from Rs.2001/- to Rs.3000/- per month and only less than one per cent of respondents are getting above Rs.3000/- per month as profit. It can also be observed from the table that the percentage of respondents who are getting the profits upto Rs.1000/- per month is higher in Visakhapatnam District (19.30 per cent), followed by vizianagaram District (14.80 per cent) and Srikakulam District (3.00 per cent). The percentage of respondents who are getting the profit level from Rs.1001/- to Rs.2000/- per month is higher in Srikakulam District (31.80 per cent), followed by Vizianagaram district (28.90) and Visakhapatnam District (21.50 per cent). The percentage of respondents who are getting the profit level from Rs.2001/- to Rs.3000/- per month is also higher in Srikakulam district (12.60 per cent) followed by Vizianagaram District (3.70) and Visakhapatnam District (2.90 per cent). The percentage of respondents who are getting the profit level of more than Rs.3000/- per month is nil in Srikakulam and Visakhapatnam District and 0.70 in Vizianagaram District.
26. It is evident from the data that out of the total respondents who are undertaking Income Generating Activity, 3.50 per cent reported that 30 working days or mandays of work was created after joining in the SHG as member. It implies that

3.50 percent of the respondents are undertaking the Income Generating Activity as the full-time activity. A more or less similar picture can be seen in the different district of the study area i.e., North Coastal Andhra Pradesh also. The remaining respondents have started the Income Generating Activity on a part-time basis in addition to the other livelihood activities.

27. It is clear from the data that the source of marketing of the product in local markets for 29.90 per cent of respondent and local people for 16.50 per cent of respondents. A more or less similar picture with slight variations in percentages. Local markets include weekly sandies generally held on a particular day of a week which becomes the sources of marketing of products produced in the Income Generating Activity of the SHG members.

28. It can be found that the participation in Self Help Groups increases the livelihood opportunities to the rural women in the form of various income support schemes to start the Income Generating Activities. It can also be concluded that most of the sample respondents in the overall study area i.e., North Coastal Andhra as well as the respondents of three districts of the study area opinioned that the participation of women in SHG activities helps to empower the women in all the fields of life.

8.19 SUGGESTIONS FOR POLICY INITIATIVES

1. According to the empirical data, only around 47 per cent of respondents are literates with formal education in the North coastal Andhra Pradesh and the remaining are illiterates. Hence, it is suggested that some kind of adult literacy programme can be initiated through SHG, which will be helpful for the rural women as well as the SHG movement.
2. It can be found that around 94 per cent of the respondents are in the monthly income range of less than Rs.2000 per month. The percentage of respondents

within other income ranges is very less and negligible. A more or less similar picture can be found in district wise analysis also. Hence, the government officials should search the non-farm productive activities, which can improve the income levels of the rural women and popularize among the rural women.

3. It can be noticed from the analysis that 74.60 per cent of the family members of the respondents are in the productive age group i.e., 15 years to 60 years of age and remaining are distributed between the two unproductive age groups (23.00 per cent are below 14 years age group and only 2.40 per cent are above 60 years of age group). The potentiality of the productive age group should be trapped and utilized for increasing the productivity levels of the rural masses.
4. It is very clear from the data that around 54 per cent of the respondents have not undertaken any Income Generating Activity in the study area. So it is suggested that the bank linkage loans are to be sanctioned only for the purpose of starting a new income generating activity or to improve the existing one.
5. It can be found that the participation in Self Help Groups increases the livelihood opportunities to the rural women in the form of various income support schemes to start the Income Generating Activities. It can also be concluded that most of the sample respondents in the overall study area i.e., North Coastal Andhra as well as the respondents of three districts of the study area opined that the participation of women in SHG activities helps to empower the women in all the fields of life.
6. More schemes can be introduced by the government and it has not been communicated and advertised in proper way to reach the Self Help Groups. So the Non-Government Organizations and other support agencies should take this responsibility.

7. Rotation of responsibility of groups has to be made compulsory, so that it will provide chances to every member to lead the group and at the same time give opportunity for women's empowerment.
8. The concept of Self Help Groups and their importance must be implemented as made part of education curriculum at secondary education level.
9. There is a need to develop effective structures for participatory management which combine requirements of efficient service delivery and contribution to empowerment of women. New participatory management styles have to some extent been introduced in some of the most well known proponents of the financial sustainability approach like Grameen Bank. Setting up systems for client monitoring together with information exchange could also be a cost-effective long-term strategy combining capacity-building and empowerment with sustainability aims.
10. There is a need to look for alternatives to large-scale poverty-targeted programmes for the improvement of poor and women empowerment. There is a need for much more attention to gender mainstreaming within financial institutions like banks, pension funds and insurance corporations. Gender mainstreaming must be reflected in regulatory frameworks, conditions for loan guarantee funds and poverty-targeted savings and credit windows.
11. There is a need to develop services for very disadvantaged groups of women. Although micro-finance provision for very disadvantage groups is inevitably more costly, micro-finance services are more useful contribution to empowerment of these groups: agricultural labourers in rural areas may need savings facilities to prevent high seasonal fluctuations in income; savings facilities are necessary for women to prevent at the time of non-availability of work, fall in sick, children

education, functions at house etc., women labourers may need loans for purchase of labour-saving technology or improved housing.

8.20 CONCLUSIONS OF THE STUDY

1. The review of literature indicates that most of the studies dealt with the aspects of evolution of SHG's viability of SHGs. SHG – Bank linkages, financial assistance provided by the NABARD and banks in promoting SHGs etc. However there is a dearth of micro- level studies to evaluate the performance of SHGs, more particularly, the socio- economic conditions of the women SHG members in the pre and post – SHG concept and their impact on women empowerment. An analysis of these aspects may provide a comprehensive picture of the SHGs, to make them more viable and sustainable.
2. It can be concluded that the socio-economic profile of the sample respondents selected in the study area i.e. North Coastal Andhra Pradesh which consists Srikakulam, Vizianagaram and Visakhapatnam Districts, is almost same. There is no much difference exists among the households of various districts of the study area with respect of age, education, income levels, family size and so on.
3. All most all the households selected for the study are poor households with lesser levels of income and sources of earnings. With this background, an attempt has been made to examine the working of SHGs and awareness of women SHG members on functioning and managerial issues of SHGs in the study area i.e., North Coastal Andhra Pradesh.
4. It can be concluded that most of the sample respondents have benefitted from the participation in Self Help Groups in terms of financial support and acquiring knowledge on the functioning and managerial issues of Self Help Groups in the

Study area. With this background, an attempt has been made to examine the determinants of micro credit borrowings with help of multiple regression analysis.

5. It can be concluded that the participation in Self Help Groups increases the livelihood opportunities to the rural women in the form of various income support schemes to start the Income Generating Activities.
6. It can also be concluded that most of the sample respondents in the overall study area i.e., North Coastal Andhra as well as the respondents of three districts of the study area opined that the participation of women in SHG activities helps to empower the women in all the fields of life.
7. The case studies clearly reveal that by becoming member in a Self Help Group and by starting an income generating activity, there appears a major metamorphosis in the economic and living conditions of the women who happened to be members of the families living below the poverty - line. They are even enjoying now a place in the society and are leading respectable life in the society. Thus it can be concluded that the Self Help Group movement initiated by the Government in the State is indeed a boon to the women in general and rural women in particular.
8. Women empowerment is a process in which women challenge the existing norms and culture, to effectively promote their well being. The participation of women in self help groups (SHGs) made a significant impact on their empowerment both in social and economic fields.
9. The study shows that the main reason for joining SHG is not merely to get just credit, it is an empowerment process. After joining the self help group the women are economically and socially empowered. Such that it enables those who are empowered to take control over their lives.

10. It is important to distinguish between the functions of microfinance and the potential it carries to improve the livelihoods of poor and vulnerable people. The core function of a microfinance programme is to provide financial services, to reach poor women and men and give them access to savings and credit. However, the potential of microcredit goes beyond the provision of financial services to poor and vulnerable people. This distinction helps design microcredit programme more effectively, because while the smooth functioning of microfinance is dependent on the stability of economic institutions such as banks and money-lending organizations, the potential of microfinance is dependent on the health of social and socio-economic institutions such as social norms, patriarchy and education. As women are the key actors in the microfinance system, this distinction becomes not just important, but necessary.
11. This research was undertaken to study on micro-finance and its impact on women empowerment through Self Help Group in North Coastal Andhra Pradesh in the State of Andhra Pradesh, -which consists three districts viz., Visakhapatnam District, Vizianagaram District and Srikakulam Districts. It is found that the socio-economic profile of the women have changed after joining the Self Help Groups. But the saving is increasing at earlier stage of life. There are emerging issues is clear that by involving economical activities like savings, income environment, micro finance can achieve a vast scale and can become a rational movement. The self help group is important in re-strengthening and bringing together of the human race. It may be concluded that the economic activities of Self Help Group are quite successful. In North Coastal Andhra Pradesh and made them more powerful in financial activities of the family.

12. The main intention of this study is how micro-finance through SHGs empowers the women, this issue is also related to the potential of microfinance in that empowerment of women and poor and vulnerable section through microcredit is also dependent on the large social matrix. Given that women are the key actors and targets and disadvantages sector of the population, it becomes extremely important that micro-finance institutions take into account the social matrix within which women's everyday lives are embedded.
13. In this context it is also important to acknowledge that micro-finance institutions influence on women's empowerment is exclusive to women and cannot be applied in a similar way to men borrow. Specifically women are more experience with positive impact of micro-finance institutions for their socio-economic development. Therefore, the effects of microfinance institutions on women's empowerment are exclusive to women.
14. Group-based delivery of savings and credit is advocated to reduce the costs of service delivery and to provide the basis for women's participation in self help community development. This empowerment approach can increase financial sustainability and poverty alleviation among women. For example, a successful loan graduation programme would over time increase women's ability to take and repay large loans which are cheaper to administer. Insisting on registration of key assets purchased with loans in women's names would decrease the risk of loan default in cases of divorce or domestic tension. Increasing market relevance of services through participatory assessment would both more fully address women's needs and increase repayment.

8.21 SCOPE FOR FURTHER RESEARCH

While the study is limited to North Coastal Andhra Region of Andhra Pradesh, there is scope to expand the study to the other regions of the state of Andhra Pradesh viz., Rayalaseema and south coastal region of Andhra Pradesh. The study has not concentrated on all the aspects related to the SHG. Only income generating activities started individually by the group members have been considered for the study. Hence, there is a scope for further research to cover the remaining aspects like income generating activities undertaken collectively by the group members, various social service schemes provided to the SHG members, and so on.