

CHAPTER SEVEN

Summary, Conclusion and Policy Recommendations

Ensuring timely and adequate finance to the needy person in rural areas to upgrade their living conditions is one in general and linking the rural low income groups to various financial services is the greatest challenge before the India Government. The poor lack credit and meeting these financial requirements through informal sources force the poor people to live in disaster situation than earlier. Various studies show that the main reason of the people staying below poverty line in rural areas is due to lack of cheap finance availability during emergency to meet the requirements. The situation is worst in case of women of rural areas because of lack of investment and social barriers. All thanks goes to Prof. Mohammad Yunus for introducing the Microfinance Programme which has not only created hope in the eyes of poor people but has also provided a government a new policy to overcome the severe problems of the economy i.e. unemployment and poverty.

From the available literature it is clear that the socio-economic empowerment of the beneficiaries under various microfinance programmes has benefited them to greater extent. The present study relied on the data collected through survey to examine the effect on the WSHG members of both the blocks. Though the programme has been successful in extending credit facility to rural households, yet its impact on income and employment growth is still inconclusive. This chapter describes some of the broad conclusions of the study taking references from the secondary data, field survey and data analysis which is explained in details in chapter 4, 5 and 6. This chapter also indicates some policy implications in order to make the programme

more effective at grass-root level and the limitations of the study with a scope for further research.

The study has highlighted various important aspects such as the extent of financial exclusion in different states of India, the effectiveness of microfinance programme in bringing the poor into the gamut of formal financial system, growth and performance of WSHGs in India both in terms of saving as well as credit linkage facility along with the amount of loan provided to them. The study further found that in India especially in rural areas, the SHGs basically emphasis on women participation and membership to upgrade their living condition and empowerment.

7.1. Growth of WSHGs – Bank linkage in India and Odisha

WSHG-Saving Linkage in India

The all India year-wise growth of WSHG-Saving linkage shows that during the year 2007-08, 39.86 lakhs WSHGs were provided saving linkage facility along with saving amount of Rs. 3108.65 crores registering average saving per WSHG of Rs. 8471.39 . While in the year 2011-12, the saving linkage facility to WSHGs has increased to 62.98 lakhs along with saving amount of Rs. 5104.32 Crores registering average saving per WSHG of Rs. 8103.89. it seems that the gross saving amount has increased but average saving per WSHG has slightly decreased.

WSHG-Credit Linkage in India

So far the year wise growth of WSHG-Credit linkage is concerned, the study found that in 2007-08, 10.41 lakhs WSHGs were provided credit linkage facility with a credit amount of Rs. 7474.25 crores registering average loan available to each WSHG of Rs. 71799.02 . In the year

2011-12, the number of WSHGs providing credit linkage facility has been reduced to 923 lakhs with credit a amount of Rs. 14132.02 crores registering increase in average loan available to each WSHG of Rs. 153071.16 . It reflects that though the number of beneficiaries of credit linkage facility has been reduced but availability of loan per WSHG has gone up by about 10 percent.

WSHG-Saving linkage in Odisha

The WSHG-Bank linkage programme in Odisha was started with the combined efforts of NABARD, various public sector Banks, NGOs, and several other government agencies like Women and Child Development Department, TRIPTI, Mission Shakti, DRDA, ITDA and ICDS. The year-wise WSHG-Saving linkage shows that in the year 2001-02, the number of WSHG availing saving facility was 42540 with a saving of Rs. 1390.37 lakhs registering average saving available to per WSHG as Rs. 3268.38 . However from 2003-04 onwards the number of WSHGs availing saving linkage facility has shown negative trend as compared to previous year except 2004-05 and 2007-08. In the year 2010 - 11, 9091 WSHGs has been provided saving linkage facility along with a saving amount of Rs. 9856.06 lakhs registering an increase in average saving made by each WSHG of Rs. 108415.57 .

WSHG-Credit linkage in Odisha

The year-wise growth of WSHG-Credit linkage shows that during the year 2001-02, 7075 WSHGs were provided credit linkage facility along with a credit amount of Rs. 1126.26 lakhs registering average loan available to each WSHG of Rs. 15918.86 . Further the study found that there was uneven growth in terms of WSHG-Credit linkage, credit amount as well as average loan per WSHG. In the year 2010-11, 9470 WSHGs has been provided credit linkage facility with credit amount of Rs. 19004.72 lakhs registering average loan available to each WSHG of

Rs. 200683.42 . It shows that during the period of a decade there is an overall growth in terms to registered WSHGs providing more loans to their members so that they may meet their financial requirements to expand their business.

7.2. WSHG Composition and Socio – Economic Profile of Respondents

- The Present study comprises of 420 WSHG members out of which 75 percent respondents in a group are Members followed by Secretary 13.3 percent and President 11.7 percent. As the block level same situation has been observed in both the blocks.
- Majority of the WSHG members in the study area belong to middle age group (35 – 60) followed by young age group (below 35 years) and old age group (above 60). At the block level same situation has been observed in less developed blocks while in developed blocks majority of the members belongs to young age group followed by middle age and old age group members reflecting that young members earn more as compared to middle age group resulting in development of the blocks.
- The marital status of WSHG respondents shows that 84.8 percent WSHG members are married, 8.6 percent members are widow, 5.2 percent are unmarried and 1.4 percent divorced/separated. The same situation has been observed in both the blocks i.e. in less developed blocks as well as in developed blocks.
- The category wise distribution of WSHG reflects that 38.8 percent of total WSHG members belong to Scheduled Tribe category followed by other backward castes (26.7 percent), general category as 21.0 percent and Scheduled Caste (13.6 percent). At the block level same pattern has been observed in developed blocks while in less developed blocks the situation was different as majority of members belongs to Scheduled Tribe

category (43.8 percent), followed by Other backward caste (22.9 percent), Scheduled Caste (18.6 percent) and others as 14.8 percent.

- The religions wise distribution of WSHG sample respondents show that majority of members are Hindus followed by Muslims and Christians. As the block-wise distribution is concerned, same pattern has been observed in both the blocks.
- If we educational status of WSHG Members we find that 38.6 percent of WSHG members are illiterate followed by the members passed 7 – 10 standard (32.6 percent), upto 6th standard (21.0 percent), 11th – 12th standard (5.7 percent) and Graduation and above (2.1 percent). The situation was somehow same in developed blocks while in less developed blocks, 47.1 percent were illiterate followed by respondent studied 7 – 10th standard (29.5 percent), upto 6th standard (18.1 percent), 11 – 12th standard (3.8 percent) and Graduation and above (1.4 percent).
- 79.3 percent of WSHG members belong to below poverty line category (BPL) where as 20.7 percent members are above poverty line (APL). The block-wise distribution has also shown the same pattern which clearly indicates higher concentration of poor family opted for SHG programme.
- 88.1 percent of the WSHG members belong to the group formed and promoted by various government agencies whereas only 11.9 percent WSHG members formed and promoted by various NGOs. Blocks-wise distribution has also shown the same picture.
- So far the main occupational pattern of WSHG members concern, 4.3 percent of total sample under study were unemployed, 61.2 percent WSHG members were farmers followed by landless labour (11.43 percent), daily labourer (10 percent), others (5.5 percent), service holders (5 percent) and self employed (2.61 percent). At the block level

both the blocks are dominated by farming whereas in less developed blocks the WSHG members having higher unemployed membership as compared to developed blocks.

- 52.9 percent of total WSHG members in the study area have undertaken subsidiary activities. In which animal husbandry is adopted on priority basis followed by sabai grass rope making and others. The blocks-wise distribution has also shown the same pattern.

7.3. WSHG-Bank Linkage

- The study found, 40.1 percent of WSHG members are functioning since 7 – 9 years followed by members of 4 – 6 years (27.9 percent), 10 – 12 years of functioning (20.5 percent), 2- 3 years (5.5 percent), less than 1 year of functioning (3.6 percent) and above 12 years (2.4 percent). At the block level same pattern has been observed in both the blocks.
- The bank linkage to WSHG members shows that 52.4 percent of WSHG members were provided bank-linkage facility through commercial bank followed by RRBs (42.8 percent) and Co-operative banks (4.8 percent). At the block level same pattern has been observed in less developed blocks. However, in developed blocks the initial role in WSHG-bank linkage is played by RRBs followed by commercial banks. No WSHG members were found in developed blocks getting linkage facility through Cooperative banks.
- The matter related to sanctioning authority visits to WSHG points towards that 35.0 percent of WSHG members stated no authority has visited the group since formation, whereas 29.8 percent of WSHG members have stated that the sanctioning authority visited the group before sanction of loan followed by visit before and after sanction of the

loan (18.1 percent) and after sanction of loan (17.1 percent). As the block-wise distribution concern in less developed blocks, 41 percent of WSHG members have stated the sanction authority has visited the group before sanction of loan followed by no visit of sanctioning authority (29 percent), before and after sanction of loan (15.7 percent) while in developed blocks, 41 percent of respondents state that no visit has been made by any authority followed by sanctioning authority visit before and after sanction of the loan (20.5 percent), visit after sanction of the loan (20 percent) and before sanction of loan (18.6 percent).

- Regarding loan taken by WSHG members from the group it was found that 16 percent of the respondents have not taken any loan from the group, 32.2 percent of respondents have taken loan only once followed by respondents undertaken loan 4 to 5 times (10.2 percent), 6 to 7 times (1.7 percent) and above 7 times (1.4 percent). As the blocks level distribution concern same pattern has been observed in developed blocks but less developed blocks 43.9 percent of WSHG members have taken loan 2 to 3 times followed by members taking loan only once (28.6 percent), loan taken 4 to 5 times (4.8 percent), above 7 times (2.9 percent) and 6 to 7 times (1.4 percent). Only 18.6 percent of respondents have not taken any loan which clearly shows superiority of WSHG members of less developed blocks over less developed blocks.
- The loan details states that the average loan taken by the WSHG members is Rs. 12349.19 along with average interest charged at the rate of 14.4 percent per annum. The average subsidy available to WSHG members in the study area is Rs. 8876.18 with average repayment of Rs. 5367.18 registering repayment ratio of 41.55 percent. The

block wise distribution has also shown the same pattern. No significant difference has been observed.

- About 2.6 percent of WSHG members have defaulted the loan repayment taken from the group. This matter is associated with less developed blocks. The reason for defaulting is basically loss incurred to the members due to death of animals, family members health problem, diversion of loan to meet high educational expenses and willful defaulters.

7.4. General Profile of WSHG Members

- Total 68 WSHG have been taken under study out of which 35 belongs to less developed blocks and 33 from developed blocks. The average members per group in the study area are 11.4 persons. In less developed blocks, the average membership is 11.7 persons per group while in developed blocks average membership is 11.2 persons per group.
- More than 80 percent of total WSHG members hold their meeting at the monthly basis followed by members having meeting fortnightly (11 percent), weekly (7.9 percent) and Quarterly (0.2 percent). The blocks-wise distribution has also shown the same pattern i.e. majority of members hold their meeting monthly.
- As the timing schedule of meeting is concerned, 55.2 percent of WSHG members hold their meeting in the evening followed by afternoon schedule (35.5 percent), morning (7.6 percent) and night (1.2 percent). Whereas 0.5 percent of WSHG members have stated no fixed timing for meeting. The blocks-wise distribution has also shown the same pattern of meeting schedule.
- About 79.3 percent of WSHG members have stated that they made their selection of leader through voting without rotation followed by leader selection on the basis of

educational status of members (11 percent), voting and rotation together (8.3 percent) and members with banking knowledge (1.4 percent). At the block level, same pattern has been observed in developed blocks while in less developed blocks, majority of WSHG members select their leader through voting without rotation (78.1 percent) followed by selection of leader through educational status of members (14 percent) and voting without rotation (7.6 percent).

- So far the decision to join SHG is concerned it was found that 56.2 percent of WSHG members have joined SHG programme on recommendation of Aanganbadi/ICDS workers. 19.3 percent of members have joined SHG on their own followed by members joined the SHG on persuasion of relatives/ friends (11.9 percent), others (9.3 percent) and family members (3.3 percent). Same pattern has been observed in both the blocks i.e. majority of the members were initiated by Aanganbadi/ICDS workers.
- It was further observed that 67.1 percent of members have visited only 2 to 3 times to various financial institutions before getting the loan followed by members visiting 4 to 5 times (19.8 percent), 6 to 7 times (6.2 percent), above 7 times (4.5 percent) and only 1 (2.4 percent). At the block level it is noted that in developed blocks 59.5 percent of WSHG members have visited 2 to 3 times before getting loan followed by 4 to 5 times visits (35.7 percent) and 6 to 7 visits (4.8 percent) while in less developed blocks the situation is different i.e. 74.8 percent members have visited the linked financial institutions 2 to 3 times before getting loan followed by visits made above 7 times (9 percent), 6 to 7 times (7.6 percent), only 1 visit (4.8 percent) and 4 to 5 visits (3.8 percent).

- 49 percent of WSHG members have attended training related to production, health related and group related matters while 51 percent of WSHG members have not received any type of training.

7.5. Activities Undertaken and Problems Encountered

- The percentage of WSHG members were engaged in forest based activities is 33.5 percent followed by livestock rearing and marketing (31.1 percent), Trade and commerce (13.6 percent), household industries (6.8 percent), others (5.7 percent), agriculture/farming (5.3 percent) and food processing (4 percent). At the block level it is noted that in less developed blocks majority of WSHG members were engaged in livestock rearing and marketing (38.6 percent) followed by forest based activities (27.2 percent), trade and commerce (14 percent), households industries (12.3 percent), agriculture/farming (3.9 percent), food processing (2.6 percent) and others (1.4 percent) while in developed blocks majority of the WSHG members were engaged in forest based activities (39.4 percent) followed by livestock (24.2 percent), trade and commerce (13.2 percent), and others (9.8 percent).
- 97.6 percent of total WSHG members have supported that they face several problems in operation of their micro-enterprises. it was noted that 34.3 percent of WSHG members faced finance as their major problem followed by others (27.0 percent), marketing of produce (18.9 percent), infrastructure (9.4 percent), inputs and raw material (7.9 percent) and product and quality (2.3 percent). As the blocks-wise distribution is concerned same pattern has been observed.

7.6. Employment, Income and Savings

- The employment available per month to WSHG members was 14.0 man days on an average before joining the group which has increased to 20 man days after joining the group registering an increase of 42.14 percent. In less developed blocks, the average number of days of employment available to WSHG members before joining the group was 13.9 man days which has increased to 19.1 man days after joining the group registering an increase of 46.8 percent growth while in developed blocks, the average number of days of employment available to WSHG members was 14.2 man days which has increased to 20.7 man days registering 36.7 percent increase in number of days of employment available to the member.
- As the matter of change in income is concerned, the average income of WSHG members before joining the group was Rs. 491.33 which has increased to Rs. 1309.55 registering an increase of 166.53 percent. At the block level, the study found that in less developed blocks, the average income per month before joining the group was Rs. 489.21 which has increased to Rs. 1242.28 registering an increase of 153.9 percent growth while in developed blocks the average income per month before joining the group was Rs. 493.45 which has increased to Rs. 1376.81 registering about 171 percent growth.
- About 42.6 percent of total WSHG members have formal saving account with different financial institutions before joining the group mainly in commercial banks followed by RRBs, Post offices and cooperatives. At the block level, same pattern has been observed in both the blocks.

7.7. Hypotheses Testing and Other Findings

Firstly, the most pertinent finding of the regression analysis is that the personal income, household expenditure and personal saving have significantly increased with the duration of the existence of self help groups while the effect of the other variables in the model remain constant. Hence, it has been tested that as the duration of membership in self help groups increases, the empowerment of women in terms of increase in personal employment, income, household expenditure and increase in personal saving validating the first hypotheses.

Secondly, the results of multiple regression analyses demonstrate the significant role of education of women in availing the benefits of SHGS. Education status of the respondents have significant positive impact on the improvement in employment, income, household expenditure and savings of the respondents. The regression estimates further points towards that higher the educational status of the member of SHG, higher was the increase in employment, income, household expenditure, and personal saving. Hence, the second hypothesis of the study that educational status of WSHGs members has positive impact on income, expenditure and saving is also accepted.

Thirdly, the results also demonstrate the disparity in the performance and effectiveness of Self Help Groups in empowering women in two out of three indicators i.e., increase in personal employment and income of members. The members of SHGs in developed blocks have consistently acquired greater benefits in terms of increase in personal employment and income as compared to those in less developed blocks. Hence, the third hypothesis that Microfinance programme under WSHGs has equitable impact in terms of employment and income in both the developed and less developed blocks has been rejected.

Fourthly, whether the caste has any significant impact on SHG performance in terms of increasing household expenditure and personal savings of the members. The results indicate that higher the position of the member in the caste hierarchy greater was the benefit accrued to her in terms of increase household expenditure and personal saving due to her membership SHG.

The fifth notable finding of the regression analysis is concerning the role of religion in moderating the effect of SHGs on women empowerment. As compared to a typical Hindu respondent a typical Christian respondent has benefitted less in terms of increase in employment and personal saving increase. On the other hand, the Christian respondent benefitted in terms of greater increase in household expenditure as compared to her Hindu counterpart. On the other hand as compared to Hindu respondents the Muslim respondents gained greater benefits in terms of increase in household expenditure and personal savings.

The last pertinent point that emerged from the regression analysis is above the role of socio economic category or class in moderating the empowerment effects of self help groups. Socio economic category had significant positive effect on increase in employment but a negative effect on the increase in household expenditure. The members of poor (BPL) class had greater benefits in terms of increase in employment as compared to the group members belonging to APL. On the other hand the members belonging to poor (BPL) class had experienced greater increase in household expenditure as compared to those belonging to non-poor class (APL).

7.8. Other Major Findings of the study

- It has been found that due to default of earlier loan on agriculture made by family members

(males) of 3 WSHGs members, further loan to the WSHGs in Betnoti block has not been provided, which stands as a major cause for their low loan amount.

- There exist conflict among the group members to replace the members whose families have defaulted earlier, resulting in tension between the group members and creating a situation of breaking of group in Betnoti block.
- The bank officials are not providing full details about the interest rate charged on pending amount and moreover they don't behave properly almost in all the blocks.
- The bank officials make them sit in office for long time and sometimes they approach all the members to visit 3 to 4 times to the bank in a month which causes income loss to them due to loss of working hours.
- It has been noted that visiting authorities charge the traveling allowances and other charges for meeting the general paper works for advancing credit in several blocks.
- The bank official takes bribe in order to advance the loans and subsidies to the WSHG members in Bahalda Block.
- Other problems related to the local political parties and from the powerful member of village which interrupts their performance and interfere in group related matters.

7.9. Suggested Measures and Policy Recommendation

- **Regular Visit of Promoting Agencies to WSHGs**

Since majority of the groups were formed by government agencies i.e. ICDS workers who are present almost in every villages of the study area. These government representatives should visit every group at least once in a month in order to access the records, activities status, repayment and the problems associated with the operation of their microenterprises. This will not only help the WSHG members to overcome their

group related issues but will also help the government in identifying the problems of WSHGs workers at the grassroot level.

- **Capacity Building Through Training**

On the basis of recommendation of promoting agencies and local authorities the government agencies should provide training related with productive activities of the group so that the WSHG members should diversify from forest based activities which are basically seasonal in nature to regular employment opportunities. Further, the training should be provided of those activities which could yield higher returns.

- **Increase in Credit Amount**

It has been observed that the average loan sanctioned to each WSHG member at the block level is quite low compared to the loan/credit available to the individual WSHG member at the district level and the state and national level as well. Therefore, it is necessary to increase the credit amount available to the WSHG members resulting in increase of employment and income opportunities.

- **Increase in thrift amount**

The monthly saving made by WSHG members in the study area is quite low. Majority of the members save less than Rs. 100 per month. In order to have higher loan amount and better sustainability the monthly thrift amount need to be increased which is possible only on the increase in income level of the WSHG members.

- **Investment in Diversified Activities**

It has been observed that majority of the members were engaged in forest based activities which is basically seasonal in nature. Moreover, in order to avoid the losses and default

in repayment of loan it is necessary on part of the WSHG members it is necessary to make investment in more than one basic activity.

- **Proper Marketing of the Produce**

The WSHG members in the study area face problems related to marketing of the produce. The study area is specialized in sabai grass rope and other fancy items making and plates and cups making from sal leaves. The income of the WSHG members is basically low because these members sell their produce to local venders or middlemen at cheaper rate because of lack of holding capacity, transportation and market knowledge. Further these local venders resell the products in other parts of India like Uttar Pradesh, Bihar, West Bengal and different parts of Odisha at higher prices and make high profits. Such intermediaries may be stopped by arranging direct purchase of and sales through government agencies or NGOs.

- **Regular visit of Veterinary Doctors**

The animal husbandry is another major occupation in the study area. Majority of the sample households have stated that disease and death of animals is a major problem. In order to overcome these issues, the government should arrange visit of veterinary doctors at least once in a month in every village.

7.10. Limitation of the Study

The study basically is based on the analysis of primary data collected from 14 blocks and further restricting the field survey of 420 WSHG members of Mayurbhanj District of Odisha. This means that the survey information may not be penetrated very deeply below the surface. Another limitation relates to the questions asked to the respondents on some sensitive issues like

income of the respondent and their family members, daily expenditure, assets holding, savings etc. and the respondents might have not revealed the true information. Further, like any other research using sampling method, this study is also subject to sampling error.

7.11. Scope for further Research

The following are the unexplored areas and need a thorough examination and research related to microfinance and its impacts on the livelihoods of the poor people.

- The study is limited to only in 3 panchayts of each selected blocks while in order to have better understanding of the problems of WSHG members intensive study is further required.
- The WSHGs in the study area are promoted either through government agencies and NGOs. A study can be made further to highlight the growth and performance of WSHG on the basis of promoting agencies separately.
- It should be studied further that the credit availability to SHGs through government agencies has any effect on rural informal credit or not.
- Keeping in view the era of competition and commercialization of financing institutions research can be made to analyze whether micro-finance has achieved its main objective of hassle free credit access to the people of low income group/BPL members or not.