

CHAPTER-VI

FORMATION AND FUNCTIONING  
OF SHGs IN THE STUDY

## **CHAPTER – VI**

### **FORMATION AND FUNCTIONING OF SHGs IN THE STUDY**

This chapter presents the details pertaining to the formation and function of the sample Self Help Groups in the study area. The issues discussed in this chapter include motivating agents to become members of the SHGs, motivation factors to join SHGs, number of years as members of the group, transparency in a group operations, group conflicts, governance of the group, attendance to the group meetings and opinion of the sample respondents on the overall functioning of the group.

#### **6.1. Motivating Agents to Join SHGs**

The data on the motivating agents to join SHGs are elicited from the sample respondents. The distribution of sample respondents by motivating agents to join SHGs is given in Table 6.1. It can be noticed from the table that 48.61 per cent of sample respondents are motivated by NGOs. At the next level 29.92 per cent of sample respondents are motivated by family members. Further it is observed that 18.56 per cent of sample respondents stated that friends motivated them to join in SHGs while another 2.90 per cent of sample respondents stated that they are motivated by Government officials. The role of friends, NGOs, family members, and the Government agents, who are appointed as agents to propagate the program for its success, is remarkable. The success of the program depends on efficiency of the agents who take it to the people. The knowledge of the group formation, maintenance of records, rules and regulations and the maintenances of the financial position, are to be taught to the members. These agents are expected to motivate the members for promotion of group economic activity for attainment of empowerment of rural women in the countryside.

The distribution of sample respondents with whom they are introduced and influenced to join SHGs is furnished in table 6.1. It may be observed that out of 792 sample SHGs women, 48.61 per cent are motivated by NGOs, followed by about 30 per cent by the family members. The influence of friends is recorded as 18.56 per cent, whereas the influence of the Government officials is only 3 per cent in motivating

the rural women towards SHGs. It is true that when the programme was started way back in 1983 the Government officials at mandal and village level campaigned frequently to enlighten the poor rural women. Later during these days it is NGOs and Banks officials are concentrating to promote the enrollment of SHGs.

**Table: 6.1**

**Distribution of SHGs by Introduction and Registration**

	Motivated to Join SHGs				Total
Name of the Activity	Friends	NGOs	Family Members	Government Official	
Food Processing	52 (21.14) (35.37)	129 (52.44) (33.50)	53 (21.54) (22.36)	12 (4.88) (52.17)	246 (100.00) (31.06)
Dairy & Poultry	22 (14.86) (14.96)	82 (55.41) (21.29)	44 (29.73) (18.56)	–	148 (100.00) (18.68)
Tailoring & Sari Painting	48 (28.40) (32.65)	52 (30.77) (13.50)	62 (36.69) (26.16)	7 (4.14) (30.43)	169 (100.00) (21.33)
Manufacturing	23 (16.20) (15.64)	73 (51.41) (18.96)	42 (29.58) (17.72)	4 (2.82) (17.39)	142 (100.00) (17.92)
Trade and Commerce	2 (2.30) (1.36)	49 (56.32) (12.72)	36 (41.38) (15.18)	–	87 (100.00) (10.00)
Total	147 (18.56) (100.00)	385 (48.61) (100.00)	237 (29.92) (100.00)	23 (2.90) (100.00)	792 (100.00) (100.00)

**Source:** Computed from Primary Data.

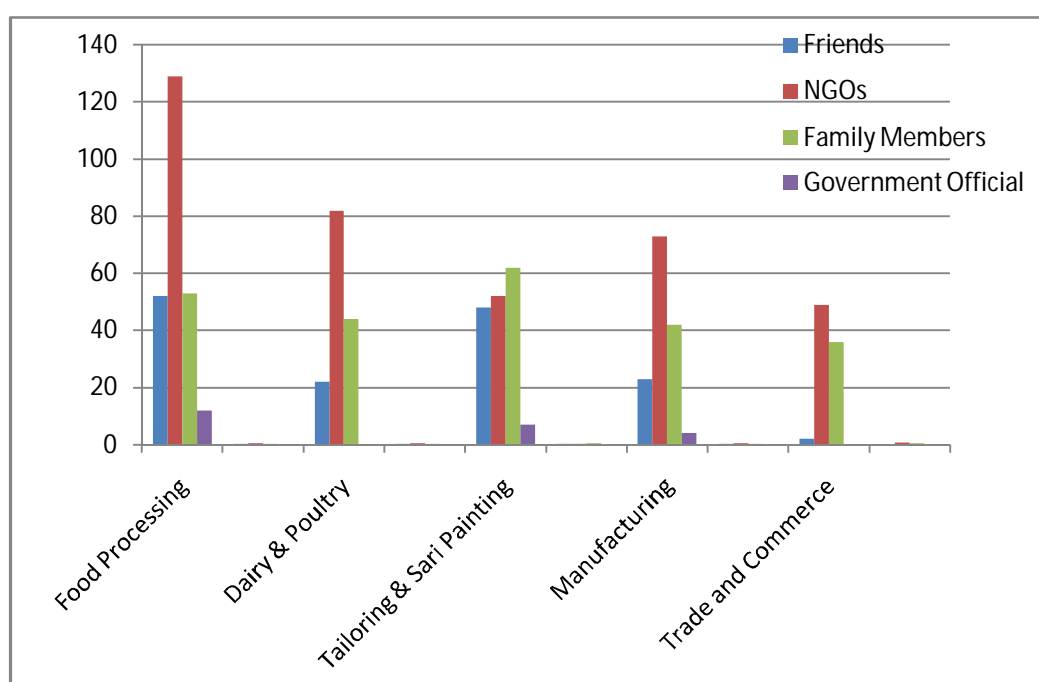
**Note:** Numbers in parenthesis are per cents.

Among different categories of respondents it is revealed from the data that in food processing 52.44 per cent are introduced by the NGOs followed by 21.54, 21.14, and 4.88 per cent are family members' friends and Government officials respectively. In dairy and poultry the majority 55.41 per cent are introduced by NGOs followed by 29.73 and 14.86 per cent by family members and friends respectively. In case of tailoring and sari painting 36.69 per cent are motivated by family members and the rest of the respondents followed 3.77, 28.40 and 4.14 per cent are motivated by NGOs friends and Government officials respectively. In manufacturing unit 51.41 per cent are introduced by NGOs while by 29.58, 16.20 and 2.82 per cent are introduced by

family members' friends and Government officials respectively. In the case of trade and commerce the majority 56.32 per cent are introduced by NGOs followed by 41.38 and 2.3 per cent are introduced by family members and friends respectively. However, in the study area NGOs are more active in bringing the programme to the rural poor. Figure 6.1 shows the status of influence by various groups.

**Fig: 6.1**

### **Respondents Motivated to Join SHGs**



**Source:** Computed from Primary Data

### **6.2. Reasons to join in SHGs**

The distribution of the sample respondents by reasons for joining SHGs is presented in Table 6.2. It is evident from the table that 33.08 per cent of the sample respondents reported that they have joined SHGs to improve their savings, While 30.68 per cent of sample respondents stated that they joined SHGs to supplement family income and 16.41 per cent to develop social status. But 14.26 per cent of sample respondents stated that they joined to get loan amount at lower rate of interest rate. Only 5.55 per cent of the sample respondents have joined SHGs to improve knowledge.

As far as activity wise status is considered out of 262 sample respondents 43.24 per cent of Dairy and Poultry respondents have taken up SHGs to improve their savings followed by 36.61 per cent of Manufacturing activity and 33.33 about 33.33 per cent of women in Food Processing and 28.99 per cent of Tailoring and Sari Painting activities. The least 17.24 per cent is recorded in case of Tailoring and Sari Painting. Further it is observed from the table that 45.77 and 36.78 per cents of respondents from Manufacturing and Trade and Commerce respondents replied that they joined to supplement family income. Figure 6.2 reveals the same.

**Table 6.2**  
**Distribution of Sample Respondents by Reasons to Join in SHGs**

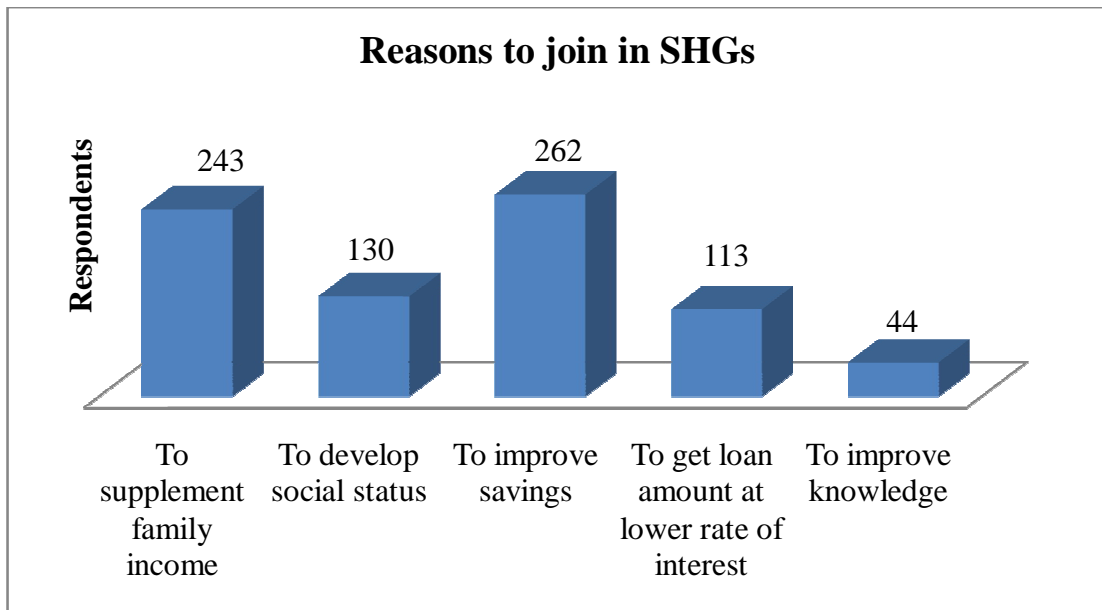
Activity of the Respondent	Motivating Factors to Join in SHGs					Total
	To supplement family income	To develop social status	To improve savings	To get loan amount at lower rate of interest	To improve knowledge	
Food Processing	69 (28.04) (28.39)	58 (23.57) (44.61)	82 (33.33) (31.29)	33 (13.41) (29.20)	4 (1.62) (9.09)	246 (100.00) (31.06)
Dairy & Poultry	42 (28.37) (17.28)	15 (10.13) (11.53)	64 (43.24) (24.42)	19 (12.83) (16.81)	8 (5.40) (18.18)	148 (100.00) (18.68)
Tailoring & Sari Painting	35 (20.71) (14.40)	23 (13.60) (17.69)	49 (28.99) (18.70)	42 (24.85) (37.16)	20 (11.83) (45.45)	169 (100.00) (21.33)
Manufacturing	65 (45.77) (26.74)	21 (14.78) (16.15)	52 (36.61) (19.84)	3 (2.11) (2.65)	1 (0.70) (2.27)	142 (100.00) (17.92)
Trade and Commerce	32 (36.78) (13.16)	13 (14.94) (10.00)	15 (17.24) (5.72)	16 (18.39) (14.15)	11 (12.64) (25.00)	87 (100.00) (10.98)
Total	243 (30.68) (100.00)	130 (16.41) (100.00)	262 (33.08) (100.00)	113 (14.26) (100.00)	44 (5.55) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data

Note: the Numbers in Parentheses are percentages.

**Fig: 6.2**

**Reasons to join in SHGs**



Source: Computed from Primary Data

**6.3. Number of Years as Members of the Self Help Groups**

The information is elicited from the sample respondents on the question that how long they are associated with the group. The distribution of sample respondents by number of years in group is presented in Table 6.3. It is evident from the table that the group ranging from 5 to 10 years consists of 67.93 per cent of sample respondents, where as 16.67 per cent of sample respondents are found with below 5 years whereas only 15.40 per cent of sample respondents are in the range of above 10 years.

With regard to the number of years of experience as member in the group by activity is examined, it is clear that a majority of 85.92 pr cent of Manufacturing respondents have membership for a period of 5-10 years, followed by 73.58 per cent of Food Processing respondents, 50.81 per cent of Dairy and Poultry respondents and 59.76 per cent of Tailoring and Sari Painting respondents in this regard. The least 50.75 per cent of Trade and Commerce respondents have membership for a period of 5-10 years. Out of 792 sample respondents 16.67 per cent have membership of less than 5 years of experience, while the least 15.40 per cent have above 10 years experience in the SHGs activities.

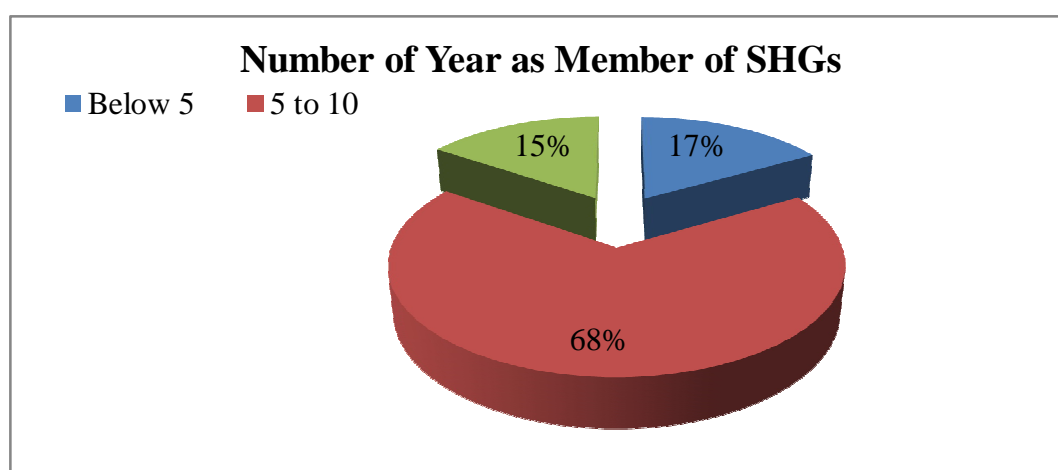
**Table 6.3**  
**Distribution of Sample Respondent by Year as Members of SHG**

Sl. No	Activity of the Respondent	Number of Year as Member of SHGs			Total
		Below 5	5 to 10	Above 10	
1	Food Processing	44 (17.89) (33.33)	181 (73.58) (33.64)	21 (8.54) (17.21)	246 (100.00) (31.06)
2	Dairy & Poultry	4 (2.70) (3.03)	90 (60.81) (16.72)	54 (36.49) (44.26)	148 (100.00) (18.68)
3	Tailoring & Sari Painting	37 (21.89) (28.03)	101 (59.76) (18.77)	31 (18.34) (25.40)	169 (100.00) (21.33)
4	Manufacturing	20 (14.08) (15.15)	122 (85.92) (22.67)	–	142 (100.00) (17.92)
5	Trade and Commerce	27 (31.03) (20.45)	44 (50.57) (8.17)	16 (18.39) (13.11)	87 (100.00) (10.98)
6	Total	132 (16.67) (100.00)	538 (67.93) (100.00)	122 (15.40) (100.00)	792 (100.00) (100.00)

**Source:** Computed from Primary Data.

**Note:** Numbers in parenthesis are per cents.

**Fig: 6.3**  
**Number of year as Member of SHGs**



Source: Composed from Primary Data

#### 6.4. Distribution of sample respondents by size of SHG Group

The distribution of the sample respondents by size of the group is presented in Table 6.4. It is evident from the table that group size of about 94.94 per cent of sample respondents are in more than 10 members group whereas 5.05 per cent of sample respondents are in the group size of less than 10 members.

The data shows that all the groups of Dairy and Poultry, Tailoring and Sari Painting and Trade and Commerce have membership of more than 10 members, while 96 per cent of Manufacturing and 86 per cent of Food Processing units group have membership of more 10 members in the study area. Hence it is concluded that majority of the groups are running with ideal number of members in each group.

**Table- 6.4**

**Distribution of sample respondents by size of SHG Group**

Activity of the Respondent	Number of Members in the Group		Total
	Less than 10 members	More than 10 members	
Food Processing	34 (13.82) (85.00)	212 (86.17) (28.19)	246 (100.00) (31.06)
Dairy & Poultry	–	148 (100.00) (19.68)	148 (100.00) (18.68)
Tailoring & Sari Painting	–	169 (100.00) (22.47)	169 (100.00) (21.33)
Manufacturing	6 (4.22) (15.00)	136 (95.77) (18.08)	142 (100.00) (17.92)
Trade and Commerce	–	87 (100.00) (11.56)	87 (100.00) (10.98)
Total	40 (5.05) (100.00)	752 (94.94) (100.00)	792 (100.00) (100.00)

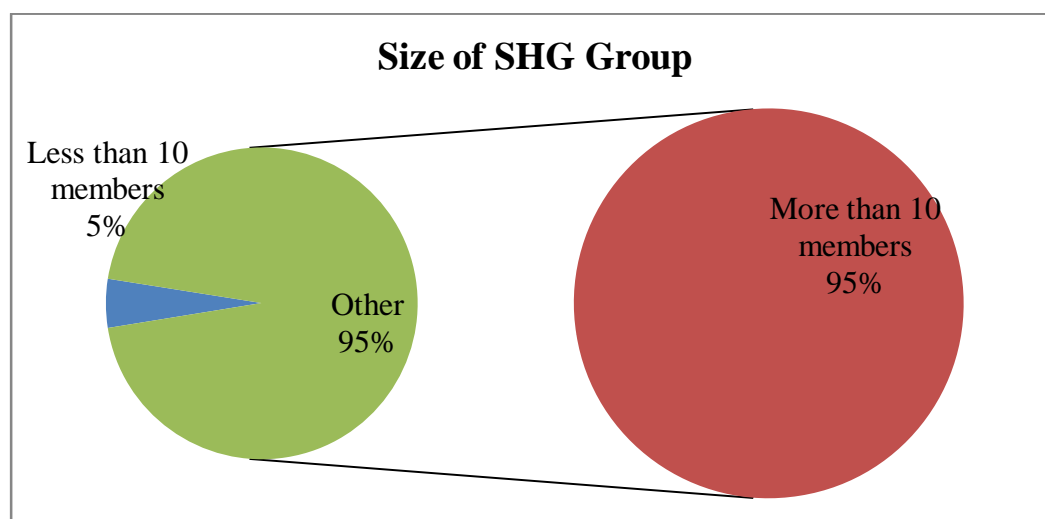
Source: Computed from Primary Data.

Note: Numbers in parentheses are percentages



**Fig: 6.4**

**Size of SHG Group**



Source: Computed from Primary Data

### **6.5. Transparency in Dealings**

An attempt is made to ask the sample respondents whether they are aware about the rules and regulations of formation of SHGs, if so and how far they are transparent in the dealing of group activities. Distribution of sample respondents by transparency in dealings in the SHGs is furnished in Table 6.5. It is revealed from the table that more than 56.99 per cent of sample respondents are aware of the rules of the SHGs while the other 21.33 per cent of sample respondents are known to certain extent. It is also observed from the table that 8.71 per cent of sample respondents are neither known nor aware of the rules and regulations of SHGs.

Among various activities it is observed from the table that a significant per cent of manufacturing beneficiaries consisting of 83.80 per cent are fully aware of all the rules and regulations of SHGs programmes. This is followed by 72 per cent of Tailoring and Sari Painting, 64 per cent of Dairy and Poultry and food Processing sample women each are familiar with the functioning of SHGs.

Out of 169 sample women respondents who know the rules and regulations to certain extent, 41.42 per cent of Food Processing activity stands first place followed by Dairy and Poultry 23.07 per cent, Manufacturing and Trade and Commerce. The

least share is recorded in case of Tailoring and Sari Painting (10.05). It is only 8.71 per cent are completely unaware of the system with whole guidelines of the SHGs are operating. However, it may be concluded that since it is only 57 per cent of the total sample respondents are aware of the rules, the remaining require awareness camps through which they may be trained on the basic principles of Self-help and empowerment takes place. The figure shows the awareness of sample respondents by rules and regulations of SHGs.

**Table 6.5**  
**Distribution of Respondents by Awareness about Rules of SHGs**

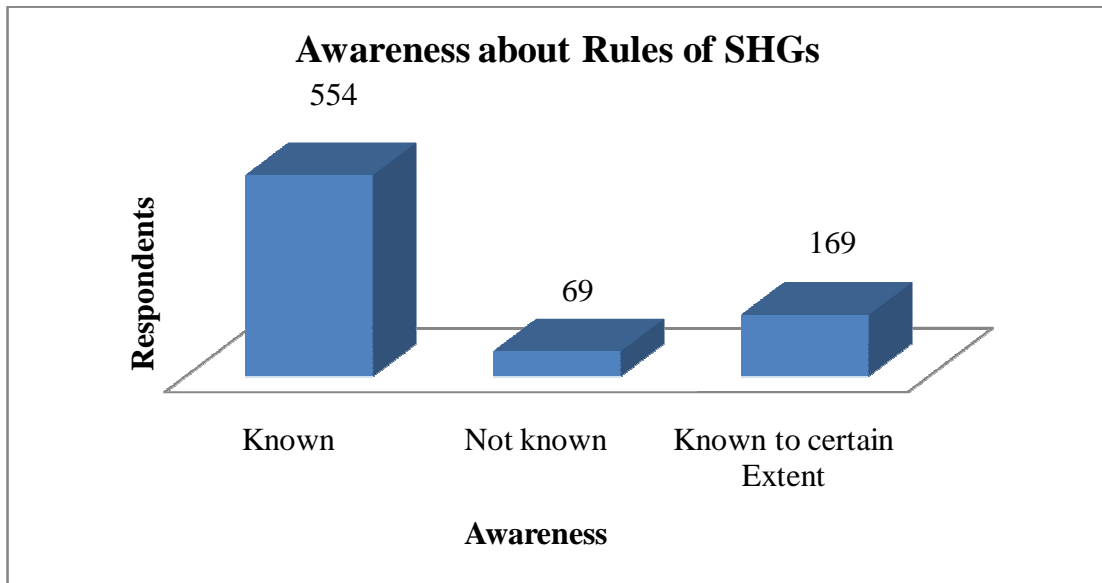
Activity of the Respondent	Awareness about Rules of SHGs			Total
	Known	Not known	Known to certain Extent	
Food Processing	156 (63.41) (28.15)	20 (8.13) (28.98)	70 (28.45) (41.42)	246 (100.00) (31.06)
Dairy & Poultry	96 (64.86) (17.32)	13 (8.78) (18.84)	39 (26.35) (23.07)	148 (100.00) (18.68)
Tailoring & Sari Painting	121 (71.59) (11.19)	31 (18.34) (44.92)	17 (10.05) (10.05)	169 (100.00) (21.33)
Manufacturing	119 (83.80) (21.48)	—	23 (16.19) (13.60)	142 (100.00) (17.92)
Trade And Commerce	62 (71.26) (11.19)	5 (5.74) (7.24)	20 (22.98) (11.83)	87 (100.00) (10.98)
Total	554 (56.99) (100.00)	69 (8.71) (100.00)	169 (21.33) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data.

Note: Numbers in Parentheses are percentages.

**Fig: 6.5**

**Awareness about Rules of SHGs**



Source: Composed from Primary Data

### **6.6. Group Conflicts**

The success of the group depends upon the co operation of the group. It is elicited from the study whether there are any group conflicts with in them. The distribution of sample respondents by group conflicts is given in Table 6.6. It is evident from the table that 96.08 per cent of the sample respondents do not have any group conflicts. Only few which is less number than 4.00 per cent of sample respondents replied that they have group conflicts.

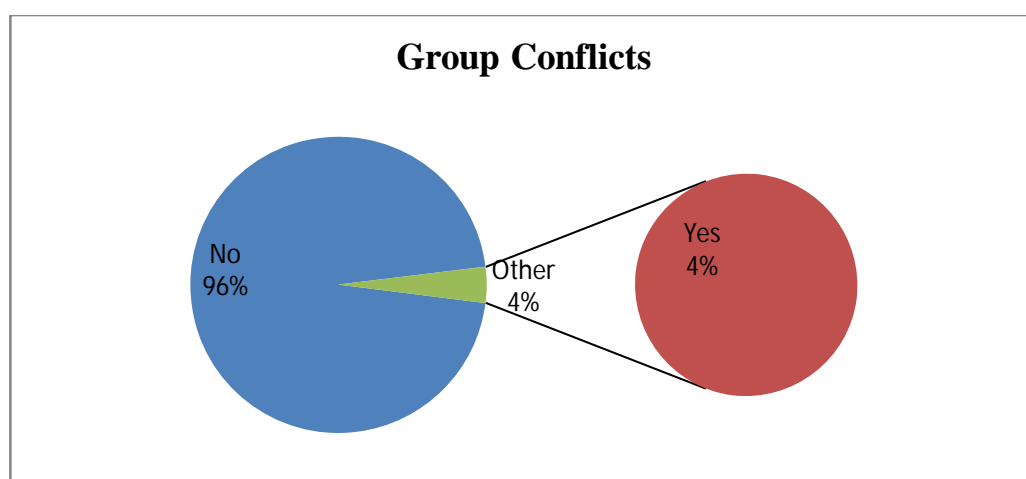
Among various activities of sample respondents, it is observed that in Dairy and Poultry and Tailoring and Sari Painting 100.00 per cent of respondents responded that they have no group conflicts. Whereas in case of Food Processing and Manufacturing activities it is more or less than 10.00 per cent of sample respondents each have stated that they have group conflicts. The least that is only 6.45 per cent of Trade and Commerce respondents are having conflicts within their group maintenance. Figure below 6.6 shows the same results.

**Table 6.6****Distribution of Sample Respondent by Group Conflicts**

Activity of The Respondent	Group Conflicts		Total
	No	Yes	
Food Processing	233 (94.71) (30.61)	13 (10.31) (41.93)	246 (100.00) (31.06)
Dairy & Poultry	148 (100.00) (19.44)	–	148 (100.00) (18.68)
Tailoring & Sari Painting	169 (100.00) (22.20)	–	169 (100.00) (21.33)
Manufacturing	126 (88.73) (16.55)	16 (11.26) (51.61)	142 (100.00) (17.92)
Trade And Commerce	85 (97.70) (11.16)	2 (1.40) (6.45)	87 (100.00) (10.98)
Total	761 (96.08) (100.00)	31 (3.91) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data.

Note: Numbers in Parentheses are percentages

**Fig: 6.6**  
**Group Conflicts**

Source: Computed from Primary Data

## **6.7. Governance of the Group**

Further an attempt is also made to ask the sample respondents whether their group maintained account books and other records related to their dealings with bank regularly and properly. Interestingly entire sample respondents stated that they are maintaining all records properly and regularly. It is noticed on several field visits that the sample groups are conducting meetings at regular intervals. Further an attempt is also made to ask about their attendance to the group meetings.

### **6.7.1 Attendance to the Group Meetings**

The sample respondents are asked whether they attend to the group meetings regularly or not. Table 6.7 shows the distribution of the sample respondents by their attendance to the group meetings. It is observed from the data that majority of sample respondents that is 50.00 per cent replied that they attend meetings only whenever it is convenient for them, whereas other 40.27 per cent of sample respondents stated that are regular in attendance. Only few that is 9.72 per cent of sample respondents are irregular in their attendance to the meetings.

With regard to category wise analysis of sample respondents it is observed from the table out of 319 of sample women respondents who are regularly attending meetings 37 per cent belong to Food Processing units followed by 20.37 per cent of Dairy and Poultry unit, 16.61 and 14.10 per cents of Tailoring and Sari painting and manufacturing units respectively. The least 11.91 per cent who are regular to the meetings are respondents of Trade and Commerce activity. The diagram shows the activity wise status of attendance of the sample respondents.

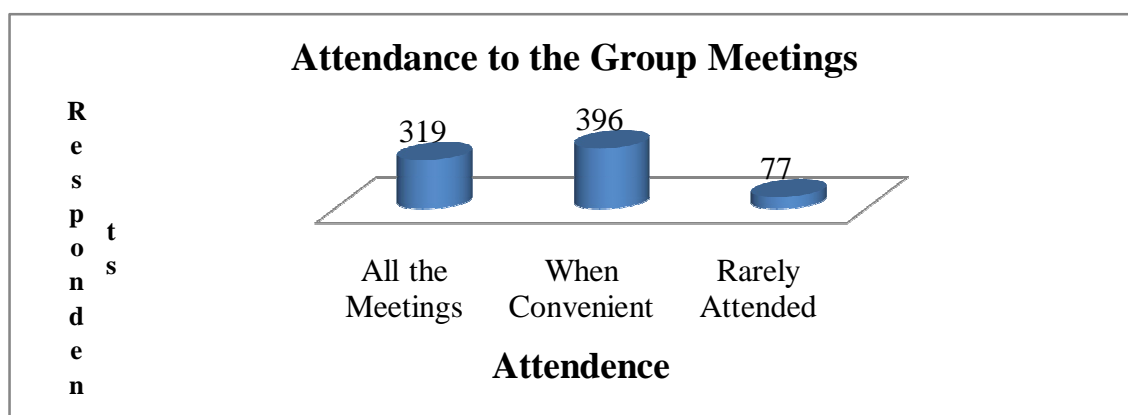
Hence it is to be noted that to improve the knowledge on the functioning of SHGs and to understand the development in the microfinance programmes the SHGs/DWCRA women are to be motivated through the conduct of training programmes periodically by NGOs and Government officials and Bank field officers in the study area.

**Table 6.7****Distribution of Sample Respondents Attendance to the Group Meetings**

Activity Of The Respondent	Attended of Number of Meeting			Total
	All the Meetings	When Convenient	Rarely Attended	
Food Processing	118 (47.96) (36.99)	94 (38.21) (23.73)	34 (13.82) (44.15)	246 (100.00) (31.06)
Dairy & Poultry	65 (43.91) (20.37)	77 (52.02) (19.44)	6 (4.05) (7.79)	148 (100.00) (18.68)
Tailoring & Sari Painting	53 (31.36) (16.61)	96 (56.80) (24.24)	20 (11.83) (25.97)	169 (100.00) (21.33)
Manufacturing	45 (31.69) (14.10)	82 (57.74) (20.70)	15 (10.56) (19.48)	142 (100.00) (17.98)
Trade And Commerce	38 (43.67) (11.91)	47 (54.02) (11.86)	2 (2.29) (2.59)	87 (100.00) (10.98)
Total	319 (40.27) (100.00)	396 (50.00) (100.00)	77 (9.72) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data.

Note: Numbers in Parentheses are percentages.

**Fig:6.7****Attendance to the Group Meetings**

Source: Computed form Primary Data

## 6.8 SHGs Bank Linkage

The SHGs based micro finance is the main form of micro finance in India today. The linkage banking system meet the demand of the poorer section predominantly women for financial support. The strategy of linkage banking with regard to numbers of SHGs served loans disbursed and repaid is the guiding principles to meet the demand of the poorer sections of the people. Hence, savings and credit are so important to fight poverty as compared to all other supporting activities such as rigid SHGs formation, educational guidance, micro entrepreneur training, skill training etc.

Micro fiancé through SHGs is contributing to poverty eradication in a sustainable manner. Studies have shown added positive impact of SHG-Bank linkage programme on the socio-economic conditions of rural poor. Further, significant change in the living standards of SHGs members have taken place in terms of increase in income level, assets, savings, borrowing capacity and income generating activities. In the light of the importance of bank linkage an attempt is made to understand the bank transaction of sample respondents in the study also. As seen from the statistics given in Table 6.8, it is evident that about 80 per cent of the sample respondents have been maintaining transactions with State Bank. Across the stras in the study area out of 626 sample respondents who have linkage with SBI, one fourth of them belong to Food Processing units followed by 23 per cent of Tailoring and Sari Panting units and 21 per cent of Dairy and Poultry and 15 per cent of manufacturing respondents. The least 13.89 per cent of respondents are also linked with SBI. Similarly out of 166 sample respondents who have been continuing their financial transactions with Andhra Bank, 51 per cent belong to Food Processing unit, followed by manufacturing (26.50 per cent) Tailoring and Sari Painting (13.01 per cent). The least share of 9.03 per cent relate to Dairy and Poultry activity.

**Table 6.8****Distribution of the Respondents by Bank Linkage**

Activity of the Respondents	Bank Linkage		
	SBI	Andhra Bank	Total
Food Processing	161 (65.44) (25.71)	85 (34.55) (51.20)	246 (100.00) (31.06)
Dairy & Poultry	133 (89.86) (21.24)	15 (10.13) (9.03)	148 (100.00) (18.69)
Tailoring & Sari Painting	147 (86.98) (23.48)	22 (13.01) (13.25)	169 (100.00) (21.34)
Manufacturing	98 (69.01) (15.65)	44 (30.98) (26.50)	142 (100.00) (17.91)
Trade and Commerce	87 (100.00) (13.89)	–	87 (100.00) (10.98)
Total	626 (79.05) (100.00)	166 (20.95) (100.00)	792 (100.00) (100.00)

**Source:** Computed from Primary Data.

**Note:** Numbers in parenthesis are per cents.

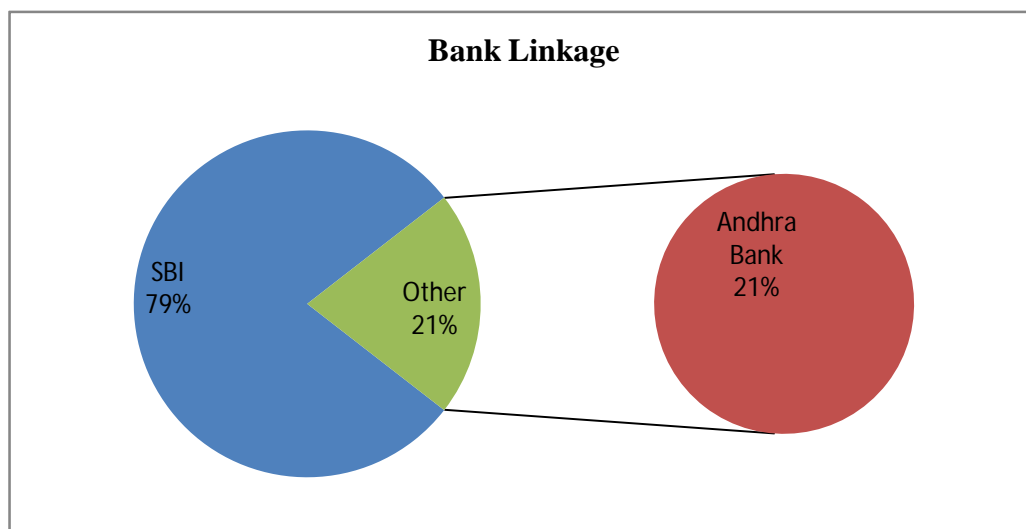
**Statistical Inference**

P Value of variable	Chi-square value ( $X^2$ )	df	Result
Low or High P=.000 or >.05	Pearson Chi-Square	$X^2$ (df)	P= <.05 or > .05
P value of <b>Bank Linkage</b> is P=.000 which is less than .05	value 118.948 <sup>a</sup>	With (df) = 8	Hence P=.000 < .05 Null Hypothesis is rejected

Since the computed P value is close to zero among the null hypothesis that ‘there is no significant association between Bank linkage groups and the type of activity undertaken’ is rejected. It is therefore concluded that the level of Bank linkage significantly influence the type of economic activity undertaken by the sample respondent.



**Fig: 6.8**



Source: Computed from Primary Data

## **6.9. Savings Pattern**

The basic philosophy of saving first and credit next is assumed to be one of the strengths of the programme. The programme rests on the premise that members will develop the habit of thrift so that during the post SHG phase they can avail of loan. The SHG-Bank linkage programmes directly differ from other microfinance programme around the world, mainly in terms of its greater emphasis on savings. This, besides increasingly their self reliance in meeting the credit needs of the group members will also help in efficient development of credit among the members as their own money is at stake.

The respondents are asked regarding their saving pattern. The data pertaining to their savings is presented in Table 6.10. It may be observed from the table that 59.85 per cent of the sample respondents can save upto Rs1550 per month, whereas 26.86 per cent are savings an amount of Rs1050 per month. The least 16.28 per cent could save a meager amount of Rs550 per month. There are marginal variations in terms savings across the activities in the study area

**Table: 6.9****Distribution of the Respondents by Individual Savings**

Activity	Individual Savings Per Month			Total
	Rs.550	Rs.1050	Rs.1550	
Food Processing	41 (16.66) (31.78)	77 (31.30) (40.74)	128 (52.03) (27.00)	246 (100.00) (31.06)
Dairy & Poultry	4 (2.70) (3.10)	54 (36.48) (28.57)	90 (60.81) (18.98)	148 (100.00) (18.68)
Tailoring and Sari Painting	37 (21.89) (28.68)	19 (11.24) (10.05)	113 (66.86) (23.83)	169 (100.00) (21.33)
Manufacturing	20 (14.08) (15.50)	21 (14.78) (11.11)	101 (71.12) (21.30)	142 (100.00) (17.92)
Trade and Commerce	27 (31.03) (20.93)	18 (20.68) (9.52)	42 (48.27) (8.86)	87 (100.00) (10.98)
Total	129 (16.28) (100.00)	189 (23.86) (100.00)	474 (59.85) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data.

Note: Numbers in parenthesis are per cents.

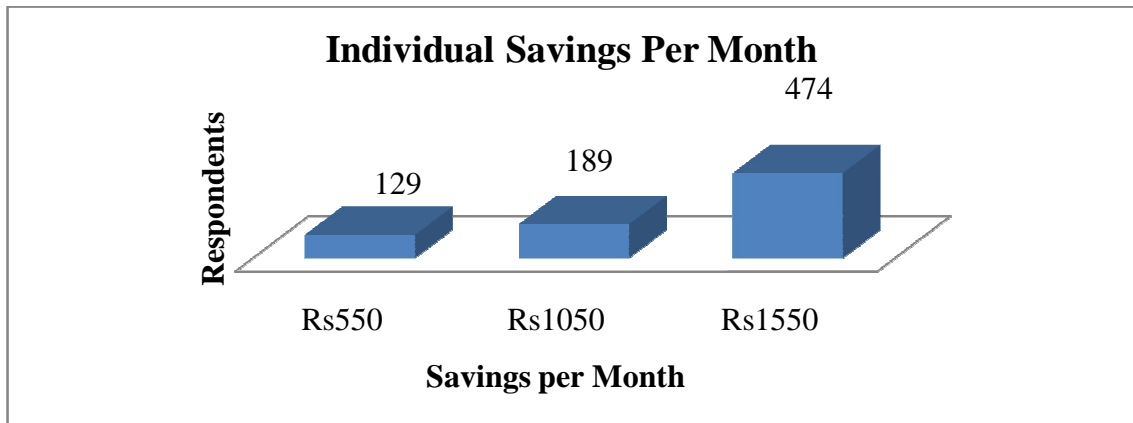
**Statistical Inference**

P Value of variable	Chi-square value ( $X^2$ )	df	Result
Low or High P=.000 or >.05	Pearson Chi-Square value 166.214 <sup>a</sup>	$X^2$ (df)	P= <.05 or > .05
P value of <b>Individual Savings</b> is P=.000 which is less than .05		With (df) = 12	Hence P=.000 < .05 Null Hypothesis is rejected

Since the computed P value is close to zero among the null hypothesis that ‘there is no significant association between Individual Savings groups and the type of activity undertaken’ is rejected. It is therefore concluded that the level of Individual Savings significantly influence the type of economic activity undertaken by the sample respondent

**Fig 6.9**

**Individual Savings per Month**



Source; Computed from Primary Data

### **6.10. Loans Received**

The financial sustainability of the sample respondents depends upon their loan amount received and credibility in repaying the loan amount. Banks are interested in giving loans to those who have credibility by paying in promptness. In this data the respondents' loan amount received and loan amount repayment is asked to know the credibility of the sample respondents. The timely payment of loan pattern is very important for the sustainability of the group as well as individual.

#### **6.10.1 Loan Amount Received from the Banks**

It is observed from the Table 6.10 that 61.1 per cent of sample respondents have receive the loan amount worth Rs50000 followed by 23.0, 10.9 and 5.1 per cent of sample respondents Rs25000, Rs10000 and Rs5000 respectively. The majority 60.00 per cent of sample respondents have received more than Rs50000 which is positive sign in dealing with debt and continuing the financial channel with banks.

Across from different categories of economic activities it is seen from the table that in Food Processing the first majority 51.20 per cent of respondents have received Rs50000 whereas in Dairy and Poultry, Tailoring and Sari Painting and Trade and Commerce it is around 60.00 per cent of respondents in each unit has received Rs50000 of loan amount. In the case of Manufacturing unit it is more than 71.8 per cent of respondents have received Rs50000 loan amount. In Trade and

Commerce there is no respondent in below Rs25000. This picture shows the credibility of the respondents.

Out of the data in the table it is concluded that the financial performance of the sample respondents is in better position. It is also observed that all most all sample respondents in the economic activity are got eligibility to receive high amount of loan irrespective of their economic status. It also shows the SHGs progress in boosting the economic activity and on par with economic empowerment of women respondents.

**Table: 6.10**

**Distribution of the Respondents by Loan Amount Received from the Banks**

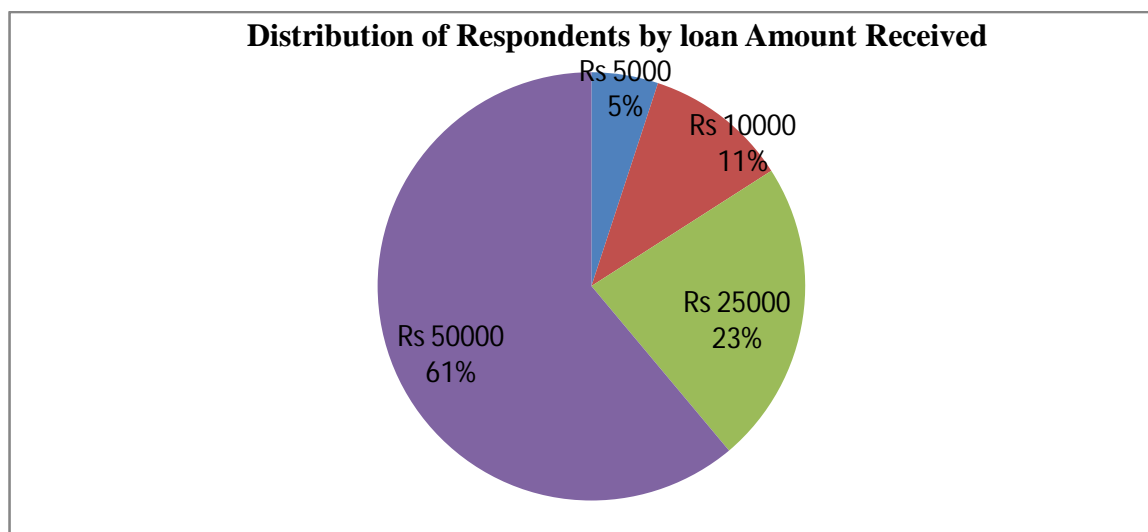
Activity	. Loan Amount Received				Total
	Rs 5000	Rs 10000	Rs 25000	Rs 50000	
Food Processing	–	44 (17.9) (51.16)	76 (30.9) (41.75)	126 (51.2) (26.03)	246 (100.00) (31.06)
Dairy & Poultry	–	4 (2.7) (4.65)	54 (36.5) (29.67)	90 (60.8) (18.59)	148 (100.00) (18.68)
Tailoring & Sari Painting	20 (11.83) (50.00)	38 (22.5) (44.18)	–	111 (65.7) (22.93)	169 (100.00) (21.33)
Manufacturing	20 (14.08) (50.00)	–	20 (14.1) (10.92)	102 (71.8) (21.07)	142 (100.00) (17.92)
Trade and Commerce	–	–	32 (36.8) (17.58)	55 (63.2) (11.36)	87 (100.00) (10.98)
Total	40 (5.1) (100.00)	86 (10.9) (100.00)	182 (23.0) (100.00)	484 (61.1) (100.00)	792 (100.00) (100.00)

Source: Computed from Primary Data.

Note: Numbers in parenthesis are per cents.

**Fig: 6.10**

**Distribution of the Respondents by Loan Amount Received from the Banks**



Source: Computed from Primary Data

**6.11 Performance in Repayment of the Bank Loan**

The financial sustainability of the SHGs depends mainly on the repayment pattern of SHG. It is only when SHGs made timely repayments to banks that get access to bigger loan this in turn depends on the repayment pattern of the individual member. Timely repayment of loan is only much essential for sustainability of the group. The sample respondents are asked to state their performance in the repayment of bank loan installment amount and the responses are consolidated and presented in Table 6.11. As seen from the table it is evident that majority of the members under study area are paying total installment of bank loan in time (98 per cent) but the meager 2 per cent of the respondents are repay irregularly. Hence it is inferred that the performance of repayment of loan is satisfactory.

**Table: 6.11****Distribution of Respondents by Repayment of Loan Amount Regularity**

Activity	Regularly Paid		Total
	Yes	No	
Food Processing	242 (98.4) (31.18)	4 (1.6) (25.00)	246 (100.00) (31.06)
Dairy & Poultry	148 (100.0) (19.07)	–	148 (100.00) (18.68)
Tailoring & Sari Painting	169 (100.0) (21.77)	–	169 (100.00) (21.33)
Manufacturing	130 (91.5) (16.75)	12 (8.5) (75.00)	142 (100.00) (17.92)
Trade And Commerce	87 (100.0) (11.21)	–	87 (100.00) (10.98)
Total	776 (98.0) (100.00)	16 (2.0) (100.00)	792 (100.00) (100.00)

**Source:** Computed from Primary Data.

**Note:** Numbers in parenthesis are per cents.

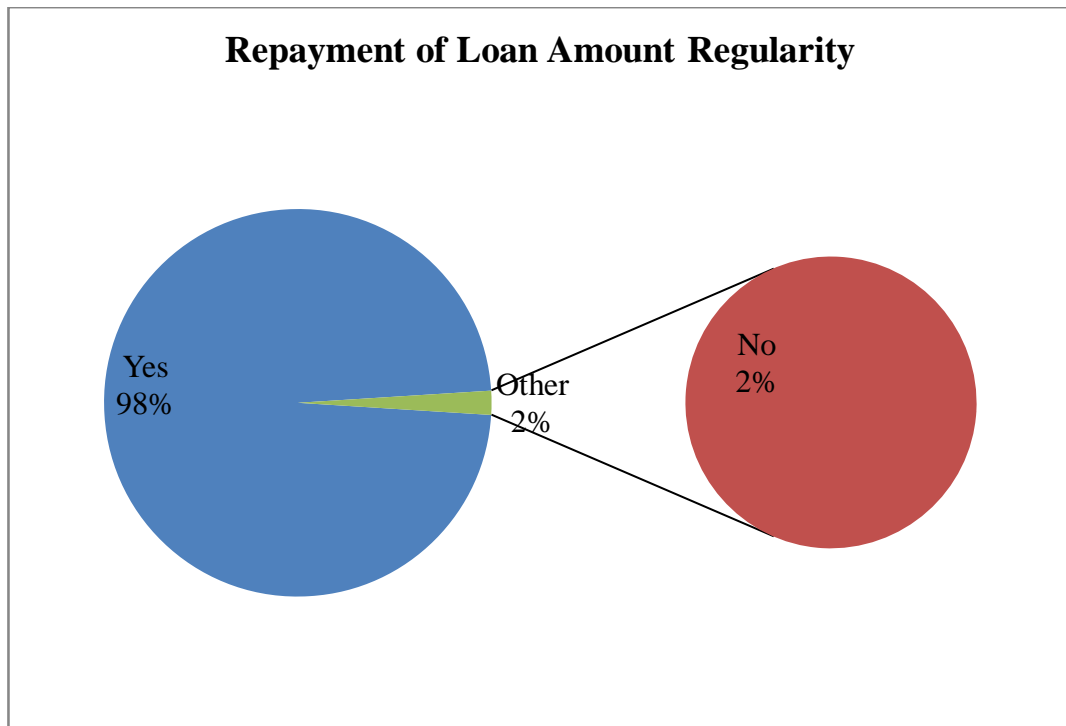
**Statistical Inference**

P Value of variable	Chi-square value ( $X^2$ )	df	Result
Low or High P=.000 or >.05	Pearson Chi-Square	$X^2$ (df)	P= <.05 or > .05
P value of <b>Loan variables</b> is P=.000 which is less than .05	Value 205.442 <sup>a</sup>	With (df) = 12	Hence P=.000 < .05 Null Hypothesis is rejected

Since the computed P value is close to zero among the null hypothesis that ‘there is no significant associated between Loan Variable groups and the type of activity undertaken’ is rejected. It is therefore concluded that the level of Loan Variable significantly influence the type of economic activity undertaken by the sample respondent

**Fig: 6.11**

**Repayment of Loan Amount Regularity**



Source: Computed from Primary Data.

**Conclusion**

Most of the respondents are joining in SHGs with an ambition of improving savings and as supplement support to the family. It is seen that this is easy way of getting loan amount at lower interest rates which supports economic empowerment. It is noticed that there are no group conflicts and clear accountancy with accountability to every rupee. It also gives knowledge in meeting and talking with officers and other business groups which improves the social empowerment. The data revealed that every respondent in the study area is getting loan with low rate of interest with minor exceptions. On the whole, it can be stated that the sample respondents of the study area have satisfaction with the functioning of SHGs with minor drawbacks. But it is obvious the respondents are with good expectations from the Government in the area of training and financial aid with continuation which associated with its progress.