A STUDY ON THE MICRO FINANCE PRACTICES IN KERALA

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UNDER
THE FACULTY OF COMMERCE

By

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CERTIFICATE

This is to certify that the work reported in this thesis entitled **A STUDY ON THE MICRO FINANCE PRACTICES IN KERALA** that is being submitted by **Smt. LIYA K,** for the award of the Degree of Doctor of Philosophy, to the University of Calicut, is based on the bonafide research work carried out by her under my supervision and guidance in the Department of Commerce and Management Studies, School of Business Studies, University of Calicut. The results embodied in this thesis have not been included in any other thesis submitted previously for the award of any degree or diploma of any other University or Institution.

Dr. M. A. JOSEPH
(Supervising Teacher)

DECLARATION

I hereby declare that this thesis entitled **A STUDY ON THE MICRO FINANCE PRACTICES IN KERALA** submitted to the University of Calicut, for the award of Degree of Doctor of Philosophy under the Faculty of Commerce and Management Studies, is an independent work done by me under the supervision and guidance of Dr. M. A. JOSEPH, Professor, Department of Commerce and Management Studies, School of Business Studies, University of Calicut.

I also declare that this thesis contains no material which has been accepted for the award of any other degree or diploma of any University or Institution and to the best of my knowledge and belief, it contains no material previously published by any other person, except where due references are made in the text of the thesis.

Calicut University Campus
7th September 2015.   **LIYA K.**

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ABBREVIATIONS

ACP	:	Accion Comuniteria of Peru
ADS	:	Area Development Society
ANOVA	:	Analysis of Variance
APMAS	:	Andhra Pradesh Mahila Abhivruddhi Society
BASIX	:	Bhartiya Samruddhi Investments and Consulting Services
CDS	:	Community Development Societies
CIA	:	Core Impact Assessment
CML	:	Centre for Microfinance and Livelihood
COD	:	Centre For Overall Development
DEA	:	Data Envelopment Analysis
DHAN	:	Development of Human Action
DLFs	:	Disaster Loan Funds
DRDA	:	District Rural Development Agency
ESAF	:	Evangelical Social Action Forum
GSGSK	:	Gandi Smaraka Grama Seva Kendram
ICT	:	Information and Communication Technology
LSD	:	Least Significance Difference
MED	:	Micro Enterprises Development
MFI	:	Microfinance Institution
MRCP	:	Maharashtra Rural Credit Project
MYRADA	:	Mysore Resettlement and Development Agency
NABARD	:	National Bank for Agriculture and Rural Development
NBFC	:	Non Banking Finance Companies
NGO	:	Non Government Organisation
NHG	:	Neighbourhood Groups
NRLM	:	National Rural Livelihoods Mission

NRM	:	Natural Resource Management
PAR	:	Participatory Action Research
PEDO	:	Peoples Education and Development Organisation
PRADAN	:	Professional Assistance for Development Action
RASS	:	Rashtriya Seva Samithi
RBI	:	Reserve Bank of India
RGVN	:	Rashtriya Grameen Vikas Nidhi
RRB	:	Regional Rural Bank
SBLP	:	SHG Bank Linkage Programme
SEWA	:	Self Employed Women Association
SGSY	:	Swarnajayanti Gram Swarojgar Yojana
SHG	:	Self Help Groups
SHGPI	:	Self Help Groups Promoting Institution
SIDBI	:	Small Industries Development Bank
SMCP	:	Savings and Micro Credit Programme
SPEM	:	State Poverty Eradication Mission

CHAPTER 1
INTRODUCTION

1.1. Introduction

Poverty represents a negative facet of human development. Major impediments to poverty alleviation and rapid economic growth in developing countries are the lack of capital resources, especially in rural areas. A vicious cycle of low capital, low productivity, low incomes, low savings and consequently weak capital base is clearly operating. This results in a permanent poverty syndrome.[1]

Access to credit is fundamental for creating a resource base for the poor. Credit is an element that gives relief and confidence to a person while involving in the exercise of satisfying a desire. The tempo for all growth-oriented processes and the essential ingredient in the rural development processes are the attributes entrusted to the term 'credit'. Poor people suffer from financial difficulties, but the energy and strength they acquire from the adverse situations in their life constitute the driving force towards development-oriented tasks. The fullest utilisation of available potential is not possible in many cases, owing to lack of knowledge and financial support. The provision for required timely credit with necessary supporting services is needed for assisting the poor to involve themselves in productive ventures which would generate adequate income. Financial support from banks and other institutions need to be channelised for this purpose.

The poor need a wide range of financial services ranging from small advances to tide over their consumption needs to long term loans for investment

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[1] Samapti Guha, "Salient Features of Micro Finance Institutions in India", IPRF working paper series ,No.01,(2004).p.1

purposes which would help them to manage their life cycle needs[2]. Access of the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of the national economy. This realisation has led to the implementation of certain important banking related policies. Nationalisation of major commercial banks, setting up of RRBs, launching of large credit-supported programmes aimed at creating self employment opportunities for the poor and persuading banks to participate in the government programmes are some of the important measures taken for rapid improvement of the position of women in the social set up. Although these measures have greatly increased the outreach of the banks among the poorer section of the society, they were not up to the mark[3].

The various government-sponsored poverty alleviation programmes for improving the economic conditions of the poor have not achieved the desired result due to poor implementation. The rapid and vast expansion of the formal credit system in the country also failed to bring out significant benefits to the poor. It was realised that the existing banking policies, system and procedures were not well suited to meet the credit needs of the poor. An analysis of credit needs of the poor also revealed that they required small, regular and urgent loans even for consumption needs. But the banks could not lend small but frequent amounts and also could not entertain loans for the consumption purpose of people who were below poverty line.

To bridge the gap between demand and supply of funds in the lower rungs of the economy, micro finance evolved as a need-based policy and programme to cater to the neglected target groups such as women, poor, rural or economically deprived classes of the economy. Its evolution is based on the

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[2]   Priya Basu and Pradeep Srivastav, "Exploring Possibilities Micro Finance and Rural Credit Access for the Poor in India", Economic and Political Weekly, Vol.XL, No.17, April, (2006).pp.1747-1756.
[3]   NABARD and Micro Finance, NABARD, Mumbai,(2007). p.127

concern of all developing countries for the empowerment of the poor and the alleviation of poverty.

1.2. Micro Finance

Micro finance services are financial services that poor people desire and are willing to pay for. The term also refers to the practice of sustainably delivering those services. More broadly, it refers to a movement that envisions a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial service, including not just credit but also savings, insurance and fund transfer. The task force on Micro Finance constituted by NABARD suggested a working definition of micro finance as "provision of thrift, credit, and other financial services and products of very small amounts to the poor to enable them to raise their income and improve their living standards".

1.2.1. Need for Micro Finance

The World Summit on Micro-Enterprises and the Consultative Group to Assist the Poorest (CGAP) highlighted the serious concern of the international community to reduce the levels of poverty, both in terms of income levels and deprivation of basic needs for a decent living. Micro finance has come to be recognised and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor, especially women. It refers to the entire range of financial services rendered to the poor and includes skill upgradation and entrepreneurial development that would enable them to overcome poverty. The concept of micro finance rests on the premises that:[4]

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[4] V.Puhazhendhi and K.J.S.Satyasai, " Micro Finance for the poor- Impact Assessment", NABARD,(2000)

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a. Self employment/entrepreneurial formation are viable alternative means of alleviating poverty.

b. Lack of access to capital assets/credit acts as constraints to existing and potential micro enterprise.

c. The poor are able to save despite their low level of income.

Micro finance can be referred to as providing credit support, usually in very small amount along with training and other related services to people with poor resources and skills but who are in a position to undertake economic activities.

1.2.2. Birth of Micro Finance

Credit unions and lending co-operatives have been around for hundreds of years. However, the pioneering of modern micro finance is often credited to Dr. Mohammad Yunus, who began experimenting with lending to poor women in the village of Jobra, Bangladesh during his tenure as a Professor of Economics at Chittagong University in the 1970s. With his outstanding contribution to eradicate global poverty and to help improve the lives of millions of people, Prof. Mohammad Yunus was popularly known as Father of Modern Micro-Credit system. He lent out 27 US dollars to 42 people in 1976 and started a research project in Bangladesh in 1979 and came out with the idea of micro-credit that resulted in the establishment of Grameen Bank in 1983. In 2006, Prof. Yunus and the Grameen Bank were jointly awarded the Nobel Peace Prize "for their efforts through microcredit to create economic and social development from below". The Norwegian Nobel Committee noted that "lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty" and that "across cultures and civilizations, Prof. Yunus and Grameen

Bank have shown that even the poorest of the poor can work to bring about their own development".[5]

1.2.3. Micro Finance in India

Micro finance has been perceived as an alternative tool of providing financial services to poor clientele in India. SEWA (Self Employed Women Association) Bank is the oldest micro finance organisation in the country. It was set up in 1973 in Ahmedabad, Gujarat. This is a trade union which started organising self employed women in this State. The community based organisations (CBOs) and non- governmental organisations (NGOs) initiated the micro finance movement and the formal financial sector joined in at a later stage. Variety of micro finance delivery practices have been adopted by governmental and non- governmental organizations in India. Major delivery practices include Self Help Group Model, Federated Self Help Group Model, Grameen Bank Model etc. However, the popular mode of delivering micro finance in India is Self Help Group (SHG) Model. SHG is a small informal association of members who have come together voluntarily with the objective of obtaining socio-economic benefits on the basis of self help and collective responsibility. Initially, NGOs motivated the poor to form SHGs and supported them to manage their savings and internal lending activities within the SHG. In the year 1992, NABARD initiated a pilot project on SHG-Bank Linkage programme in India. For this pilot project, southern states in India were chosen. NABARD took up this programme in a full-fledged manner in 1998 after the immense success of the pilot project. Now SHG-Bank Linkage Programme is one of the largest micro finance programme in the world. Within a span of 15 years, the outreach

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[5]   "The Nobel Peace Prize for 2006". NobelPrize.org. 13 October (2006).

of this programme had increased to 2.24 million credit linked SHGs in the year 2006 from 255 credit- linked SHGs in the year 1992.[6]

In the present Indian micro finance sector, commercial banks, regional rural banks, cooperative banks, non banking financial companies (NBFCs) and NGOs are involved in offering micro finance services to the poor. Micro finance movement in India can be divided into two phases. In the first phase of this movement, it was found that NGOs and CBOs took the initiative of group formation. They nurtured these SHGs and provided micro-credit. In this phase most of the programmes were sponsored by national and international donor agencies. In the second phase, Micro-Credit movement transformed into a broader level of intervention and came to be recognised as Micro finance movement. Formal financial institutions joined this movement along with NGOs and CBOs. Apart from credit, the provision of other financial products like insurance and micro savings is also carried out. It is important to note that in the nascent stage, the movement was considered as a poverty lending exercise and now in the present stage it has transformed into a profit earning financial business.

1.2.4. Salient Features of Micro Finance Sector in India

Some noticeable features of the micro finance sector in India are discussed here. The most debated topic with respect to the development of this sector is its legal framework. No unique legal structure of micro finance institutions exists in India. Generally, micro finance services are provided by three types of institutions, Formal Financial Institutions (such as commercial banks, regional rural banks, cooperative banks and non banking financial intermediaries coming under the ambit of the Reserve Bank of India's regulatory framework flowing from the statutory provisions of either the

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[6] Samapti Guha, "Impact of Competition on Microfinance Beneficiaries: Evidence from India", Asia Research Centre (ARC)(2006)

Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934, or both); Semi Formal Institutions (such as NGOs, NBFCs registered under the Registration of Societies Act or Section 25 of the Companies Act or the Cooperative Societies Act etc. as the case may be) and Informal Institutions (self help groups, village moneylenders etc). According to legal status, semi formal MFIs are not allowed to raise equity and mobilise public deposits. As a result most of the semi formal institutions are changing their legal status from either a society or a trust to an NBFC or a bank. In this process they are being forced to change their mission of social service to the objective of profit earning. It is also seen that the growth of this sector is enormous and resulting in competition among service providers.

1.2.5. Micro Finance Practices in Kerala

Many non-governmental organizations/voluntary agencies, commercial banks, co-operative banks and government agencies are actively involved in promoting informal groups of the poor to encourage thrift and credit to meet their emergent needs and to wean them away from the moneylenders. Self help groups (SHGs) promoted by non-governmental organisations, the neighborhood groups (NHGs) under Kudumbashree Mission and the SHGs promoted by non banking finance companies (NBFCs) are the main informal groups in the State. Kudumbashree Mission launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of local self governments, is one of the largest women-empowerment projects in the country. It was conceived as a joint programme of the Government of Kerala and NABARD, implemented through Community Development Societies (CDSs) of poor women, serving as the community wing of local self governments.

1.3. Significance of the Study

The micro finance practices have come of age after nearly two decades of experimentation. Its initial success has attracted considerable attention from development practitioners, policy makers, fund providers, academicians, researchers and even corporate bodies. Micro finance today has become a vehicle to pursue diverse developmental agendas and even for the profit motive[7]. From the detailed literature review, it was revealed that a large number of studies have come up on various aspects of micro finance such as impact assessment of micro finance, women empowerment through self help groups, self help group bank linkage programme, financial inclusion through self help groups etc. However, no specific study was conducted on the comparative evaluation of the different micro finance interventions on one platform.

In this study, a comparative evaluation of the micro finance practices through three major micro finance interventions of the State was done. It includes micro finance intervention of the State government, micro finance interventions of non-governmental organizations and micro finance interventions of non banking finance companies. Micro finance interventions of government and non-governmental organisations operate mainly with the objective of philanthropy, while organizations with the form of non banking finance operate with profit motive. This study can be viewed as a comparative evaluation of the micro finance practices of 'not-for-profit' micro finance organizations and 'for- profit' micro finance organizations, which makes the study more relevant.

For evaluating the micro finance practices, initially, a comparative evaluation of the performance of self help groups under three interventions was done, using certain quality parameters that were identified. In the second level, comparative analysis of the loan repayment performance of members, level of

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[7]   Sanjay Kanti Das, "An Analytical Study of Quality Assessment among SHG's of NABARD & MYRADA", Indian Res. J. Ext. Edu. 13 (1), January (2013)

satisfaction of members towards micro finance services and the impact of micro finance on the members of self help groups under the three micro finance interventions was done.

Findings of a study of this kind would be relevant in the following grounds:

- Enable the unprivileged, deprived people to move forward in the right path to avail micro finance.

- Facilitate the policy makers to formulate and reformulate the policies related to micro finance.

- Enable banks, NGOs and other formal agencies to incorporate appropriate changes to reap best results.

- Fill the research gap.

1.4. Scope of the Study

This study, evaluates three major micro finance practices in Kerala, namely the micro finance practices of the State-driven Kudumbashree Mission, micro finance practices through Non- Governmental Organisations (NGOs) and the micro finance practices through Non Banking Finance Companies (NBFCs). Since micro finance services are delivered through self help groups, it becomes imperative to evaluate the performance of self help groups while conducting an evaluation of the micro finance practices in Kerala. Therefore, a two-tier study was conducted, the first tier being a study at the self help group level and the second tier being a study at the individual level.

At the self help group level, the study was confined to the variables indicating the performance of the self help groups and the problems in the self help groups. For this purpose, an extensive survey was conducted among the

leaders of two hundred self help groups under the three selected micro finance interventions in the State. At the individual level, again a survey was conducted among four hundred members of self help groups under the three micro finance interventions. The study variables were related to the reason for joining self help groups, loan repayment performance of members, satisfaction of members towards micro finance services, and the impact of micro finance on the members of self help groups.

The study was confined to three micro finance interventions in the State, namely the State-sponsored Kudumbashree Mission, micro finance practices of NGOs and NBFC-MFIs. The study did not attempt to include micro finance practices through self help groups promoted by banks and those formed under Central government schemes.

The survey for the study was conducted in two randomly chosen districts in Kerala namely, Calicut and Alappuzha. Since Kudumbashree has presence all over Kerala, the data for Kudumbashree were collected from both Calicut and Alappuzha. Of the NGOs operating in the micro finance sector in Kerala, two NGOs were selected. They were Centre for Overall Development (COD) operating in Calicut and Gandhi Smaraka Grama Seva Kendra operating in Alappuzha. Under NBFC category there are thirteen Microfinance Institutions (MFIs) which are registered and operating in Kerala. Besides this, few NBFC-MFIs registered elsewhere in the country are also operating in the State. Two NBFC-MFIs having presence almost all over Kerala were selected for the study. They were SKS Microfinance Ltd. and ESAF Microfinance and Investments (P) Ltd. and the data for these were collected from both Calicut and Alappuzha. The entire study was conducted from the point of view of the beneficiaries of micro finance i.e., self help group leaders and self help group members.

1.5. Statement of the Problem

Indian economy was the second fastest growing economy in the world with a growth rate of 8.2% in 2010-2011. The population is predominantly concentrated in rural areas. As per the Census of 2011[8], Indian population is 1.21 billion, out of which 70.5% lives in rural areas. In 2011, India had 270 million[9] poor people, of which 216 million reside in rural areas and 53 million reside in urban areas. So rural development and alleviation of poverty is a prerequisite for the socio-economic development of the country and is vital for inclusive and sustainable growth.

Micro Finance is emerging as a powerful tool for poverty alleviation in the economy. In India, the micro finance scene is dominated by Self Help Groups as a cost effective mechanism for providing financial services to the 'unreached poor'. In the present Indian micro finance sector, commercial banks, regional rural banks, cooperative banks, non banking finance companies (NBFCs) and NGOs are involved in offering micro finance services to the poor. Besides this there are governmental interventions also. Diversity in micro finance delivery mechanisms poses a question, as to which is performing better. In this study the researcher takes up this question in the context of the State of Kerala. Although, at the time of inception, micro finance was viewed as an act of philanthropy, the proliferation of micro finance institutions particularly, NBFC form of MFIs has made the sector competitive and an avenue for making profit. Thus today micro finance has become a vehicle to pursue diverse developmental agendas and even profit motive.

In this context, it becomes necessary to evaluate the micro finance practices of such varied forms of interventions and suggest practical solutions to improve them if needed.

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[8] Census Report 2011.

[9] Poverty Estimates for 2011-12, Planning Commision, (2013), <http://planningcommission. nic.in/ news/press_pov2307.pdf>

In this study, the researcher evaluates three major micro finance practices in Kerala, namely the micro finance practices of the State- driven Kudumbashree Mission, micro finance practices through Non-Governmental Organisations (NGOs) and the micro finance practices through Non Banking Finance Companies (NBFCs). Since micro finance services are delivered through self help groups, it becomes imperative to evaluate the performance of self help groups themselves while conducting an evaluation study of the micro finance practices in Kerala. So a two-tier study was conducted, the first tier being a study at the self help group level and the second tier being a study at the individual level.

1.6. Objectives of the Study

The primary objective of the study is to evaluate the micro finance practices through three major micro finance interventions in Kerala, namely the State -driven Kudumbashree mission, micro finance through Non Governmental Organisations (NGOs) and micro finance through Non Banking Finance Companies (NBFCs). In this attempt to evaluate the micro finance practices, the following specific objectives are identified.

1. To assess the quality of performance of the self help groups under the three selected micro finance interventions in the State.

2. To assess the extent of cohesiveness in the self help groups and its association with other group performance parameters like level of homogeneity in the groups and level of awareness of group norms.

3. To analyse the perception of the leaders about the problems in self help groups under the three selected micro finance interventions in the State.

4. To identify the important reasons for joining self help groups by the members and the variability of the reasons with regard to the type of micro finance intervention.

5. To analyse the loan repayment performance of the members and its variability with regard to the type of micro finance intervention and nature of the loan.

6. To analyse the level of satisfaction of the members about various aspects of loan and various other services provided to the members and its variability with regard to the type of micro finance intervention.

7. To analyse the perception of the members about the extent of change in the economic impact factors after joining self help groups and its variability with regard to the type of micro finance intervention.

8. To analyse the perception of the members about the extent of change in the social impact factors after joining self help groups and its variability with regard to the type of micro finance intervention.

1.7. Hypotheses

The following hypotheses were used in the study.

1) Level of cohesiveness has no association with level of awareness of group norms and level of homogeneity in the groups.

2) There is no significant difference in the performance of self help groups under the three micro finance interventions.

3) There is no significant difference in the perception of leaders about the problems in the group under the three micro finance interventions.

4) There is no significant difference in the reason for joining SHG, among the members of the three micro finance interventions.

5)   There is no significant difference in the repayment performances of loans, among the members of the three micro finance interventions.

6)   There is no significant difference in the satisfaction level with regard to various factors of loan and various other services, among the members of the three micro finance interventions.

7)   There is no significant difference in the perception about the change in economic impact factors, among the members of the three micro finance interventions.

8)   There is no significant difference in the perception about the change in the social impact factors, among the members of the three micro finance interventions.

1.8. Operational Definition of Concepts

Concepts used and their definitions are given below.

1.8.1. Micro Finance Practices

In this study, micro finance practices refer to the activities performed by institutions involved in delivering micro financial services to the clients. It involves, promotion of self help groups, nurturing of groups, training and assistance to members, providing micro loans, micro insurance services etc.

1.8.2. Micro Finance Interventions

In this study, interventions refer to structural interventions. It includes the following:

i.   Interventions on the part of Government of Kerala, namely, Kudumbashree Mission.

ii.   Interventions of non government organisations (NGOs).

iii.   Interventions on the part of non banking finance companies (NBFCs).

1.8.3. Micro Finance Institutions (MFIs)

Micro finance institutions refer to those institutions formed solely for delivering micro finance services to the clients. So, for the purpose of this study, only the institutions formed as NBFCs are called as Micro finance institutions because Kudumbashree Mission and Non Governmental Organisations are not formed solely for doing micro finance activities.

1.8.4. Economic impact factors

Economic impact factors refer to those factors which are considered for analysing the economic impact of the micro finance on the SHG members. In this study the economic impact factors considered are average monthly personal income, average monthly household income, average monthly household expenses, average monthly savings, amount of loan availed and average amount of household assets.

1.8.5. Social impact factors

Social impact factors refer to those factors which are considered for analysing the social impact of the micro finance on the SHG members. In this study the social impact factors considered are categorised into six heads: level of self confidence, personal skills, decision making skills, individual capacity, self esteem and access to facilities.

1.9. Conceptual Framework of the Study

Figure 1.1 shows the conceptual framework of the study.

Figure 1.1.
Conceptual Framework of the Study

Micro Finance Practices

- Promotion and Nurturing of Groups
- Training and assistance
- Micro Loans
- Micro Savings
- Micro Insurance

Micro Finance Interventions

- Kudumbashree Mission
- NGOs
- NBFC-MFIs

SHGs

Members

Assessment of Performance of SHGs

- Group Constitution
- Conduct of Meeting
- Rules and Regulations
- Documentation
- Training
- Mobilisation of Savings
- Loan Disbursement
- Activities and Services
- Credit Linkage
- Cohesion

Evaluation at Member Level

- Loan Repayment Performance
- Level of Satisfaction
- Economic Impact
- Social Impact

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1.10. Research Methodology

The research design used for the study is descriptive based on both primary data and secondary data.

1.10.1. Source of Primary Data

Primary data for the study were collected from two districts in Kerala namely Calicut and Alappuzha. Data about the performance of self help groups and the problems in self help groups were collected using an interview schedule circulated among the leaders of self help groups. Data about the reasons for joining self help groups, loan repayment performance of members, level of satisfaction of members and impact of micro finance on members were collected using another interview schedule circulated among the members of self help groups. A large number of discussions were conducted among the officials in Kudumbashree Mission, NGOs and NBFC-MFIs.

1.10.2. Source of Secondary Data

Secondary Data was collected from periodic reports of NABARD, RBI, various Commercial banks, reports of Ministries of Finance of Central and State governments, Kudumbashree Mission, ESAF Micro finance and Investments Ltd., SKS Microfinance Ltd. etc. A substantial amount of information was collected from various websites, business journals, magazines, newspapers etc.

1.10.3. Sampling Design

Primary data were collected using two structured interview schedules, one for collecting data about SHGs from the leaders of the SHGs and the second, for collecting data from women members of self help group. Since the population is large and widely spread throughout the State, multistage sampling technique was used for selecting samples.

In the **first stage**, the micro finance interventions in the State were divided into three groups as micro finance interventions of the government, micro finance interventions of non-governmental organisations (NGOs) and micro finance interventions of non banking finance companies (NBFCs). The Kudumbashree Mission promoted by the Government of Kerala was taken under the category micro finance interventions of Government. From a preliminary study about the NGOs in Kerala, it was found that, none of the NGOs operating in the micro finance sector had operations throughout the State. Since the operations of each NGO was limited to two or three districts only, the selection of NGO was not possible in this stage and it was postponed to the second stage. Under NBFC category, Micro Finance Institutions (MFI) formed as NBFCs registered in Kerala and registered elsewhere in the Country are operating in the State. Out of the thirteen NBFC-MFIs registered in Kerala, ESAF Microfinance and Investments (P) Ltd. was selected considering that it had the largest client base in the State. Again, on considering performance and client base, SKS Microfinance Ltd. was selected from those few NBFC-MFIs registered outside the State and having operations in the State.

In the **second stage,** for the purpose of study, the whole State was divided into two geographical regions namely, south and north. The southern region consists of seven districts namely Thiruvananthapuram, Kollam, Alappuzha, Pathanamthitta, Idukki, Kottayam and Ernakulam. The northern region comprises of seven districts namely Thrissur, Palakkad, Malappuram, Calicut, Wayanad, Kannur and Kasaragod. From each of these regions one district was selected. Thus from the southern region Alappuzha and from the northern region Calicut were selected on random basis. A survey about the performance of NGOs in the selected districts was done and based on the performance, Gandhi Smaraka Grama Seva Kendra (GSGSK) was selected from Alappuzha and Centre for Overall Development (COD) was selected from Calicut.

In the **third stage,** a list of all SHGs operating in the two selected districts under all the selected micro finance interventions was taken. From the available lists, in total, 200 SHGs were selected, purely using random sampling technique. Lottery method without replacement was used for drawing 200 samples. Composition of the 200 samples was as follows;

➢ 100 SHGs of Kudumbashree; That is 50 each from both districts.

➢ 50 SHGs of NGO; 25 groups from Calicut and 25 groups from Alappuzha.

➢ 50 SHGs of NBFC; 25 groups from Calicut (13 groups of ESAF and 12 groups of SKS Microfinance Ltd.) and 25 groups from Alappuzha (12 groups of ESAF and 13 groups of SKS Microfinance Ltd.)

In the **fourth stage**, two members were randomly selected from the each SHG. Sample size of members was 400 which composed of 200 members of Kudumbashree, 100 members of NGOs and 100 members of NBFC-MFI.

1.10.4. Determination of Sample Size

In this study, sample size was determined on the basis of following equation.

$$n = \frac{Z^2 \sigma^2}{e^2}$$

Where:

n   =   size of sample

z   =   the value of standard Normal Variable at a given
         confidence level (It is 1.96 for 5% significance level),

$$\sigma \quad = \quad \text{Standard deviation of the population (SD of variable}$$

with maximum variance is taken)

$$e \quad = \quad \text{acceptable error (it is assumed as 0.165).}$$

The calculated values of the sample sizes are given in table 1.1

Table 1.1

Sample size determination

Sample size of Self Help Groups	Sample size of members
$n = \dfrac{(1.96)^2(1.39)^2}{0.165^2} = 196$	$n = \dfrac{(1.96)^2(2.82)^2}{0.165^2} = 398$

Source: Pilot survey

The sample size for self help groups was rounded off to 200 and that for members was rounded off to 400.

1.10.5. Tools of Data Collection

Primary data were collected using two structured interview schedules, one for collecting data about self help groups from the leaders of self help groups and the other for collecting data from the women members of self help groups. While developing the interview schedule for the leaders of self help groups, inorder to assess the quality of performance of the groups, the parameters for quality assessment developed by various institutions such as NABARD, Sa-Dhan, APMAS, BASIX etc. were duly considered. Interview schedule for self help group members were suitably framed after an extensive review of the available literature. Discussions were also made with scholars and experts in this field while drafting the interview schedules. Before undertaking the complete survey, a pre-test was conducted after which, the interview schedules were modified and restructured suitably. The completed schedules were checked and the omissions and commissions were rectified on the spot.

1.10.6. Variables used in the Study

The variables used in the study are categorised and presented below in table1.2.

Table 1.2

Variables used in the study

Purpose of variable	Name of the variable
I. Profile of groups	
	1. Micro finance intervention
	2. Region
	3. Age of the group
	4. Size of the group
II. Performance measurement of self help groups	
	1. Group constitution • Level of homogeneity in the group
	2. Conduct of meeting • Frequency of meeting • Attendance in the meeting • Participation of members in discussions • Maintenance of minutes • Participation of member in group decision making
	3. Rules and regulations • Level of Awareness of group norms
	4. Documentation • Level of maintenance of records
	5. Training • Conduct of training
	6. Mobilisation of savings (not applicable to SKS/ESAF groups)

Purpose of variable	Name of the variable
	• Frequency of savings • Percentage of loan on total savings of the group
	7. Loan disbursement • Rate of interest charged • Level of repayment in time
	8. Activities /Services • Micro enterprise development • Linkage with community
	9. Credit Linkage • Linkage with banks

	10. Cohesion
	• Group cohesion
	   i. Unanimity in decision making
	   ii. Absence of conflict
	   iii. Affiliation of members for each other
	   iv. Devotion to work in group
	   v. Motivation to remain in group

III.	**Perception of the leaders about the problems in self help groups**
	1. Conflict among members
	2. Lack of co-operation among members
	3. Inadequate loan amount
	4. Delay in sanctioning loans
	5. Tight repayment schedule
	6. Non repayment of loans as per schedule
	7. Drop out of members
IV.	**To prepare the profile of the respondents**
	1. Type of the micro finance intervention
	2. Region
	3. Age

Purpose of variable	Name of the variable
	4. Community
	5. Educational qualification
	6. Marital status
	7. Occupation
	8. Average monthly family income
V. To analyse the reason for joining self help groups	
	1. To Increase the habit of savings
	2. To get loans
	3. Involve in income generating activity
	4. Meet household expenses
	5. Associate with other women
VI. To analyse the type of the loan	
	1. Loan from group common fund (not applicable to NBFC- MFI clients)
	2. Bank linkage loan (not applicable to NBFC- MFI clients)
	3. Micro Finance Institution loan (not applicable to Kudumbashree members)
VII. To analyse the average amount of loan	
	1. Average of the last three loans taken by the client
VIII. To analyse the purpose of the loan	
	1. Engage in Income generating activity
	2. Medical purpose
	3. Repayment of old loan
	4. Household function
	5. Education of the children
	6. Construction/renovation of the house
	7. Purchase of assets

Purpose of variable	Name of the variable
IX. To analyse the repayment performance of the loan	
	1. Repayment of loan from group common fund (not applicable to NBFC- MFI clients)
	2. Repayment of bank linkage loan (not applicable to NBFC-MFI clients)
	3. Repayment of MFI loan (not applicable to Kudumbashree members)
X. To analyse the level of satisfaction about various aspects of loan	
	1. Adequacy of loan amount
	2. Timely availability of loan
	3. Rate of interest and other charged
	4. Frequency of loan repayment
	5. Period of loan
XI. To analyse the type of insurance availed	
	1. Life insurance
	2. Health insurance
	3. Accident claim
	4. Non liability insurance
XII. To analyse the level of satisfaction about various other services	
	1. Initial guidance and counselling
	2. Training and development programme
	3. Assistance in project identification and development
	4. Conduct of meeting
	5. Interaction among the group members
	6. Insurance service
XIII. Perception of the clients about the level of change in economic impact factors	
	1. Increase in Average monthly personal income

Purpose of variable	Name of the variable
	2. Increase in average monthly household income
	3. Increase in average monthly household expenses
	4. Increase in average monthly savings
	5. Increase in amount of loan
	6. Increase in amount of household assets
XIV. Perception of the clients about the level of change in social impact factors	
	1. Level of change in self confidence • Confidence to meet officials • Confidence to face financial problems • Confidence to face domestic issues • Physical mobility 2. Level of change in skills • Communication skill • Leadership skill • Business skill
	3. Level of change in the participation of members in decision making about : • Children education • Household expenses • Taking loan • Purchase of assets • Decision about household function
	4. Level of change in individual capacity • Capacity to take risk • Capacity to react against women abuse • Capacity to face criticism
	5. Level of change in self esteem • Self image in the family • Self image in the society • Self reliance

Purpose of variable	Name of the variable
	6. Change in the level of access to the following facilities • Medical facility • Sanitation facility • Children education facility • Drinking water facility • Banking facility

1.10.7. Scaling Technique

Since most of the information collected is qualitative in nature, it becomes necessary to use scaling techniques to quantify the qualitative information. For this purpose, Lickert's five point scaling technique is followed for quantifying the various qualitative aspects of the study such as the degree of cohesiveness in the groups, perception about the problems in groups, level of satisfaction towards services, perception about the impact of micro finance etc. Ranking scale technique was also used.

1.10.8. Reliability Analysis

In order to check the internal consistency of the scaled statements, reliability analysis using Cronbach's Alpha Reliability Test was done. Cronbach's Alpha for the scaled statements was 0.957 which is higher than the standard Cronbach's Alpha of 0.7. Hence it is proved that internal consistency of the scale as a whole is high and the questionnaire can be considered as highly reliable.

1.10.9. Pre- test

To test the reliability, variability and efficiency of the research instrument developed, a pre test was conducted. For the pre- test, data was collected from

50 SHG leaders and 100 selected members of the three selected micro finance interventions from Calicut District. In the light of experience gained, the interview schedule was revised thoroughly.

1.10.10. Classification of Data

Primary data collected about the self help groups were classified on the basis of the type of micro finance intervention under which the SHG was formed. The collected primary data about self help group members were classified on the basis of type of micro finance intervention from which the respondents availed micro finance services. The collected data were also analysed on the basis of level of education and occupational status of the respondents for identifying the reasons for joining self help groups, satisfaction with regard to loan products, and satisfaction with regard to the micro finance institution.

1.10.11. Tools of Analysis

Simple mathematical tools like mean, percentages and statistical tools like correlation, standard deviation etc. have been used for summarising the classified primary data. To test the statistical difference between mean values, Kruskall Wallis test, paired t-test, t- test for independent samples, ANOVA and LSD test were used. Before applying every statistical tool, the test distribution was subject to test of normality using the non-parametric test namely, Kolmogorov-Smirnov Test.

1.10.12. Period of Study

The secondary data for the study was collected over a period of five years starting from 2008-09 to 2012-13. Primary data has been collected from the month of September 2012 to May 2013.

1.11. Limitations of the Study

The study has the following limitations.

1. The study did not include the self help groups promoted by banks and those formed under Central Government schemes.

2. Majority of information required for the study is qualitative in nature and collected by using appropriate scales in the questionnaire. So all the limitations of scaling technique are there; and

3. All the limitations of multi-stage sampling technique and random sampling technique are there.

However, efforts have been taken to minimise the effect of the limitations affecting the findings.

1.12. Chapter Scheme

This thesis is distributed over six chapters and different subtopics are discussed within each chapter. Brief outline of the six chapters are presented below:

Chapter 1: Introduction

This chapter introduces the concept of micro finance, outline of the micro finance sector in India, significance of the study, research problem, study objectives and hypotheses. The chapter presents the description of the methodology of research which includes, the sampling plan, tools of data collection and analysis, study variables etc. It also presents the limitations of the study.

Chapter 2: Review of Literature and Research Gap

A perusal of available literature is provided in chapter two under different sections covering different aspects of micro finance such as self help groups, performance rating of self help groups, self help group bank linkage, impact of micro finance etc. The research gap in the area of study is also pointed out in this chapter.

Chapter 3: Theoretical Overview of Micro Finance

In this chapter a brief overview of the study area and necessary theoretical background are presented. This includes discussions on SHG, SHG bank linkage programme, micro finance delivery methodologies, legal forms of micro finance institutions, principles of micro finance, performance assessment of SHGs, and impact assessment. It also provides a brief profile of Kudumbashree, SKS Microfinance Ltd., ESAF Microfinance and Investments Ltd., Centre for Overall Development, and Gandhi Smaraka Grama Seva Kendra.

Chapter 4: Assessment of Performance of Self Help Groups

The analysis of data relating to Self Help Groups (SHGs) is presented in this chapter. This chapter is divided into four sections. Section- A deals with the profile of SHG groups, Section-B deals with the performance assessment parameters of self help groups, Section-C deals with actual performance assessment of SHGs and Section- D deals with the perception of group leaders about problems faced in the groups.

Chapter 5: Analysis of Micro Finance Practices: Beneficiary Perspective

Data analysis relating to SHG members is presented in this section. This chapter is divided into four sections. Section- A discusses the profile of the respondents and the reasons for joining self help groups. Section- B deals with the nature, purpose, amount of loan and the loan repayment performance of the

members. Section-C deals with satisfaction of members about various aspects of loan and various other services to members and Section-D deals with the impact of micro finance on the members. All the necessary analysis with statistical tests is carried out in this chapter for finding the relationship between different variables in the study.

Chapter 6: Conclusion

Summary of entire study, major findings, suggestions and conclusion are presented in this chapter. Suggestions based on experience gained in the field work and based on the findings of the study, are listed in this chapter to draw the attention of responsible authorities concerned, and is the major highlight of this chapter.

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CHAPTER 2

REVIEW OF LITERATURE
AND RESEARCH GAP

2.1. Introduction

A large volume of research studies are available on various aspects of micro finance, such as micro finance impact assessment, women empowerment through self help groups, impact of self help group bank linkage programme, sustainability of micro finance institutions etc. Some of these studies are conducted in India while others are studies done outside India. Studies are also available in the context of Kerala, particularly studies on Kudumbashree Mission. A brief review of available studies in these areas is given below. Here the studies are classified into different groups such as self help groups, performance rating of self help groups, self help group bank linkage programme, micro finance, micro finance impact assessment methodologies, impact assessment of micro finance, micro finance institutions, Kudumbashree, and micro enterprises.

2.2. Self Help Groups (SHGs)

Kumaran, K.P. (1997)[1] conducted a study on the working of the SHGs in the state of Andhra Pradesh to explore the factors contributing to group formation functioning and resource mobilisation. The study was conducted by analysing the SHGs by categorising under three heads viz., active SHGs, passive SHGs and dissolved SHGs. It was found that the main factors responsible for active functioning were solidarity and cohesiveness whereas main factors contributing to passivity were irregularities in savings and repayment of loan, lack of mutual trust and confidence among the members. The study further revealed that as regards the dissolved groups, regular defaulting by some

members and irregularity in loan repayment were the major factors responsible for it.

Samar. K Datta and Raman. M. (2001)[2] conducted a survey among the self help groups under Rashtriya Seva Samithi (RASS) at Tirupati in Andhra Pradesh. Based on the findings of the study, they concluded that the success of SHGs in terms of high repayment was mostly related to the social cohesion found among the members. Success spring not only from their diverse background of knowledge base, skills, occupations and income but also due to the dynamic incentive system of progressive lending to the groups on the successful completion of loan repayment. The regression estimate of SHG net income per member showed that lesser dependence of SHGs on external resources, higher education of members, higher loan provided in the current year and lower SHG expenditure contributed to higher SHG net income per member.

Joseph Lalrinliana and Easwaran Kanagaraj (2006)[3] conducted a study to probe into the composition of the Self Help Groups; to assess the level of members participation in SHGs; to explore the perception of members about the cohesion of SHGs, to assess the relationship between the compositions, members' participation and perception of group cohesion and impact of SHGs and to identify the constraints in the functioning of SHGs in Mizoram. Findings of the study revealed that members perceived a positive impact of SHGs on their social status in the community, neighbourhood, church and even at home. They reported benefits through SHG by way of increased income, savings and decreased debt. They had perceived mostly high level of cohesion in their SHGs.

Kaushal.S.K. and Gautam. S.S. (2007)[4] conducted a study to explore the relationship between socio economic characteristics and group process and also to find out the interrelationship between group characteristics. Socio-economic variables considered were age, education, caste, type of family, size of family, land holding, family occupation and annual income. Group variables were

participation style of influence, task function, maintenance function, interpersonal trust, group atmosphere and group cohesiveness. Education, type of family, land holding, family occupation and annual income had a positive and significant relationship with participation and task function. Almost all the group variables had a positive and significant relationship with group cohesiveness. Group process had a positive and significant relation with education, participation, maintenance function, interpersonal trust and group cohesiveness. Economic empowerment had a positive relationship with education, family occupation, annual income, task function, maintenance function, interpersonal trust and group cohesiveness. Political/legal empowerment had a positive and significant relationship with education, type of family, land holding, social participation, interpersonal trust and group cohesiveness.

Prasad. P.N. and Sreedevi. V (2007)[5] conducted a study to identify the strengths, weaknesses, threats and opportunities of SHGs in Kanyakumari district in Tamil Nadu. These factors were identified using SWOT Analysis based on extensive field survey. Overall, it was proved that the strengths far outweigh weaknesses and the opportunities far exceed the threats. It was also inferred that despite some deficiencies, most of the SHG members were able to increase their income, savings and surplus thereby the vicious circle of poverty was broken.

Lina Joy, Prema A, and Krishnan. S, (2008)[6] studied the factors determining the group performance of women self help groups. It was found that the socio economic variables like age, education, market perception, economic motivation, attitude towards self-employment, management orientation, risk orientation, innovativeness and information seeking behaviour influence the group performance of SHGs. The group stability was determined by factors like group cohesion, group leadership, team spirit, group decision making and regularity in maintenance of records. Correlation analysis between group

performance and socio economic characters has revealed that management orientation has a positive influence on all the determinants of group performance, followed by information seeking behaviour, knowledge about processing, market perception and economic motivation. The parameters like age of respondent, education of spouse, attitude towards self-employment and innovativeness have been found least influential on group performance.

Kavitha. V et al. (2011)[7] conducted a study to explore the perception of effectiveness of group functioning by the members of women SHGs under Kudumbashree which are involved in goat faming in the Thrissur district, Kerala. The study revealed that majority of the respondents perceived the effectiveness of functioning of their groups as medium. The functioning of the groups in terms of official procedures was perceived most effective by the members followed by interpersonal relationship and entrepreneurial activities. Majority of the members expressed high level of favourableness for attitude towards group activity. It was also revealed that there was significant positive correlation between the members' perception of effectiveness of group functioning and their attitude towards group activity.

Sanjay Kanti Das (2012)[8], attempted to make a comparative analysis on the quality and performance of the SHGs and the impact of SHGs on women members in Barak Valley of Assam. The study revealed that the target oriented approach of the government in preparing group, inadequate incentive to NGO's for nurturing their groups, lack of proper monitoring and absence of quality enhancement mechanism etc. were some of the quality issues of SHGs. Further, it was observed that SHGs had a positive impact on decision-making pattern, which was ranked first followed by economic empowerment and then psychological aspects. Confidence building was ranked fourth while social empowerment ranked as fifth.

Sanjay Kanthi Das and Amalesh Bhowal (2013)[9], conducted a study to analyse the perception of direct stakeholders of micro finance whether the self help group is an empowerment model or financial model. It was observed from the study that there was no correlation between perceptions of stakeholders about SHG as empowerment and financial model. Further the result of paired 't' test showed that there was significant difference between the mean scores of variables on overall empowerment model and financial model. Since the paired sample statistics revealed that the mean of overall score of variables on empowerment was greater than the mean for overall score of variables on financial model, it was concluded that participants in the overall score of variable on empowerment were significantly more than the overall score of variables on financial model.

Dhiraj Jain and Pushpa Nai (2013)[10] studied the effectiveness of SHGs in empowering women as well as the interest of rural women towards SHGs. Chi-square test was used to test the significance of the result and it was found that the women associated with SHGs have disclosed that have economically benefitted them across the time of association. However, there was significant difference in the perception on the effect that SHGs had on various factors. It was also found that women had socially and politically benefited by SHG across the time of association with SHG.

Mofidul Islam and Jayanta Krishna Sarmah (2014)[11] analysed the contribution of SHG to the process of socio economic empowerment of women. The study revealed that SHGs had lead to personal empowerment in terms of creating awareness on social issues and access to savings but unsuccessful to transform the endeavour into entrepreneurial or skill oriented income generation programme and mobilizing members for community development issue.

Mitali Konwar (2015)[12] conducted a study to know women empowerment through the analysis of their group management. The findings of the study had

shown that after taking membership in self help groups, women had become familiar with various group activities such as management of group funds, choose group leader, arrangement of meeting etc. Women of selected SHGs were successfully carrying out the group activities.

2.3. Performance Assessment of Self Help Groups

Baljit Singh et al. (2008)[13] conducted a study on the performance of Self Help Groups in Karmal District of Haryana. The performance of SHGs was evaluated by the credit linkage grade devised by the bankers, on the line of rating norms formulated by NABARD. The performance of SHGs was analysed based on savings, internal lending and credit linkage. SHGs were classified into 5 groups based on the number of years of their active existence as 3-4 years, 4-5 years, 5-6 years, 6-7 years and above 7 years to analyse average savings per group, average internal lending per group and average credit linkage per group. The performance of the SHGs were evaluated by the criteria devised by the bankers for credit linkage and it was observed that the SHGs having bank linkage under non SGSY showed good performance when compared to SHGs under SGSY scheme.

Veenapani (2012)[14] evaluated the performance of Self Help Groups in Andhra Pradesh. Quality of the groups were judged on five critical parameters namely, group governance, group discipline, financial transaction of the group, repayment pattern, and record maintenance were considered for judging the performance of the group. Groups were categorised as good and poor, based on the scores given to each parameter. Study revealed that there was no significant difference in the mean score on group governance parameter across good and poor performers. On the other hand, there was significant difference in the mean score across the other four parameters for good and poor performers. Study concluded that close monitoring, capacity building training and use of information technology would strengthen the groups.

Sanjay Kanti Das (2012)[15] conducted a study to access the grassroot issues relating to quality assessment of SHGs and the normal course of functioning of SHGs in the study area. The study was conducted in Nagaon District of Assam and twenty-eight quality parameters were used to evaluate the quality of SHGs based on survey of literature. It was observed that due to the fast growth of SHG-Bank Linkage programme, the quality of SHG had come under stress. Some of the factors adversely affecting the quality of SHGs were the target-oriented approach of the government in preparing group, inadequate incentive to NGO's for nurturing their groups, etc.

Sanjay Kanti Das (2013)[16] identifying the need for assessing the quality of SHGs under the situation of proliferation of SHG, attempted to do a comparative study of the assessment tools of NABARD and MYRADA. NABARD rating was based on fifteen variables and MYRADA rating was based on twenty-one variables. Some variables which were common in both MYRDADA and NABARD tools were group constitution comprising, size of SHGs, and group composition; organizational discipline comprising, frequency of meeting, attendance in meeting, participation of members, and amount of savings; organizational systems comprising, level of awareness of rules, level of maintenance of records, and transparency in operations; Financial management and Performance Capabilities and Achievement comprising, management of group funds, loan repayment by members, and literacy of SHG members.

Sanjay Kanti Das and Amalesh Bhowal (2013)[17] conducted a survey to assess the opinion of the direct stakeholders (i.e. promoters, donors, financial institutions, and members itself) of SHGs regarding the parameters (like design, governance, operational, impact etc.) to be considered while assessing the quality of SHGs. It was observed that, there was enough evidence to conclude that, there was no difference among the opinion of the stakeholders regarding the parameters to be considered while assessing the quality of SHGs. It was also

observed that, there existed enough evidence to conclude that, there were differences among the stakeholders regarding perception of stakeholders about on whose perspective parameters to be considered for assessing quality of SHG.

2.4. SHG Bank- Linkage Programme

Uma Narang (2012)[18] evaluated the progress and impact of self help group bank linkage programme. The study was analytical and based upon secondary data, which was collected from different published reports, journals and existing available literature. It was concluded the SHG Bank linkage programme had provided a more favourable environment for enhancing potential of India for greater equitable growth with empowerment while considering the positive signs in their performance.

Sanjay Kanti Das (2012)[19] attempted to explore the role of SHG Bank Linkage Programme in enhancing women empowerment. SHG Bank Linkage programmes were leading to women empowerment because they were successful in meeting financial needs of the poor. The empirical findings of the study revealed that micro finance programmes had a substantial influence on the economic status, decision-making power, knowledge and self-worthiness of women. Demographic factors like age and education were not having any influence on empowerment. There was only moderate level of effect on communication, organizing, competency, technical marketing and entrepreneurial skills. The study further revealed that, there was significant improvement in managerial skills, psychological well being and social empowerment of rural women after participating in micro finance through SHG Bank Linkage Programme.

J. Santhosh Rupa, et al. (2012)[20] conducted a study to throw light on the SHG Bank Linkage model and its role in promoting financial inclusion. The study found that, the SHG linkage model is a potential alternative for extending

financial services to the poor and weaker sections. The success of SHG Bank-linkage model in promoting financial inclusion can be attributed to the collective efforts of groups as well as banks. The study also found that the regional imbalance in promoting SHG growth is a major issue of SHG bank-linkage model. The study recommends the promotion of SHGs in tribal and poor regions, and the banks should promote, nurture and train SHGs for achieving full financial inclusion.

Ramakrishna. H, et al. (2013)[21] conducted a study on the performance of SHG Bank linkage model. They concluded that, the Self Help Group Bank Linkage Programme has made an adventure in the economy by transforming the formal banking services to rural poor and needy people particularly women group.

Saghir Ahmad Ansari (2013)[22] came out with the conclusion that SHGs formed by NGOs and other formal agencies but directly financed by banks are most successful model, accounting for 72 percent share in the total SHG Bank Linkage Programme. SHGs formed and financed by banks have also increased their share in recent years from 13 percent in March 2001 to 20 percent by March 2010. This reflected that, commercial banks were increasingly making sincere efforts to involve themselves directly in the socio-economic development of the rural poor. The overall NPAs under the linkage programme were almost equal to NPAs of all scheduled commercial banks, which indicate that SHG Bank Linkage programme was economically viable and sustainable.

Srikanth. R and Kankipathi Srinivasa Rao (2014)[23] conceptualised the SHG-Bank Linkage Programme (SBLP) of NABARD, stating that, SHG Bank Linkage Programme was conceived with the objectives of developing supplementary credit delivery services for the unreached poor, building mutual trust and confidence between the bankers and the poor. SBLP had changed the

attitude of the banking system that the poor are not bankable and that commercial principles cannot be applied in lending the poor.

Kalyan Das (2014)[24] examined the overall growth of the SHG Bank Linkage programme in the state of Assam. Inter district comparison of performance of SHGs were also done. Performance of SHGs was compared under different parameters like per-SHG savings, per-SHG bank loan disbursed and per SHG bank loan outstanding. The findings of the study revealed that SHG Bank Linkage Programme had grown quite rapidly during 1998-99 to 2010-22 with high degree of inter-district variations.

2.5. Micro Finance

Madhesaran. S and Smitha Dharmadhikary (2001)[25], attempted to analyse the impact of SHGs in providing credit to rural women to help them uplift their economic status. The analysis was based on a survey of three villages of Pune District, conducted during 1999 where the MRCP was implemented. The MRCP was successful to some extent in its objective due to a combination of factor such as (1) the SHG Bank Linkage, (2) Credit being made available for consumption purposes (3) Easy and periodic availability of credit due to rotation of savings and (4) active participation of the NGO.

Namboodiri. N.V. and Shiyani. R.L. (2001)[26], examined the potential role of SHGs in terms of reach, linkage with banks for credit in empowerment of rural households. They concluded that, the system which evolved through the SHGs for collective savings, group consumption credit, integrating social and economic goals among small groups has the potential not only for financial deepening but also for empowerment of women.

Onogwu. G.O and Arene.C.J (2006)[27] attempted to evaluate the lending policies of formal and informal microfinance institutions in Enugu State of Nigeria with emphasis on credit demand and access among farmer clients. The

result showed that, though the credit supply from formal agencies were very high, a greater percentage of farmers took loans from informal sources. The result of regression analysis showed that age of farmers, annual income, family size, asset and initial capital had a significant relation with credit demand, but level of education accounted for less relationship. The result of binary logistic analysis showed that the farmers would gain better access to credit when the policy variables like enterprise worth and repayment rate increase and when the policy variable interest rate decrease.

Anand Kumar. T.S. and Jeyanth. K. Newport (2007)[28], seeked to show how microfinance had contributed to poverty reduction and strengthening the risk management capacity of the poor. It was found that, it was essential for MFIs to prepare a strategy for maintaining liquidity in a disaster situation, especially keeping disaster loan funds (DLFs) in reserve to help affected households.

Tripathy. K.K. and Tripathy. I.G. (2007)[29] analysed Government of India's Swarna Jayanthi Gram Swarozgar Yojana, a micro finance driven holistic self employment programme to create gainful employment opportunities for the rural poor. A field study undertaken in Orissa revealed that the programme guidelines were followed in identifying beneficiaries. It was found that the factors impeding success were lack of co-ordination amongst field level agencies, the indifferent quality of the groups formed and arbitrary selection of economic activities.

Ranjula Bali Swain and Fan Yang Wallentin (2007)[30] conducted an extensive field study by using quasi experimental household sample data collected for five states in India, to analyse the impact of microfinance on women empowerment. The results strongly demonstrated that on average, there was significant change in women empowerment of SHG members, while

allowing for the possibility that some members might have been more empowered than others might.

Naresh Singh (2008)[31] explored the use of ICT in the delivery of services by MFIs. The study explored the ICT practices of five leading MFIs in India, which includes BASIX, SEWA Bank, SKS, DHAN, and PRADAN. ICT uses were handheld and smart cards, computerization of offices etc. It was concluded that use of appropriate ICT in microfinance projects by MFIs/NGOs will help enhance efficiency of the project and clients will get prompt services.

Gwendolyn Alexander Tedoschi (2008)[32], used a panel data set from a Peruvian MFI to test for impact of credit on microenterprise profits. It was found that, those borrowed money had significantly higher incomes than those who did not become borrowers, implying that selection into the lending programme was a substantial problem. Self selection into the lending programame was the selection bias. After controlling for self selection, it was found that credit was leading to higher levels of profits for those micro entrepreneurs who accessed loans, which was an inspiring result and it proved that credit was assisting small business owners in Peru.

Debadutta Kumar Panda (2008)[33] analysed the role of SHGs in bringing about paradigm shift in the State of Orissa. The findings of the study revealed that the group developed good linkages with various NGOs and government institutions. The average income of the members' level of literacy, level of awareness and health and hygiene had increased. Group members have clearly perceived their social, educational and economical upliftment by the SHG formation.

Lokeswara Choudary. Y and Vasudevaraj (2008)[34] explored the merits and impediments of SHG Federations. The findings of the study showed that federations helped SHGs become institutionally and financially sustainable

because they provide the economies of scale that reduce transaction costs and make the provision of services viable. However, the sustainability of SHG Federations was constrained by several internal and external impediments. Internal impediments identified were related to management and governance capacity of board members, organizational processes and systems, staffing problems etc. External impediments identified by the researchers were limited capacity of promoter agencies, inadequate knowledge base on SHG federations and lack of suitable legal frameworks.

Klaus Deininger and Yanyan Liu (2009)[35] analysed the determinants of repayment performance of micro credit in India. It was found that regular monitoring and audits, high repayment frequency, group savings deposited with the leader all significantly increased repayment rates. It was suggested that, significantly low repayment on loans from externally provided grant resources need to be strictly monitored.

Nagayya. D and Koteswara Rao. D (2009)[36] presented the experience of SHG-Bank Linkage Programme in the four Southern States of India with special reference to support organizations. Multiple roles played by SHGs, SHG Federations and Micro Finance Institutions were covered. They concluded that sustainability, growth and diversification of activities to enter higher value added areas for SHGs are to given utmost attention by strengthening Federations and MFIs. The Federations, NGOs and MFIs are to be geared to provide support services to SHGs such as counseling services, expansion, technological up gradation, training and capacity building, sharing of best management practices etc. that can help SHGs to sustain their efforts in the respective income generating activities.

Ramananda Singh and Dhaneshwar Singh (2010)[37] tried to compare the performance of different microfinance models used by NGOs in Manipur in terms of their Institutions and Management, client outreach and growth,

operating efficiency and portfolio quality, Asset-liability Management, Profitability and sustainability. They concluded that Grameen Model is both operationally and financially self sustainable whereas SHG model has not achieved its sustainable level of operation.

Padmalochan Mahanta, et al. (2012)[38] discussed the status of microfinance in India. Microfinance is multifaceted and works in an integrated system. In the core, level lies the client. In the second level called micro level the MFIs, NGOs, SHGs and Grameen Bank works to provide financial support to individual clients. Apex institutions like NABARD, SIDBI and other nationalized banks operate in macro level to provide infrastructure, information and technical support to micro level players. Around all these levels, there are financial environment, regulations, legislations and regulators called Macro level. Government of India introduced Micro Finance Institutions (Development and Regulation) Bill 2012 on May 22, 2012 to establish a regulator under RBI to regulate and supervise the activities of NGOs and MFIs. The paper was concluded with a hope that all the initiatives might go strengthen the micro finance status in India.

Sanjay Kanti Das and Ibemcha Chanu. A (2013)[39] conducted a review to identify the major stakeholders of microfinance in North East India. Major stakeholders identified were District Rural Development Agency (DRDA), Centre for Microfinance and Livelihood (CML), Rashtriya Grameen Vikas Nidhi (RGVN), Aromic Guwahatti, Nedan Foundataions, Kokrajhar, Youth Voluneers Union, Manipur, Manas Seva Sangha, Guwahatti, etc.

Prabhjot Kaur and Soma Dey (2013)[40] examined the Andhra Pradesh micro finance crisis and its repercussions on micro financing activities in India. It was found that loan disbursement, client services, cost efficiency and operational sustainability etc. of MFIs has been hampered by the crisis.

Ananta Pegu and Hedayutullah Choudhury (2015)[41] examined the role of microfinance in rural agricultural development. The study revealed that in North East India, the concept of micro finance is still at a low level of performance due to lack of literacy among the people, lack of awareness, communication gap, geographical constraints and lack of banking agencies in the region. The study concluded that proper implementation of micro finance through SHGs may provide self-reliance to the poor people in Northeast region.

2.6. Microfinance Impact Assessment Methodologies

David Hulme (2000)[42] reviewed different methodologies for impact assessment of micro finance and presented three paradigms of impact assessment viz. the scientific method, the humanities tradition and participatory learning and action. The study also explored that the key issue in impact assessment design is to combine different methodologies to find a fit between impact assessment objective, programme context and impact assessment constraints such as cost, time and human resource.

Shibalal Meher (2003)[43] assessed the impact of microfinance by using a combination of two approaches, viz. 'before-after' approach and 'with-without' approach. Here 'with' indicates borrowing for production consumption or both purposes and 'without' indicates members who do not borrow. Income impact was measured by comparing the change in the income of the borrowers and the change in the income of non-borrowers. Poverty impact was measured by comparing the numbers of borrowers who crossed poverty line and the numbers of non borrowers who crossed the poverty line. Asset impact was measured by comparing the change in the value of assets of borrowers and the change in the value of assets of non borrowers. Social, economic and political empowerment was measured by comparing the level of certain selected qualitative indicators before joining self help group after joining self help group.

Umdor. S. and Panda. B (2009)[44] assessed the impact of SHGs under SGSY programme by adopting group comparison methodology which is a form of 'quasi experimental design'. In this study, members of SHGs were classified into three groups based on the length of period of membership. A cross sectional comparison between members of SHGs who belong to three analytic groups were done, the benefits being measured by comparing the differences in certain selected social and economic variables among the SHG members in all the three groups.

2.7. Impact Assessment of Microfinance

Monique Cohen and Elizabeth Dunn (1996)[45] conducted a study to develop a better understanding of the relationship between microenterprise credit programmes, types of debt and the welfare of micro entrepreneurs and their households. The study examined the characteristics of different types of debt, the role of indebtedness in the household economic portfolio and the use of debt in the enterprise. Household economic portfolio was a conceptual model including the set of household resources (human, physical and financial), the set of household activities (consumption, production and investment) and the circular flow of interaction between household resources and household activities. The study reinforced the importance of using a household approach in evaluating the impacts of microenterprise programmes. Fungibility (indistinguishable) remained a crucial issue in determining how a household utilizes debt to maintain or expand its set of economic activities. In general, the entry of microcredit programmes may reduce the overall costs of microenterprise debt as well as improve condition in markets other than credit market.

Martha Alter Chen and Donald Snodgrass (1999)[46] conducted an extensive survey to generate indications of the nature and magnitude of benefits resulting from participation in the micro enterprise services of SEWA Bank.

Survey adopted the Core Impact Assessment Methodology involving impact assessment at microenterprise level, household level and individual level.

Elizabeth Dunn and Gordon Arbuckle Jr. J (2001)[47] conducted an impact evaluation study between 1996 and 2000 with Accion Comuniteria of Peru (ACP), which later became Mibanco. The evaluation was based on a conceptual model of the household economic portfolio that led to impact hypotheses at the enterprise, household and individual levels. The conceptual model resolved the problem of fungibility by using the household as the unit of analysis and evaluating a full range of potentially significant changes in clients' welfare. Quasi-experimental design was adopted by making a comparison of clients of ACP/Mibano and non-clients. The impact of microcredit on microenterprises was studied using variables such as microenterprise revenue, enterprise fixed assets, enterprise employment, transaction relationships and formalization. Impact of microcredit on households were studied using variables such as household income, income diversification, household assets, spending on education, spending on food, coping with shocks and intergenerational launching. Impact on individuals was studied using variables like control over household and enterprise resources, self-esteem and respect from others, personal savings and attitude and orientation towards the future. It was concluded that microcredit had both positive and negative impacts on enterprises, households and individuals. The evidence showed that by using small loans, the clients could improve enterprise performance and household welfare. The study further revealed that for several key variables – including enterprise revenue, enterprise fixed assets, business premise ownership, business licensing, intergenerational launching and household income, increased time in the microcredit programme was associated with better outcomes on these variables.

Elizabeth Dunn (2002)[48] conducted Core Impact Assessments (CIA), which were methodologically rigorous, longitudinal impact studies of three microenterprise programmes viz. SEWA Bank in India, Mibanco in Peru and Zambuko Trust in Zimbakue. Impact assessment was based on Household Economic Portfolio Model, which called for impact assessments at microenterprise level, household level and individual level. The three core impact assessments provided a rigorous set of impact evaluations, which established strong evidence for the impacts of microenterprise services.

Puhazhendi V. and Badatya K.C (2002)[49], attempted to assess the impact of micro finance channelized through SHG Bank Linkage Programme implemented by NABARD. The study was conducted in Eastern areas of the country. The study was based on primary data collected from 115 members in 60 SHGs. The socio-economic conditions of the members were compared between pre and post SHG situations to quantify the impact. Economic impact was measured based on asset creation, savings and borrowing pattern, income and employment generation social impact was measured using variables like self confidence and self worth, decision making, communication skills, and behavioural changes. It was concluded that SHG Bank Linkage programme had lead to the improvement in socio-economic conditions of the members.

Rangi.P.S. et al. (2002)[50] analysed economic empowerment of women through self help groups. It was found that both productive and non-productive loans were beneficial to the members directly and indirectly for their economic empowerment. Moreover, these rural women were saved from economic and social exploitation by the moneylenders, big landlords and others. The additional income, generated with the help of SHGs has provided them big moral support.

Shibalal Meher (2003)[51] assessed the impact of microfinance on poverty by using both quantitative and qualitative information. Direct impact of self help

groups on poverty was analyzed using quantitative variables like asset holding, accessibility to credit and vulnerability. Indirect impact was assessed using qualitative variables categorized under three broad domains, viz. economic, social and political. Economic impact indicators used were economic self-sufficiency, consumption of nutritious food, purchase of consumer durables and awareness regarding use of utensils. Social empowerment was analyzed using indicators such as importance in family, awareness about education and awareness about health. Political empowerment indicators were participation in grama sabha and political awareness.

Vasudeva Rao. D (2004)[52] conducted a study to measure the qualitative changes that the "group approach" had brought about in the lines of the once passive women of the rural areas. The respondents were asked about their perception on some of the important aspects relating to social development. The aspects considered were number of girl children going to school, reduced family size, improvement in individual income, increased working days, asset formation, interface with government officials, skill improvement, capacity building and training. The results revealed that the perception regarding sending girls to schools has increased. Similarly, improvement was observed in the number of working days, asset formation and emergence of natural leaders among the group of women. Overall, people had shown higher levels of awareness on issues directly related to social development.

Gangaiah. C, Nagaraja. B and Vasudevulu Naidu. C (2006)[53] conducted a study to assess the impact of self help groups on income and employment generation and appraise the performance of SHGs on alleviating rural poverty. It was found that the rural women had successfully demonstrated how to mobilise and manage thrift and enforce financial discipline. SHGs have helped in generating awareness among women about development programmes of the government. SHGs are using thrift deposits and revolving funds to generate

employment activities to earn a livelihood. The social outlook of the women has undergone a change but change not adequate.

Centre for Micro Finance (2006)[54] examined the social and economic impact of microfinance programme of Peoples' Education and Development Organisation (PEDO) on SHG members' households. Findings revealed that there was evidence of increased household incomes. There was also evidences for improvement in the standard of living and the food security of the programme clients. It was also found that the programme participants' self esteem, level of awareness and access to formal institutions had also increased.

Kalavati H. Kamble and Gangadhar B. Sonar (2007)[55] addressed the socio-economic empowerment issues raised because of the micro finance interventions in Gulbarga District. It was found that the SHG members, who developed better speaking ability, receive respect in the family, participate in decision making, have good income and those who are involved in income generation activity are in better socio-economic conditions after becoming SHG members. Thus, SHGs play a vital role in the enhancement of the socio economic status of women, with developing an attitude of savings, money handling and more importantly they learn how to lead life with quality.

Subrahmanyam P.V.V. (2008)[56] focused on economic empowerment to analyze the women self help groups supported through micro credit. The study was conducted among 250 women from 50 groups representing 10 economic activities. The study revealed that the impact of SHG strategy on women in economic, social, cultural and political aspects were positive. 70% of the groups were successful in group participation, maintenance and performance with different levels of income. The study concluded that increase in the income of the households of these groups had led to their economic betterment.

Jiban Chandra Paul and Gebremariam Woldemicael (2008)[57] assessed the impact of the Savings and Micro Credit Programme (SMCP) on the improvement of the socio-economic status of the people in Eritrea in East Africa. The results revealed that the programme had significant impact in improving the living standard of its clients. Study revealed that the loan was not uniformly distributed among all age groups, level of education, marital status, client type and field of investment. There was considerable evidence that both sexes had almost equal opportunity of access towards the loaning programme. The findings also show that there exists dependence between field of investment and educational level.

Xavier, M.J., et. al (2008)[58] assessed the impact of rural women micro enterprises in India. Impact was analyzed using narrative analysis and path analysis models. It revealed positive changes on impact dimensions like ability to socialise, freedom to take decisions, self dependence, ability to take lead roles in public activities, ability to take lead roles in public activities ability to run business, family support for entrepreneurial initiatives, capability of opening bank account and doing banking formalities, availability of cash on hand and opportunity to interact with others.

Mohindra K.S. et al. (2008)[59]examined whether SHG participation influences women's health based on the social determinants of health. A survey was conducted among the women who participate in SHGs under the Kudumbashree Mission in Kerala. It was concluded that in Kerala, SHG participation helped protect poor women against exclusion to health care and possibly aid them in promoting their mental health.

Umdor S. and Panda. B (2009)[60] made an impact assessment study of SHGs formed under SGSY programme. The study came out with the outcome that membership of SHGs had empowered the members both economically and socially. Economic empowerment was measured using variables such as access

to credit, increase in household income and diversification of sources of income. Social empowerment was measured in terms of increased status and recognition in the family, involvement in decision-making and change in self-confidence.

Klaus Deininger and Yanyan Liu (2009)[61] used an extensive household survey to assess the economic and social impact of self help groups in India. They found positive impacts on empowerment and nutritional intake in the study area and found heterogeneity of impacts between members of pre-existing and newly formed groups, as well as nonparticipants. Study could bring out evidence of higher consumption by participants, which indicates that the main economic impact of programme at the time of survey had been in terms of consumption smoothing and diversification of income source rather than exploitation of new income sources.

Klaus Deininger and Yanyan Liu (2009)[62] analysed the longer term economic impacts of self-help groups and came out with the findings that larger programme exposure has positive impact on consumption, nutritional intake and asset accumulation. Investigating heterogeneity of the impacts suggests that even poorest of the poor were able to benefit from the programme. It was also found that the overall benefits from the programmme would be far higher than the programme cost.

Pati, A.P. and Lyngdon, B.F. (2010)[63] examined the association between micro finance interventions and socio economic transformation using propensity score matching and difference-in-difference technique. To assess the impact of micro finance on socio-economic transformation a comparative analysis between micro finance and non-micro finance groups were done. Propensity score match was applied to compare the samples of the two groups and it was found that micro finance increased income, expenditure and savings, transformed individual and family well being, with significant changes in education decision making, health status, capacity building, access to social amenities and mobility.

Anand Pawar.I and Thiruvengala Chary. D (2010)[64] analysed the impact of micro finance in empowering tribal women and the study revealed how micro finance has been increasing access to finance, reducing rural poverty and creating employment in tribal communities. The study further revealed that tribal poor in the study area were able to raise their level of income and improve the pattern of living.

Niranjana Babu Reddy. H.S. (2010)[65] assessed the socio-economic impact of micro finance and came out with the result that micro finance has resulted in overall upliftment of social status of members of SHG. Study further revealed that micro finance has immense potential for contributing to the economic upliftment of the poor as well. Economic empowerment was analyzed using variable like increase in family income, increase in purchasing power, increase in saving, increase in employment opportunities. Social upliftment was analyzed using variables like increase in social status, better health care, better education to children, and reduction in domestic violence.

Velmurugan.P.S and et.al. (2010)[66] conducted a study to know the role played by micro finance in the economic upliftment of women and the impact of micro finance on the women's economic empowerment. The statistical tools like mean, standard deviation and paired t-test was used to analyse the data. The results of the study demonstrate that there is a significant increase in the economic conditions of women, which has ensured a means of livelihood for them. They have become more confident about their future and have attained a remarkable level of self reliance. It has provided them a better status in the society and enabled them to come above their personal poverty line.

Sanjay Kanti Das (2012)[67] assessed the impact of SHGs at the grass root level and analyzed whether SHGs can be considered as a model of women empowerment for which extensive survey was conducted among the SHG members of three districts of Assam. Thirty variables covering the impact of

micro finance through SHG on psychological, economic and managerial aspects of members were identified and categorized into six heads viz. the power element, autonomy and self-reliance, entitlement, participation, building of awareness and capacity and leadership traits. Variables were measured on Likert scale. It was observed that impact on participation ranked first followed by indicator of power element and then building of awareness and capacity. Indicators of leadership traits were ranked fifth and autonomy and self-reliance was ranked sixth. It was concluded that undoubtedly self help groups could be regarded as an empowerment model.

Minimol. M.C and Makesh K.G (2012)[68] evaluated the nature and extent of impact of participation in SHGs on rural women. Detailed analysis was conducted on the extent of various levels of empowerment i.e. personal, entrepreneurial, social, economic and financial empowerment achieved by the members through their participation in SHGs. It was found that SHGs act as a resource centre for empowering women members and helped women to organize themselves into groups and undertake community based programmes to eradicate their deprivations. Women empowerment was not the sole motive; rather the objectives were to bring prosperity to overall family, community and to ensure social and entrepreneurial development.

Meganathan. M and Arumugam. M (2012)[69] made an effort to explore the socio economic impact of self help group on rural women development in Ariankuppam Block of Pondicherry. They developed index of social and economic impact of standard of living. Social indicators included self-confidence, reaction to social evils, behavioural changes and health, water supply and sanitation. Economic indicators included the value of income, consumption expenditure, savings, type of house and borrowings. Study revealed that the social impact of self help groups on rural women were very high than the economic impact. The study concluded that the SHG programmed was able

to reach the vulnerable poor at affordable cost and help them become self employed. The study also revealed that after joining SHG, rural women had better access to amenities like medical facilities, water supply, transportation facilities and education for children. There was also improvement in self-confidence, communication skill and decision-making skills.

Muhammad Imran Qureshi et.al. (2012)[70], conducted a study to show the relationship between role and impact of micro finance on poor peoples' access in the study area. The study findings showed that majority of the poor do not have access to micro finance because they lack group guarantors, collateral, assets, businesses and salaried employment. The result of the study was that micro finance helped the different categories of poor people and has the positive significant effects on the dependent variable i.e. access to micro finance. The study further revealed that there was improvement in the micro finance sector in the recent years in terms of investments, active borrowers, branches, personnel etc.

Sanjay Kanti Das and Amalesh Bhowal (2013)[71] examined the opinion of the direct stakeholders (vis. Promoters, Donors, Financial Institutions and the Group members) whether the impact on member of SHG and its involvement in larger social issues should be peripheral core components of quality indicators of SHG. The study revealed that most of the stakeholders showed their perceived opinion that SHG involvement in larger social issues is 'neither core nor peripheral component' of quality indicators of SHG. It further revealed that donor's are more concerned about the impact on member's social issues.

Umamaheswari.P. et.al (2013)[72] conducted a study to analyse the social impact of women self help groups, to analyse the changes in social conditions of the member and to analyze the attitude of the members of the SHGs towards social impact. Discriminant analysis was used to analyse the data. Study revealed that SHGs had significant role in improving the social conditions of

women. Majority of the members perceived a positive social impact of SHG participation in their lives.

Sanjay Kanti Das and Amalesh Bhowal (2013)[73] assessed the opinion of the direct stakeholder of SHGs viz. Promoters, Donors, Financial Institutions and the Group members, regarding the issue whether SHG is a financial model of development. The study was conducted by using multi stage random sampling to collect primary data from Nagaon district of Assam. From the ANOVA test on overall score of variables on financial model, it was found that all four groups' means were not equal. It was concluded that there was significant association in the opinion of the direct stakeholders. It was further observed that thirteen elements relating to financial model construct whose mean value were positive, were considered as key elements that recognize SHGs as the financial model of development.

2.8. Micro Finance Institutions

Jonathan Adongo and Christoph Stork (2005)[74], conducted a study that captured various features of selected Microfinance institutions in Namibia to identify the factors that influenced their financial sustainability. The study found that in 2005 not all selected microfinance institutions in Namibia were financially sustainable. The degree of financial un-sustainability was lowest for term-micro lenders and was highest for multi-purpose cooperatives involved in the provision of microfinance.

Matthieu Chemin (2008)[75] conducted a study to analyse the benefits and costs of micro finance. It was found that micro finance had a positive impact on participants' expenditure, supply of labour and male/female school enrolment. But this study came out with significantly smaller estimates than previous studies which tend to underestimate the impact of the programme. The paper also considered the problem of late repayment. Problem of late repayment

generates cost and it was suggested that a selection guide can be provided to analyse the most suitable customers, improving repayment rates and/or benefits earned by individuals.

Malabika Deo et al. (2010)[76] investigated the performance and the efficiency measures of selected MFIs using Data Envelopment Analysis (DEA). DEA can aggregate the input-output components in such situations for obtaining an overall performance measure. The three inputs namely, number of personal, physical assets of selected MFIs, operating costs and two outputs viz. revenues and loans were considered to evaluate the relative efficiencies of MFIs of the sample set. It was concluded from the study that 66.67% of the related MFIs were considered as efficient.

Ashish Kumar Sana and Bappaditya Biswas (2010)[77] conducted a study to measure the social performance of selected microfinance institutions in West Bengal. Social Performance Indicator (SPI) is a set of operational indicators that seeks to measure the different dimensions and elements of social performance of the MFIs. Seven social performance indicators used in the study were (i) initiative for women empowerment by the MFIs (ii) participation of the poorest of the poor of the society, (iii) percentage of SC/ST/Minorities in the programme (iv) whether MFIs were concerned about the health, education and insurance of the clients (v) whether the products and services provided by the MFIs fulfill the need of the clients (vi) Employees welfare (vii) whether there are any prominent changes in the economic and social capital of the clients.

Rathakrishnan L and Deepak S. (2010)[78] provided a conceptual framework of the risks of microfinance institutions. They categorized the risks into three: Financial risks, Operational risks and Strategic risks. Financial risks comprising credit risk, liquidity risk and market risk; Operating risk comprises transaction risk, fraud (integrity) risk and legal and compliance risk; Strategic risks comprising governance risk, reputation risk and external business risk.

Rajendran.R and Raya R P (2011)[79] analysed the role of NGOs in sustainable rural development through microfinance. The study reported that NGOs were playing vital role in the formation of SHGs and motivating women to join the groups and linking the groups with the banks for microfinance. However, NGOs played limited role in marketing the products of SHGs and release of subsidies.

Zohra Bi and Shyam Lal Dev Pandey (2011)[80] attempted to make a comparative analysis of the performance of Microfinance Institutions and commercial banks in India. Parameters taken for analysis were financial structure, profitability and efficiency. Financial structure was measured based on capital adequacy ratio and debt equity ratio. It was found that there was significant difference in the means for capital adequacy ratios, as MFIs were required to keep capital adequacy ratio of 15%. There was no significant difference in debt equity ratio. Profitability was measured based on return on equity, return on assets and net profit margin. It was found that there was no significant difference in the means for return on assets, return on equity and net profit margins of banks and microfinance institutions. Operational efficiency was measured based on operating expenses to total assets ratio, which showed significant difference between the means of commercial banks and MFIs.

Bayesh Asnakew Kinde (2012)[81], conducted a study to identify the factors affecting financial sustainability of MFIs in Ethiopia. The study followed a quantitative research approach using balanced panel data set of 126 observations from 14 MFIs over the period of 2002-2010. The study found that micro finance breadth of outreach, depth of outreach; dependency ratio and cost per borrower affect the financial sustainability of micro finance institutions in Ethiopia. However it was found that the micro finance capital structure and staff productivity have insignificant impact on financial sustainability of MFIs in Ethiopia for the study periods.

Moh'd Al-Azzam, et al. (2012)[82] conducted a study to unravel the factors that contribute to the success of micro finance institutions using data on 222 MFIs. The study found that the country wide socio-economic characteristics such as fertility, income and education are important determinants of MFI performance. Access to loan and commercial banks outreach appear to have a negative impact on MFI performance.

Lawrence N Kimando and Dr. John M Kihero (2012)[83] conducted a study to identify the factors influencing the sustainability of micro finance institutions in Murang'a municipality. The study was conducted on 45 managers of 15 micro finance institutions and two field officers from every institution. The study found that financial regulations, number of clients served, financial coverage and volume of credit transacted were the factors that highly affected the sustainability of micro finance institution. The study concluded that sustainability of MFIs is a function of related and interconnected factors. The study recommended that MFIs should open many branches to reach as many people as possible and ensure that they confirm to rules and regulations.

Manmohan Mall and Mishra.P.K. (2013)[84] attempted to delineate the role of NGOs in microfinance and banking inclusion in the remote rural areas. The study explored multiple roles of NGOs in microfinance industry. NGOs provide loans to low income people in rural areas. They act as a link between the borrowers and savers and the banks. NGOs provide production, marketing, management and accounting assistance and training to rural entrepreneurs. NGOs experiment with innovative methods of providing financial services. They also act as trainers of financial institutions and other NGOs.

Meiyappan. M.S. and Annamalai. S. (2014)[85] attempted to study the impact of micro finance through NBFC-Micro Finance Institutions (MFIs) in Kanchipuram District in Tamil Nadu. An extensive field survey was conducted among the beneficiaries of 21 MFIs operating in the district. The paper revealed

the views of the beneficiaries of micro finance institutions lending, and their financial impact. The study proved that micro finance lending through NBFC-MFIs not only had economic impact but also financial impact on the beneficiaries.

Patric Manyumu et al. (2014)[86] conducted a study to establish the factors affect the sustainability of growth of micro finance institutions in Zimbabwe out of the one hundred and seventy three MFI s operating in Harare, a sample of 23 was used. The study participants comprised of middle managers, senior managers and the clients of the selected MFIs and data were collected using a questionnaire. The study found that the MFIs were not innovative and their lending was mainly for consumption purposes. Broader economic factors like, general economic recession, liquidity problems, high interest rates were affecting the prospects of these institutions. The study recommended the establishment of an effective credit rating bureau and government policies that allow the economy to be viable as well as the MFIs to be innovative and effective. The study also recommended further studies to be done based on testing the applicability of MFI lending models used in other countries to the Zimbabwean context.

2.9. Kudumbashree

Jaya S. Anand (2004)[87] examined the functioning of SHG's and its impact on poverty and empowerment of poor women. The findings of the study showed that this participatory approach had helped in the focused selection and prioritization of the poorest of the poor. SHG interventions of Kudumbashree had improved the living standards, saving, loan repayment habits, and had brought about a positive change in attitudes, social skills leading to empowerment in 52% of the respondents.

Suneetha Kadiyala (2004)[88] discussed the factors that enabled and constrained the scaling up of a multi sector poverty alleviation programme called

Kudumbashree initiated by the Government of Kerala to eradicate poverty. The findings showed that an enabling environment, especially decentralization and the concurrent dissolution of finances to the local government bodies was critical in scaling up Kudumbashree.

Nidheesh. K.B. (2009)[89] inquired whether the membership in Kudumbashree, led to more equitable gender relations and economic advancement in rural areas. It was concluded that the women in Kerala, had become active participants in the planning and implementation process of various developmental programmes. Such participation is developmental, as well as economic activities had improved the morale and confidence of women. Women who were once regarded as voiceless and powerless had started identifying their inner power and exploiting the opportunities for growth.

Kenneth Kalyani and Seena P.C. (2012)[90] assessed the socio-economic changes of women through participation in Kudumbashree. The findings revealed that the collective efforts of women through Kudumbashree could result in women empowerment, which leads to sustainable social development. Participation of women in Kudumbashree has improved their status in family, improved educational, nutritional and the health needs of the children and improved the social participation of the members.

Rajeesh. T.C and Sylaja. H (2013)[91] conducted a study to measure the impact of Kudumbashree project in the State of Kerala. The study used two variables namely self-efficacy and self-derogation. Self-efficacy is an essential factor in psychological empowerment and on the other hand, self-derogation will affect psychological empowerment negatively. The study revealed that the Kudumbashree members had higher self-efficacy and less self-derogation than the non-members had. There was negative correlation between self-efficacy and self-derogation.

Shihabudheen. N (2013)[92] explored what were right and what went wrong with Kudumbashree. It was concluded that Kudumbashree programme had contributed to the socio economic development of the women in rural and urban areas. However, despite remarkable achievement, there exist certain hidden deficiencies, which would hinder the sustainability of the programme. Deficiencies pointed out were over politicization, loss making micro-enterprises, the cross borrowing practices, misutilisation of funds, etc.

Mohd Asif Khan and Nisha K.M (2014)[93] examined the effect of various demographic variables on economic empowerment of the members of SHGs under Kudumbashree. It was found that there was economic empowerment among the members with respect to certain demographic variables. Statistical significance in the inter group differences between the various categories of demographic variables and economic empowerment in general and with respect to certain specific economic parameters were identified.

Venugopalan. K (2014)[94] conducted a study to explore the influence of Kudumbashree on women empowerment. The findings of the study revealed that there was improvement in decision-making power, self-confidence, personal skills and awareness about need for nutrition, dangers of using pesticides, and use of liquor among the members after joining Kudumbashree. The study further revealed that factors like personal skills, self-confidence, knowledge and awareness had not achieved itself as contributing factor for women empowerment.

Ambili. S (2014)[95] conducted a survey to understand the impact of women empowerment through Kudumbashree. The findings revealed that income of most of the members had increased after joining Kudumbashree and there was improvement in the general awareness and awareness about Government schemes, programmes and so on. It was concluded that women SHGs were successful in mobilizing and managing thrift.

2.10. Micro Enterprises

Manimekalai N and Rajeswari, G (2000)[96] examined the nature, performance and problems of micro enterprises of rural women in Tiruchirappalli District of Tamil Nadu. The study revealed that 66% of the respondents were running petty business units, 13% were involved in processing units, 7% in production units and 14% in service units. The mean performance of the sample entrepreneurs in terms of income, investment and borrowing indicates that in terms of investment, the service units are larger than others and in terms of growth in income levels the service units showed better performance. In addition, the service units were able to repay the loan in time and avail second loan. 33% of the respondents faced the problem of shortage of capital, 21% opined that they face the problem of non-availability of quality raw materials, 31% percent faced marketing problem and 15% face no difficulty.

Nirmala V, et. al (2004)[97] examined the determinants of earnings of rural women under SHG scheme in Pondicherry. The study also surveyed the benefits and problems experienced by women in SHG. The findings of the study showed that majority of the respondents were engaged in traditional non-farming activities, which were less remunerative. The regression results revealed that nature of occupation, higher asset possession and larger amount of credit significantly reduced the respondents' monthly earnings. The main benefits of SHGs perceived by members were increased participation in social service and better access to credit. Problems perceived by the members in conducting productive activities were delay in getting loans, difficulty in getting raw materials and labor and marketing problems. It was recommended that the members should involve in diversified and remunerative activities and training should be imparted to them in the respective activity.

Narayanaswami. N, et.al (2005)[98] conducted an extensive field study to assess the extent of financial assistance provided to SHGs under the centrally

sponsored SGSY scheme. The study evaluated the functioning of the groups, with special reference to economic activities in a district in Tamil Nadu. The study revealed that the assistance provided under the scheme reached the beneficiaries and the role of NGOs and Federations in forming and facilitating SHGs were very significant. It was found that the members of SHGs failed to develop as microenterprises because they were risk averse. Therefore, efforts should be taken to develop risk-bearing capability among the members.

Vasanthakumari.P (2010)[99] conducted a study to assess the extent of development of entrepreneurial skill among women and its economic impact on beneficiaries /entrepreneurs and on the operational efficiency of the enterprises. Data from 39 micro enterprises and 195 micro entrepreneurs was collected for this study. Analytical tools like percentages, paired t-test and entrepreneurship development index were used. The study revealed that, entrepreneurs can be moulded and entrepreneurial skill can be developed through proper training programmes. However, effort should be taken to upgrade them to technical skills. In the long run it will enable the women below poverty line to participate in the process of development and opens new vistas in the development history.

Reshmi. R (2012)[100] conducted a study on the microenterprises promoted by Kudumbashree, giving special reference to their marketing strategies. The findings revealed that Kudumbashree micro units were successful in reaching the unreached and providing means of living. Those micro enterprises studied were in their early stage, but still they showed clear symptoms of sustainability. Around 75% of the units were running on profit. By overcoming the shortcomings in marketing and product standardization and through more exposure to training, the hurdles can be bypassed.

Ajagbe T.S and Bolaji B.O (2013)[101] conducted a study to assess the impact of Microfinance bank on the socioeconomic standard of living of commercial motorcycle riders in Ilorin-west Local Government Area of Kwara

State, Nigeria. The findings revealed that majority of respondents are engaged in motorcycle riding because there were no other employment opportunities. Majority of them are financed by Microfinance Bank and this help them to increase their asset acquisition. The study ends with a conclusion that there is significant relationship between Microfinance Bank and the standard of living of commercial motorcycle riders in Ilerin west local government area of Kwara State, Nigeria.

2.11. Research Gap

From the detailed literature review, it was revealed that a large number of studies have come up on various aspects of micro finance such as impact assessment of micro finance, women empowerment through self help groups, self help group bank linkage programme, financial inclusion through self help groups etc. Nevertheless, no specific study has been conducted on the comparative evaluation of micro finance practices through different interventions on one platform. Besides this, cohesiveness of self help groups, loan repayment performance the SHG members and the level of satisfaction of the micro finance clients are areas, which were not subjected to empirical research. Hence, this vital gap needs to be filled and this research study was prompted by the necessity to bridge this gap.

In this study a comparative evaluation of the micro finance practices of the State government, micro finance intervention of non-governmental organizations and micro finance interventions of non banking finance companies was initiated, which is a first of its kind. For evaluating the micro finance practices, initially a comparative evaluation of the performance of self help groups under three interventions was done using certain quality parameters identified. Group cohesiveness and its influence on certain specific group performance indicators were studied. Loan repayment performance of members under the three micro finance interventions were studied separately for different

forms of loans. Considering the SHG members as 'clients' availing priority financial service, their level of satisfaction towards various aspects of loan, insurance, and other aspects such as training, assistance etc. were also studied. In all respects, the study attempts to fill the research gap, which was unveiled in the literature survey. This study entitled 'A Study on the Micro Finance Practices in Kerala' can also be viewed as a comparative evaluation of the micro finance practices of 'not- for -profit' micro finance organisations and 'for- profit' micro finance organisations, which makes the study more unique.

2.12. Conclusion

In this chapter, review of certain literatures related to different aspects of micro finance was done. Review of literature gave insight about relevant variables to be included in the study, especially with regard to quality assessment of self help groups and impact assessment of micro finance. Literature survey helped to internalise the methodology adopted in different studies and to identify the research gap.

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100. Reshmi.R. "Role of Kudumbashree Micro Enterprises in Alienation of Poverty with Special Reference to their Marketing Strategies," *International Journal of Social Science and Interdisciplinary Research*, Vol.1, Issue 12. December (2012):173-187 <http://www.indian researchjournals.com/pdf/IJSSIR/2012/December/17.pdf>

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CHAPTER 3
THEORETICAL OVERVIEW OF
MICRO FINANCE

3.1.   Introduction

After analysing the available literature in the study area, it is appropriate to provide a theoretical background about the study. This chapter is dedicated for this. The present chapter is divided in to three sections. Section- A deals with the definitions for micro finance, concept of SHG, SHG Bank linkage programme, micro finance delivery methodologies, legal structure of micro finance institutions and the principles of micro finance. Section-B deals with performance parameters of SHGs and impact assessment. Section-C deals with the profile of the institutions selected under the three micro finance interventions included in the study. It includes Kudumbashree, Centre for Overall Development, Gandhi Smaraka Grama Seva Kendra, SKS Microfinance Ltd., and ESAF Microfinance and Investments Ltd.

SECTION-A

This section discusses the definitions for micro finance, concept of SHG, SHG Bank linkage programme, micro finance delivery methodologies, legal structure of micro finance institutions and the principles of micro finance.

3.2.   Definition of Micro Finance

Micro finance is considered one of the most important tools for poverty reduction. It has attracted the attention of governments, donors and development agencies all over the world. The United Nations has declared that 2005 is the International Year of Microcredit, which recognised micro finance as an

important way to meet the Millennium Development Goals, particularly the goal of making the world's poverty rate half by 2015.

Rutherford Stuart (2000)[1] defined Micro finance as "the means by which poor people convert small sums of money into large lump sums". Micro finance originally established to impel the moneylender out of business and to bridge the capital gap apparently unfilled by the rural co-operatives and commercial banks. It is a collection of banking practice built to provide small loans and accepting tiny saving deposits. Micro finance addresses one constraint faced by the poor, that is, shortage of capital. Capital investment from savings or borrowing, takes an important place for everyone, regardless of their income.

According to Otero, Maria (1999)[2], "Micro finance creates access to productive capital, which together with two other forms of capital –human capital, addressed through education and vocational training, and social capital, built through creating representative, local organization building, promoting democratic systems, and strengthening human rights; enables people to move out of poverty. Micro finance enables poor self-employed people to create productive capital, to protect the capital they have, to deal with risk, and to avoid the destruction of capital. It attempts to build assets and create wealth among people who lack them. For the very poor, micro finance becomes a liquidity tool that helps smooth their consumption patterns and to reduce their level of vulnerability". Micro finance is a logical approach to development because it functions at the grassroots level, can be sustainable, and is capable of involving large segments of the population, and builds both human and productive capacity.

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[1]   Rutherford, Stuart. " The Poor and Their Money". Oxford University Press, Delhi,(2000)
[2]   Otero, Maria. "Bringing Back Development in Microfinance", *Journal of Microfinance*, Volume 1, number 1, (1999)

Robinson (2001)[3] defines micro finance as "small-scale financial services primarily credit and savings provided to people who farm, fish or herd" and adds that it "refers to all types of financial services provided to low-income households and enterprises".

CGAP (2003)[4] defines micro finance as "a credit methodology that employs effective collateral substitutes to deliver and recover short-term, working capital loans to micro entrepreneurs".

3.3. Self Help Groups

Micro finance has come to be recognized and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor, with focus on empowering women. Experiences of different anti-poverty and other welfare programmes within the country and elsewhere have shown that the key to its success lies in the participation of community based organisations at the grassroots level. People's participation in credit delivery, recovery and linking of formal credit institutions to borrowers through the intermediation of Self Help Groups (SHGs) have been recognised as a supplementary mechanism for providing credit support to the rural poor.[5]

3.3.1. Meaning

A SHG is a group of about 20 people from a homogeneous class, who come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them imbibe the

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[3] Robinson, Marguerite S. "Microfinance: the Paradigm Shift from credit Delivery to Sustainable Financial Intermediation' Strategic Issues in Microfinance," Ashgate Publishing(1998)

[4] "The Impact of Microfinance ,Helping to Improve Donor Effectiveness in Microfinance", CGAP, Donor Brief No. 13 (2003)

[5] V. Puhazhendi and K. C. Badatya. "SHG-Bank Linkage Programme for Rural Poor – An Impact Assessment", National Bank for Agriculture and Rural Development(2000)

essentials of financial intermediation including prioritization of needs, setting terms and conditions and accounts keeping. This gradually builds financial discipline and credit history for themselves, as the money involved in the lending operations is their own hard earned money saved over time with great difficulty. This is 'warm money.' They also learn to handle resources of a size that is much beyond their individual capacities. The SHG members begin to appreciate that resources are limited and have a cost. Once the groups show this mature financial behaviour, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. Banks find it easier to lend money to the groups as the members have developed a credit history. 'Cold (outside) money' gets added to the own 'warm money' in the hands of the groups, which have become structures, which are able to enforce credit discipline among the members. The members have experienced the benefits of credit discipline by being able to save and borrow regularly without many hassles. The groups continue to decide the terms of loans to their own members. The peer pressure ensures timely repayments & replaces the "collateral" for the bank loans.[6]

3.3.2. Characteristics of SHGs

The important characteristics of SHGs are as follows:

i.   They usually create a common fund by contributing their small savings on a regular basis.

ii.   The groups evolve a flexible system of operations often with the help of the NGOs and manage their common pooled resources in a democratic manner.

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[6]   Y.C.Nanda. Annual Report of NABARD, (2002)

iii. Groups consider loan requests in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.

iv. Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.

v. The amounts loaned are small, frequent and for short duration.

vi. Rates of interest vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.

vii. At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.

viii. Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit as also of the borrower's economic resources.

3.3.4. Functions of SHGs

The important functions of SHGs are the following:

i. Enabling members to become self-reliant and self-dependent.

ii. Providing a forum for members for discussing their social and economic problems.

iii. Enhancing the social status of members by virtue of their being members of the group.

iv. Providing a platform for members for exchange of ideas.

v. Developing and enhancing the decision-making capacity of members.

vi. Fostering a spirit of mutual help and co-operation among members.

vii.　Instilling in members a sense of strength and confidence which they need for solving their problems.

viii.　Providing organizational strength to members.

ix.　Promoting literacy and increasing general awareness among members, and

x.　Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

3.4. SHG Bank Linkage Programme

The micro finance scene in the country is dominated by SHG bank linkage. NABARD is the nodal apex government financial institution to provide micro finance services to the very poor, through the existing banking network and NGOs. The pilot programme aimed at building financial capabilities and self-confidence among the deprived, through sustainable development of SHG-Bank linkage was first initiated in 1992. Since then, the growth is significant, and benefits are widely acclaimed. [7]

Through the SHG-bank linkage programme, the RBI and NABARD have tried to promote relationship banking, i.e., improving the existing relationship between the poor and bankers with the social intermediation of NGOs. The Indian model is predominantly a "Linkage Model," which draws upon the strengths of various partners such as NGOs, banks etc. As compared to other countries where parallel model of lending to the poor is predominant, the Indian linkage model tries to use the existing formal financial network to increase the outreach to the poor, while ensuring the necessary flexibility of operations for both bankers and the poor. Various credit delivery innovations such as Grameen Bank Replications, NGO networking, credit unions, and SHG federations have

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[7]　B. Kumar . " Impact of Microfinance through SHG-Bank Linkage in India: A Micro Study" *Vilakshan, XIMB Journal of Management,* (2006)

been encouraged by NABARD for increasing the outreach. It has also instituted a Micro Credit Innovations Department for planning, propagating, and facilitating the micro finance movement[8].

NABARD envisaged three models of linkage between SHGs, banks and NGOs. The three models of SHG-bank linkages are as follows[9].

3.4.1. Model I: SHGs formed and financed by banks

In this model, the bank itself takes up the work of forming and nurturing the groups, opening their bank accounts and providing them with bank loans after satisfying itself as to their maturity to absorb credit. Here, the bank acts as the Self Help Group Promoting Institution (SHGPI).

3.4.2. Model II: SHGs formed by NGOs and formal organizations but directly financed by the banks.

In this model, groups are formed by NGOs (in most cases) or by government agencies. The groups are nurtured and trained by the agencies. The bank then provides credit directly to the SHGs after observing their operations and maturity to absorb credit. While the bank provides loans to the groups directly, the facilitating agencies continue their interactions with the SHGs.

3.4.3. Model III: SHGs financed by banks, using NGOs and other agencies as financial intermediaries

For various reasons, banks in some areas are not in a position even to finance SHGs promoted and nurtured by other agencies. In such cases, the NGOs act as both facilitators and micro finance intermediaries. First, they promote the groups, nurture and train them and then they approach banks for bulk loans for on lending to SHGs.

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[8] Hema Bensal. "SHG Bank Linkage Programme in India'' *Journal of Micro finance*, Volume 5, No.1, (2005)
[9] " SHG Bank Linkage Programme", NABARD, (2008)

3.4.4. SHG2: Revisiting the SHG Bank Linkage Programme

Characteristic features of Self-Help Groups (SHGs) and the norms for their linkage with banks were first enumerated in the guidelines of NABARD circular dated 26 February 1992. Two decades hence, the SHG-Bank Linkage Programme (SHG-BLP) continues to be the mainstay of the Indian micro finance scene with 74 lakhs SHGs covering over 10 crores households saving with the formal banking system with savings balance of over Rs. 7, 000 crores as on 31 March 2011. About 49 lakhs of these SHGs have also accessed bank credit and have over Rs 31,000 crores as outstanding credit from the banking system. In other words, the SHG-BLP has so far been the most preferred and viable model for financial inclusion of the hitherto unreached poor. However, despite the unique characteristics of SHGs and noteworthy accomplishments, the following issues continue to affect the programme in many areas;

- Inadequate outreach in many regions,
- Delays in opening of SHG accounts and disbursement of loans,
- impounding of savings by banks as collateral,
- Non-approval of repeat loans even when the first loans were repaid promptly,
- Multiple membership and borrowings by SHG members within and outside SHGs, and
- Limited banker interface and monitoring.[10]

Hence the Self-Help Group (SHG)–bank linkage programme[11] has been re-launched as SHG2 by National Bank for Agriculture and Rural Development (NABARD). SHG2 of NABARD lays emphasis on mobilizing voluntary savings within groups as well as with the banks, smoothening credit flow through cash

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[10] NABARD, Micro Credit Innovation Department, Circular No: 65(A)/ MCID-04 / 2011-12, 27 March (2012).

[11] Girija Srinivasan, "Micro finance social performance report 2013.",ACCESS Publication.(2013)

credit system, facilitating larger loans for selected members through Joint Liability Groups (JLGs) within SHGs apart from risk mitigating measures to build confidence of bankers in lending to SHGs. NABARD also launched its five-year training strategy for capacity building of various stakeholders in SHG 2. National Rural Livelihood Mission (NRLM) has been rolled out and has achieved varying degrees of progression in 12 states. As a flagship poverty reduction programme of the government, the programme focuses on inclusion of poorest poor into SHGs and their federations. Recent RBI guidelines for the banks to finance SHGs under NRLM has made an important departure in the savings-led programme—the groups are eligible to get credit of specific amounts in each loan cycle irrespective of the savings amount. Thus savings to bank credit ratio has been dispensed with. NRLM has a credit push approach and aims to dispense subsidized credit to spur livelihood promotion.

Under SHG–bank linkage programme, as of 31 March 2013, 7317551 SHGs have savings account with the banks which is 6 per cent lower as compared to the previous year. However, the savings amount with the banks registered a 25 per cent increase and stands at Rs.82.17 billion. The average savings per SHG with the banks is Rs.11, 229. However, the total savings of the groups will be higher since bulk of the savings is internally lent. As of 31 March 2013, 4451434 SHGs (61 per cent of those with savings accounts with banks) have outstanding bank loans and the loan outstanding was Rs.393.75 billion (average per group loan outstanding was Rs. 88, 000). The cause for concern is the rising level of non-performing assets (NPA) to total outstanding loans.[12]

3.5. Micro Finance Delivery Methodologies

India has been a fertile ground for a large number of models for delivery of micro finance, each of which has become highly popular. In fact it can be said that India hosts the maximum number of micro finance models, both in the

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[12] Ibid.,p.1

indigenous sector as well as in the modern micro finance sector. Each model has succeeded in their respective fields. The main reason behind the existence of a diverse range of micro finance models in India may be due to the geographical size of the country, existence of a wide range of social and cultural groups, the existence of different economic classes and a very active NGO movement[13]. Though diverse the approaches are the common theme running through them is the ultimate objective of uplifting the social and economic positions of the poor.

3.5.1. Micro Finance Delivery Models in India

Micro Finance Institutions in India have adopted various traditional as well as innovative approaches for increasing the credit flow to the unorganized sector. They can be categorized into four broad categories. They are discussed below:[14]

1.   Self Help Group (SHG) Model
2.   Federated Self Help Group Model
3.   Grameen Bank Model
4.   Co-operative Model

Important features of the above four micro finance models are discussed in this section. These models vary in their legal forms, in the channels and methods of delivery, in their governance structure, in their approach to sustainability and also in their approach to micro finance.

3.5.1.1. Self Help Group (SHG) Model:

Self Help Group model has emerged as the "Indian" model of Micro Finance. It is so popular in India that Government programmes have SHG as the core of their strategy. The SHG model has evolved in the NGO Sector. NGOs

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[13]Samapti Guha, "Salient Features of Micro Finance Institutions in India", IPRF working paper series No:01/04,p.7

[14] Ibid.,pp.8-15.

had a larger vision of development other than just provision of certain services. This has grown under the assumption that the poor are capable of self reliance and the NGOs need only act as enablers, educators and catalyst of change. Some of the features of SHG Model are given below.

- Self Help Groups are small (membership of 10 to 20 persons) informal groups that have socially and economically homogeneous membership of poor people drawn from the same place or from nearby places. The composition of membership is mostly exclusively male or exclusively female. In India, most of the self help groups are female only groups.

- Group members are self-selected with the liberty to choose their group depending on their level of affinity with the other potential members. This makes it easy for the NGOs / promoting agency to build it into a strong social and financial institution.

- NGOs/ other promoting institutions, act as a facilitating agency to build in processes and systems that make the SHGs viable and sustainable institutions.

- The group members meet regularly at an appointed time and place for carrying out their savings and credit activities and other issues of development.

- The group mobilizes savings among the members and it issues need based loans to the members (only) out of the common funds created.

- The rules and norms are determined by members themselves.

- The NGO/promoting agency helps the SHGs in designing and installing systems for the transactions, conducting meetings, resolving conflicts and in networking.

- While the SHG provides the members with financial services, the SHG promoting agency provides them with support services, training, systems setting and in developing linkages.

- Once the internal transactions are strengthened, the groups are linked with banks for supplementary financial assistance.

- After the SHG has been put on the path to sustainability, organizationally and financially, the NGO may decide to withdraw from supporting the SHG and move on to new groups.

- The main motive of the SHG is to empower poor socio-economically and improve their livelihood pattern.

3.5.1.2. Federated Self Help Group Model

Federations of SHGs bring together several SHGs. It follows a distinct three tier structure, the SHGs being the basic unit, cluster of SHGs being the intermediate unit and a federation of a number of clusters being the apex body. In India SHGs promoted by the Dhan Foundation, PRADAN, Chaitanya, SEWA, etc. adopt Federated SHG Model. Some of the salient features of Federated SHG Model are given below:

- Federations usually come under the Societies Registration Act.

- There is a distinct three-tier structure in federations – the SHG is the basic unit; the cluster is the intermediate unit and an apex body or a federation, represents the entire membership.

- Each SHG participates directly in the representative body at the cluster level. Two members from each SHG attend the monthly cluster meetings. Information from the groups to the apex body and vice-a-versa is channeled through the cluster level representative body.

- The cluster leaders are a highly effective part for group monitoring and strengthening. So the operations of the apex body are decentralized through the clusters.

- The executive body at the apex level consists of 9 to 15 members.

- Three common financial activities of Federations are as follows

  a) Acting as an agent and manager of external credit funds.
  b) Assisting SHGs with loan recovery in difficult cases.
  c) Strengthening weak SHGs, so that they are able to carry out their savings and credit function smoothly.

- Other financial services provided by the federations are:

  a. Additional options for members to save: Federations often offers additional saving schemes to the group members, this is apart from group savings. So the members have savings with the group and in addition, with the Federation.

  b. Satisfactory returns on savings to members.

  c. Credit giving patterns also vary. Generally, federations have credit activities at the group level, although federations provide credit to their members. These loans are disbursed from member's savings that may be deposited with the federation and from external funds that it is able to access independently. Federations are able to increase the amounts of credit available to members. Federations even provide bridge loans.

  d. Federations provide insurance and housing finance, and also support services to facilitate productive use of credit.

3.5.1.3. Grameen Bank Model

The Grameen Bank Model of Bangladesh, developed by Prof. Muhammad Yunus, its former chairman was considered as the pioneer microfinance institution. It has been highly successful in its banking service to the poor as well as in its poverty alleviation programmes. With its well-recognised success, many organisations in India, like SHARE Microfin Ltd, Activities for Social Alternative (ASA) and CASHPOR Financial and Technical Services Ltd.etc. have adopted this methodology with little variations. Some of the salient features of the Grameen Bank Model are given below:

- Homogenous groups of five members are formed at the village level.

- The field worker of the Grameen Bank facilitates the process of group formation.

- All the group members undergo a 7day compulsory training of 1-2 hours per day. Some groups undergo the Group Recognition Test (GRT). It is a screening test that can distinguish between serious and non-serious groups. Actually it is an effective tool to overcome the adverse selection problem.

- Once the preliminary groups have passed GRT, and then the women become members of Grameen Bank by paying a one-time member fee.

- Eight joint liable groups affiliate together to form a Center. Every week Centre meets at a defined time. Bank Assistant attends the meeting and it is mandatory for the members to attend the weekly meeting and all the loan applications have to be approved by other group members as well as Centre members.

- The loan is disbursed from the Bank fund and it is not linked with the group savings. Loan is given to the individual not to the group or the center.

- The loan disbursement is always done in the Centre. The housing loans are disbursed at the Branch to maintain documentation.

- Various loans are provided by the Grameen Bank such as General Loans, Supplementary Loans, Special General Loans, Sanitation and Housing Loans etc.

- Every member save Rs.10 per week and it is compulsory. This saving is deposited with Bank. The bank funds their consumption needs with this deposit. This strategy overcomes the problem of default as it is proved that nobody is likely to default on his or her own money.

- All loans are repayable within a year in 52 equal installments (over 52 weeks).

- The provision of 5% tax on all productive loans disbursed to a member is one of the most important strategies to increase group fund. This fund remains with the group.

- The group leader collects the loan repayments and savings prior to the meeting and hands it over to the Centre leader who gives it to the field worker during the meeting. This collected amount is deposited in the branch on the same day. No new loan is issued from this collected amount. It discourages all possible leakages in monetary transactions.

- Peer pressure replaces the collateral. Member-borrowers who repaid the loan in time are allowed to get repeated loans and continuous access to increasing credit from Bank. The most significant aspect of the Grameen Bank Model has been its high loan recovery rate (98% and above).

3.5.1.4. Co-Operative Model

The leading organization that has been successful in using the co-operative form in rural micro finance in India has been the Cooperative Development Forum (CDF), Hyderabad. It has built up a network of financial co-operatives based upon women's and men's thrift groups. It has registered under the New Generation Cooperatives Act, 1995. Some of the salient features of the Co-operative Model followed by Cooperative Development Forum are given below.

- The primary entities of CDF's Micro Finance Cooperative are the Women's / Men's Thrift Cooperative (W (M) TC). Each consists of 300 members. Generally these members reside in the same village.

- The WTC or MTC are divided into small groups (10 to 50 members) to facilitate better monitoring of thrift and repayment of loans.

- The group members nominate a group leader and the leader enjoys the confidence of the group.

- CDF encouraged members to identify more strongly with their WTC/MTC rather than with the groups, as WTC/MTC are the primary legal entities and viable units of operation.

- Most of the WTC/MTCs decided to register themselves under the New Generation Cooperative Act, which allows for greater flexibility and autonomy in operations.

- The General Body constitutes of all the members of the primary cooperatives. It adopts a uniform set of bylaws. The General Body meets once in a year to elect the directors, review and discuss the other issues. The Board of Directors consists of 12 directors who are elected by the members.

- Each director is elected for three-year term. The retired directors are eligible for re-election.

- The directors elect a chairperson and appoint a managing director (MD) among themselves. Chairperson and MD have a one-year term. They are also eligible for re-election.

- The Chairperson presides over the board meetings. He/She represents the cooperatives in other organizations (forums) and ensures that they function in accordance with the Cooperative principles and by-laws.

- The MD is responsible for ensuring that the operations of Cooperative are properly conducted and that the resolutions of the board are implemented.

- A set of geographically contiguous cooperatives forms an Association of WTC/MTCs. The Chairperson and MD of each participating Cooperatives are members of the General Body of the Association.

- General Body elects a Chairperson and MD to oversee the affairs.

- The Association provides training, management of the Loan Insurance Fund and inter-lending. It also plays a support role by helping the member cooperatives in handling accounting, auditing and other administrative matters.

3.6. Legal Framework of Micro Finance Institutions in India

Micro finance institutions (MFIs)[15] perform very crucial function of facilitating financial inclusion in developing countries through the provision of micro finance services. MFIs in India have grown tremendously in terms of size, outreach, and financial maturity since their emergence in the 1980s. Recent RBI

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[15] http://www.cuts-ccier.org/pdf/Regulation_of_Microfinance_Institutions_in_India.pdf

reports with regard to micro finance activities, state that alongside self-help group (SHG)-bank linkage programmes, MFIs, such as non-government organizations (NGOs) and non-banking finance companies (NBFCs) have emerged as important sources of micro finance delivery in India. This section presents the meaning of MFIs and gives a picture of the legal structure of the micro finance institutions in the country.

3.6.1. Meaning of Micro Finance Institution

A micro finance institution under the proposed Micro finance Institutions (Development and Regulation) Bill, 2012 includes the following entities[16].

 a. a society registered under the Societies Registration Act, 1860;

 b.   a company registered under section 3 of the Companies Act, 1956;

 c.   a trust established under any law for the time being in force;

 d. a body corporate; or

 e. any other organisation, which may be specified by the RBI if the object of the institution is the provision of micro finance services.

It does not include a banking company, co-operative societies engaged primarily in agricultural operations or industrial activities or any individual who carries on the activity of money-lending and is registered as a moneylender under the provision of any State law.

3.6.2. Legal Structure of Micro Finance Institutions

A Micro finance institution in India can have different legal forms[17]. The different legal forms are given below:

1. Non-Government Organizations engaged in micro finance are formed as Societies and Trusts;

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[16] <http://financialservices.gov.in/banking/micro_finance_institution_bill_2012.pdf>
[17] Status of Micro Finance in India 2009-2010, NABARD, www.nabard.org/pdf/

2.   Cooperatives registered under the conventional state-level cooperative acts, the national level Multi-State Cooperative Societies Act (MSCA 2002), or under the new State-level Mutually Aided Cooperative Societies Act (MACS Act);

3.   Section 25 Companies (not-for profit);

4.   For-profit NBFCs; and

5.   NBFC-MFIs.

The different legal forms are described below[18].

3.6.2.1. Societies

These are membership organizations that may be registered for charitable purposes. Societies are usually managed by a governing council or a managing committee. Societies are governed by the Societies Registration Act, 1860, which has been adapted by various states. Unlike trusts, societies may be dissolved.

3.6.2.2. Trusts

The public charitable trust is a possible form of not –for profit entity in India. Public charitable trusts can be established for a number of purposes, including the relief of poverty, education, medical relief, provision of facilities for recreation, and any other object of general public utility. Indian public trusts are generally irrevocable. No national law (except the broad principles of the Indian Trusts Act 1882, which governs private trusts) governs public charitable trusts in India, although many states have Public Trusts Act.

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[18] United States International Grantmaking, 2007; Micro finance Gateway, 2007.

3.6.2.3. Section 25 Companies

A section 25 company is a company with limited liability that may be formed for "promoting commerce, art, science, religion, charity or any other useful object", provided that no profits, if any or other income derived through promoting the company's objects may be distributed in any form to its members.

3.6.2.4. Non Banking Finance Companies (NBFCs)

These are non bank institutions that engage in financing other entities, purchasing government securities and other business. These are institutions whose primary business is not agricultural, industrial, or involves the purchase of goods or provision of services. They are permitted to lend, hire purchase or lease. Deposit mobilization is permitted only if they are rated by an approved credit rating agency, and only time deposits of 1-5 years are permitted. In addition, most deposits are allowed only in the province where the NBFC is registered.

3.6.2.5. Non Banking Finance Companies (NBFCs) - MFIs[19]

As indicated in the Second Quarter Review of Monetary Policy in November 2010, a Sub-Committee of the Central Board of the Reserve Bank (Chairman: Sheri Y. H. Malegam) was constituted to study issues and concerns in the MFI sector. The Committee submitted its report in January 2011. In the Monetary Policy Statement 2011-12, it was announced that the broad framework of regulations recommended by the Committee has been accepted by the Bank. Accordingly, a separate category of NBFCs viz. Non Banking Financial Company-Micro Finance Institution (NBFC-MFI) was formed and separate directions were issued containing the regulatory framework for NBFC-MFIs. The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 defines NBFC-MFI as a non-deposit taking NBFC (other

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[19] <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/43BF010714FSC.PDF>

than a company licensed under Section 25 of the Indian Companies Act, 1956) that fulfils the following conditions:

i.   Minimum Net Owned Funds (NOF) of Rs.5 crore. (For NBFC-MFIs registered in the North Eastern Region of the country, the minimum NOF requirement shall stand at Rs. 2 crore).

ii.   Not less than 85% of its net assets are in the nature of "qualifying assets".

3.7. Principles of Sustainable Micro Finance

Microfinance is the provision of financial services to the poor. This involves "micro" or small amounts of savings, credit, insurance and money transfer services. There is significant net demand for financial services in many areas of the developing world, especially in rural areas. The formal banking system has so far been unable to fill the gap, even for the core services of safe savings and short-term credit for both productive activities and consumption. As a result a niche micro finance industry has emerged, and innovation and experimentation has led to success that has promoted the renewed interest and involvement of the commercial banking sector. A wide variety of methods have been used to reach these low-income communities with appropriate and affordable services, reflecting the diversity of contexts and environments in which these services are provided. While there are no specific methods that are appropriate in every context, there are certain principles that are recognized as good practice in delivering micro finance services. These principles are common to the range of institutions involved in the delivery of microfinance and reflect the fundamental principles of appropriateness and sustainability. The following is a summary of principles that are supported and promoted by the World Education Australia:[20]

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[20] World Education , Australia(2006) <http://www.microfinancegateway.org/library/principles-sustainable-microfinance>

3.7.1. Principle One

Microfinance services must fit the needs and preferences of clients. The delivery of appropriate financial services to low-income people requires a good understanding of their needs and desires. For example, loan sizes, terms and repayment frequency should match the affordability constraints of clients. Likewise, facilities for deposit collection and withdrawal should be accessible and convenient. A good understanding of these factors requires an ongoing investment in client research and feedback mechanisms, as it is the clients themselves that are best positioned to determine whether their needs and preferences are being met. Institutions should be willing to test new products, seek ongoing client feedback, and respond to client demands and preferences as required.

3.7.2. Principle Two

Poor households and communities need access to a variety of financial services, not just loans. Like other people, the poor need access to a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people generally need not only credit, but also access to savings, cash transfers, and insurance.

3.7.3. Principle Three

Micro finance is a powerful instrument against poverty. Access to appropriate and sustainable financial services enables the poor to increase incomes, build assets and reduce their vulnerability to external shocks. Micro finance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions, and children's health and education. Micro finance products and services should be designed with clients' vulnerability and poverty context in mind, and those initiatives that have a poverty reduction agenda should measure and assess their performance in terms of poverty reduction.

3.7.4. Principle Four

Micro finance means building financial systems that serve the Poor. In many countries, micro finance continues to be seen as a marginal sector and primarily a development concern for donors, governments, and socially responsible investors. In order to achieve its full potential of reaching a large number of poor people, microfinance needs to become an integral part of the financial sector. This requires the involvement of conventional financial service providers, regulators and related industry bodies.

3.7.5. Principle Five

Financial sustainability is necessary to reach significant numbers of poor people. Most poor people are not able to access financial services because of the lack of strong retail financial intermediaries. Building financially sustainable institutions is not an end in itself - it is necessary in order to reach significant scale and impact, far beyond what government or other donors can fund. Financial sustainability is the ability of a micro finance provider to cover all of its costs. It allows the continued operation of the microfinance provider and the ongoing provision and expansion of financial services to the poor. Achieving financial sustainability requires minimizing costs, offering products and services that meet client needs, finding innovative ways to reach the un-banked poor, and charging interest rates and fees that cover costs. Micro finance providers should always strive to achieve maximum efficiency in their operations so that they can provide their services at the lowest possible cost to clients.

3.7.6. Principle Six

Interest rate ceilings can damage poor people's access to financial services. The per unit costs involved in making many small loans are significantly higher than those associated with fewer, larger loans. Likewise, operating in high inflationary environments with weak financial markets, and

engaging in uncollateralized lending to people living in remote areas, is considerably more expensive than collateralized lending to urban residents in a developed and stable economy. It is therefore not appropriate to compare interest rates and fees across countries, geographical locations, and clients. Unless micro finance providers can charge interest rates that are above average bank loan rates, they invariably cannot cover their costs, and their growth and sustainability will be limited by the scarce and uncertain supply of subsidized funding. When governments regulate interest rates, they usually set them at levels too low to permit sustainable Micro finance. At the same time, microfinance providers must avoid setting a sustainable interest rate based on an inefficient operation as this results in operational inefficiencies and related costs being passed on to poor clients and may reduce the pressure on the provider to improve its performance. In order to avoid this situation, clear pricing policies and mechanisms should be in place and shared with stakeholders and funders to ensure that all parties can together monitor interest rates to ensure their appropriateness.

3.7.7. Principle Seven

Credit is not always appropriate. Credit is not appropriate for everyone or every situation. The destitute and hungry that have no income or means of repayment typically need other forms of support before they can make effective use of loans. In many cases, small grants, community infrastructure improvements, health and education services, employment and training programs and other non-financial services may be more appropriate tools for poverty alleviation. Wherever possible, poor clients should be encouraged and supported to build a small savings base and develop basic money management skills prior to taking on the risks associated with credit.

3.7.8. Principle Eight

The role of governments is as an enabler, not as a direct provider of financial services. Governments play an important role in setting a supportive policy environment that stimulates the development of financial services while protecting poor people's savings. Governments can best support microfinance by promoting macroeconomic stability, avoiding interest-rate caps and refraining from distorting the market with unsustainable, subsidized loan programmes. Governments can also support financial services for the poor by improving the business environment for micro entrepreneurs, clamping down on corruption, and improving access to markets and infrastructure. Government's are not well placed to provide financial services directly to clients, and tend to distort the market and reduce the quality and level of service provision when they do so. In certain situations, government funding for sound, independent microfinance institutions may be warranted when other funding sources are not available.

3.7.9. Principle Nine

Donor subsidies should complement, not compete with private sector capital. Donors should use appropriate grant, loan, and equity instruments on a temporary basis to build the institutional capacity of financial providers, develop supporting infrastructure (like rating agencies, credit bureaus, audit capacity, etc.), and support experimental services and products. In some cases, longer-term donor subsidies may be required to reach sparsely populated and otherwise difficult-to reach populations. To be effective, donor funding must seek to integrate financial services for the poor into local financial markets; apply specialist expertise to the design and implementation of projects; require that financial institutions and other partners meet minimum performance standards as a condition for continued support; and plan for exit from the outset.

3.7.10. Principle Ten

The lack of institutional and human capacity is the key constraint to the expansion of micro finance. Micro finance is a specialized field that combines banking with a social agenda. The technology and finance required to extend these services to the poor already exists, what is lacking in most cases is the institutional and human capacity required to link financial markets with poor clients. To address this constraint, capacity needs to be built at all levels, from financial institutions through the regulatory and supervisory bodies and information systems, to government entities and donor agencies. Investments in the sector, both public and private, should focus on building the human and institutional capacity to release the full potential of micro finance.

3.7.11. Principle Eleven

The importance of financial and outreach transparency. Because microfinance has a social agenda and involves a wide range of stakeholders, it is important that accurate and comparable information be available to monitor and assess the social and financial performance of programs. This information is required by bank supervisors, regulators, donors, investors and clients so that they can adequately assess the risks and returns associated with various providers and services. The microfinance industry is vulnerable to political interference because of its need to charge higher than usual levels of interest to poor clients. Transparent financial and outreach reporting can help to mitigate concerns related to unfair pricing of products and thereby promote the sustainability of the microfinance industry as a whole.

This section discusses the performance parameters of SHGs and impact assessment of micro finance.

3.8. Performance Rating of SHGs

There has been a phenomenal growth under the micro finance programmes in India. The focus on achievement in terms of number of Self Help Groups (SHGs) being linked to banks and the amount of credit being disbursed to meet the targets has resulted in bringing the quality of SHGs under stress. With the scaling up of micro finance programme, quality of SHGs has become critical, and hence there is a need to assess the performance of SHGs.[21]

There is an increasing concern among bankers about the quality of SHGs being promoted by themselves or by other promoters. In order to assess the quality of SHGs, banks use grading tools to assess the eligibility of a SHG for credit linkage. Despite having appropriate tool, the quality seems to have declined and the quality deterioration is visible in the form of higher delinquency rates, primarily because these rating tools were never given the sanctity they required.[22] In this section, a brief outline of the quality assessment parameters of SHGs is given.

3.8.1. Parameters of SHG quality

This section introduces different categories of parameters for classification of the indicators that have been used by various organisations in SHG quality assessment.[23] Many agencies have devised assessment criteria for

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[21] Veenapani. "Performance of self help groups (A Case study of Mahbubnagar District in Andhra Pradesh)" *Radix International Journal of Reserch in Social Science*, (2012)

[22] Sanjay Kanti Das, "Ground realities of self help group –bank linkage programme: an empirical analysis", *IJRSS*(2012)

[23] Discussion Paper on quality parameters of self-help groups, Sa-Dhan, August (2003), pp10-12

appraisal and periodic evaluation of group performance. Such agencies include (1) NABARD, (2) BASIX, (3) MYRADA, (4) CARE, (5) APMAS, (6) Corporation Bank, (7) HOLY CROSS, (8) CHAITANYA, and (9) DRDA Mahboobnagar etc. These organisations represent a varied mix of institutions such as (i) apex bank; (ii) Commercial MFI; (iii) NGO/ not for profit society; (iv) donor agency; (v) rating agency; (vi) commercial bank; and (vii) government development agency. The study of these assessment tools can be a starting point towards developing common understanding of quality of SHG.

The assessment tools are devised by different agencies for different purposes and different sets of users. Among the given tools, there are three distinct set of users:

a.   To be used by a third party, like rating agencies and lenders like APMAS, Corporation Bank, DRDA, BASIX and NABARD to make decision for support to be provided to SHGs (either by themselves or by others)

b.   To be used by the NGO or promoting organisation, like MYRADA, Holy Cross and CARE - to take stock of the level of SHG performance, and based on that to take corrective action.

c.   Internal assessment by the SHGs themselves, like the methods developed by Chaitanya for self-administration by the groups.

3.8.2. An analysis of SHG Quality Assessment Tools and Indicators

A summary analysis of the parameters used to assess the quality of SHGs by nine above mentioned agencies is given below.[24]

1.   *Group Constitution:* Of the four parameters in this group, only group composition was used by a majority six out of the nine agencies mentioned above. Under this parameter only the government agencies

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[24] Ibid.,pp12-14

(NABARD and DRDA) and MYRADA emphasized poverty criteria as the benchmark indicator. Two agencies had an age condition of two years for SHG grading and four specified a widely prevalent benchmark group size at 10-20 members.

2. *Organisational Discipline:* This was the most universally deployed set of parameters with all nine organisations using three of the four parameters and seven using the fourth. The highest grading used as the benchmark requires 90-100% attendance at meetings with similar stipulations of regularity of meetings and savings as also collective decision making by members in four cases.

3. *Organisational processes:* As some of the parameters covered by this set are quite commonsensical and non-controversial, e.g., knowledge of rules by members, rotation of office bearers and responsibility sharing they have not been covered by a majority of the agencies. However, bookkeeping and documentation, maintenance of records have attracted the attention of a majority of the agencies. A higher level of scrutiny and accountability as represented by auditing and transparency indicators finds favour with only two and four agencies respectively.

4. *Financial management and systems* : The management of the group fund with a view to rotation of fund and limit idle funds is used by eight organisations with 90-100% of fund deployment as the benchmark most agencies. The standard for leveraging of external funds is in the range of 3 to 7 times for four reporting agencies. Arrears rates in the range of 3-5% and loan repayment rates in the 90-100% range constitute the benchmarks for repayment performance. The financial sustainability indicator, with a highest standard of 100%, however, only appears in the case of Holy Cross. Similarly, portfolio at risk, a popular indicator of financial performance for a micro finance intermediary is used by only

Basix and APMAS. No doubt it is a result of the non-availability of data in a form to undertake these exercises. Nevertheless, it reveals that a wide range of financial performance indicators is generally not included in the quality assessments undertaken by these agencies.

5. *Internal Lending Criteria:* Various elements in the process of loan sanctioning were used in the case of the Basix, MYRADA and Corporation Bank in their quality assessments, but not by the other agencies. The purpose and coverage of loans ranging from (a) a majority to 100% of loans for productive purposes; and (b) a majority to 100% of members availing loans constituted the benchmarks in seven out of nine agencies. The rate of interest charged by the SHG from borrower-members was not an issue except that NABARD and Basix indicated a desirable and unexceptionable range of 24 to 36% per annum.

6. *External Linkages:* The fact of external linkage of the SHG and particular scattered stipulations constituted the benchmark for various organisations. Four organisations also gave weightage to past track record with lenders covering timely repayment and limited overdues at less than 5 - 10%.

7. *Activities/Services (other than Savings and Credit)* : Five agencies recognized the importance of social community action by the SHG and deployed a mixed set of indicators and benchmarks, covering community participation, infrastructure development, social services and frequency of non-financial activities. Similar was the case for a couple of instances of collective activity indicators. The participation of members number of training programmes was reported by one organization each as a quality assessment indicator as also the provision of insurance services.

8. *Capabilities and Achievements:* This mixed set of parameters and indicators nevertheless shows some interesting results. While literacy of

group members is a parameter used by the five of the agencies, this class of parameters may not be relevant where groups are of mainly illiterate members. Awareness of banking processes and autonomy and self reliance are not very popular parameters with only two or three agencies using them in their assessments. The parameter related to impact covers only income impact and that too is used by three agencies. Finally, the representation of SHG members on local bodies as an indicator of empowerment, and thus SHG quality or performance, has been used only by Chaitanya.

3.9. Impact Assessment

Evaluation and impact assessment are essential components to improve the operational efficiency of any micro finance organization. Evaluation is a critical component in the development and growth of any organization, but it is especially important in the micro finance field. A key component of evaluation is impact assessment, which is assessing the impact of micro finance on the client. When conducting evaluation and impact assessments, micro finance organizations (MFOs) want to know if their activities are furthering their mission and if they are operating in the most efficient and effective way – for clients, staff, and for donors. This section is divided into two parts. The first defines program evaluation and impact assessment, along with important considerations for selecting an evaluation design. The second part offers a brief outline on how to conduct an impact assessment.[25]

3.9.1. Evaluation

Evaluation is a participatory process designed to determine how well a program or project has accomplished its goals. Evaluation is always based on the examination of some established, empirical variable or indicator, and how

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[25] Dmitry Germanov, Jacqueline Meijer-Irons, and Jonathan Carver, "Evaluation and Impact Assessment"pp1-37.

current practices compared to that standard. The results of evaluation provide managers with information about whether to expand a program, to continue a program at its current level, to reduce spending, or to cut it entirely.[26]

3.9.2. Need for evaluation

Micro finance is believed to be an important tool in the fight against poverty. In recent years there has been a huge growth in the number and size of micro finance organizations and their clients around the world. Before the early 1980s, only a handful of MFOs existed, while today there are large numbers of institutions operating worldwide.[27] As the numbers of MFOs grows, evaluation is an essential component in the development, maintenance, and performance of an organization. It helps to ensure that the MFO is meeting its service mission and to demonstrate measurable outcomes to donors. Self-financed MFOs, which are committed to covering the cost of capital without any subsidization, rely on the market to evaluate their services. For these MFOs, financial indicators document the stability and risk levels of the loan portfolio and serve to evaluate the financial health of the organization. Evaluation, therefore, is a reflective process requiring a critical look at business processes and organizational activity. Regular evaluation measures progress toward a specific goal and is a vital component of any effort to manage for results.[28]

3.9.3. Types of Evaluation

There are two basic types of evaluation: formative and summative.

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[26] . Lindenberg, Marc. "Public Sector Program Evaluation I: Summary Note for Students," John F. Kennedy School of Government, Harvard University.

[27] Zeller, Manfred and Richard L. Meyer, eds. "The Triangle of Microfinance: Financial Sustainability, Outreach, and Impact"., Washington, D.C.: International Food Policy Research Institute, John Hopkins University Press, (2002).

[28] Hatry, Harry P. "Performance Measurement: Getting Results", The Urban Institute Press, Washington, D.C, (1999)

3.9.3.1. Formative Evaluation

Formative evaluation is a tool used from the beginning to the end of a project. Typically, a formative evaluation is conducted at several points in the cycle of a project and is used to continually "form" or modify the project to make sure that its program activities match program goals and the overall mission. Formative evaluation is used to assess ongoing project activities. For micro finance organizations, formative evaluation begins at the start of a project and continues throughout the life of the project. In general, formative evaluation consists of two segments: *implementation evaluation* and *progress evaluation*. The purpose of an implementation evaluation is to assess whether the project is being conducted as planned. Progress evaluation is used to assess progress in meeting the project's goals. Progress evaluation should be thought of as an interim outcome measurement. Typically, a progress evaluation will measure a series of indicators that are designed to show progress towards program goals.[29]

3.9.3.2. Summative Evaluation or Impact Assessment

A summative evaluation assesses the project's success. This type of evaluation takes place after the project is up and running, in order to judge its impact. Typically summative evaluation takes place after the project cycle has been completed and when it is possible that the impact of the project has been realized. Impact assessment can be considered synonymous with summative evaluation. A large proportion of MFOs state poverty reduction as their mission, and have received donor funding for this mission. Even MFOs primarily interested in financial self-sustainability may have poverty reduction as part of their mission statement. At the most basic level, therefore, there is a need to understand how or if MFOs are affecting borrowers. Impact assessments can be

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[29] EHR/NSF Evaluation Handbook, p:7,<http://www.ehr.nsf.gov/rec/programs/evaluation/handbook/>.

used as "management tools for aiding practitioners to better attain program goals."[30]

3.9.4. Evaluation Design[31]

Under the best circumstances a well-designed evaluation enables the evaluator to say with confidence that the program impacts were due to the program interventions and not some series of outside factors, which happened to coincide at the same time. The ability of the evaluator to do this is based on the internal and external validity of the evaluation. Internal validity is the accuracy in concluding that the outcome of an experiment is due to the intervention. External validity is the extent to which the result of an intervention can be generalized. Good evaluation design controls for external factors that comprise threats to validity. Evaluators can chose from several types of evaluation designs. They are discussed below.

3.9.4.1. Pre-Experimental Designs

Pre-experimental designs usually focus on a single program and attempt to discover whether or not it has achieved its objectives. As a result, it is difficult to draw strong conclusions about the impact resulting directly from the program, because evaluators cannot be confident if changes were caused by the intervention, or by a host of external factors.

Before/After Comparison: This design compares the same subjects before and after the program intervention. There is no random selection of participants to the test group and no control group in this design.

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[30] Cohen, Monique and Gary Gaile, "Highlights and Recommendations of the Second Virtual Meeting of the CGAP Working Group in Impact Assessment Methodologies," April 14-28, (1998)

[31] This discussion is drawn largely from a case study "Public Sector Program Evaluation , Selecting a Method, Collecting Data and Analyzing Results," Kennedy School of Government.

After Only One Shot Design: This design is used when the evaluator has no baseline data on the participants. The evaluator simply measures and observes how program participant's score after the program has operated for a set period of time.

3.9.4.2. Quasi-Experimental Designs

Quasi-experimental design is one that looks like an experimental design, but they are an improvement over pre experimental designs because they attempt to control for and minimize threats to validity. In almost all cases, quasi-experimental designs incorporate control groups and thus, provide some standard of comparison to determine if the intervention had the desired impact.

3.9.4.3. Experimental Design

True experimental design utilizes random selection and control groups to ensure internal validity. It is often considered as the most rigorous of all research designs because the results are more "valid" than other designs, i.e., the data from the experiment measures what it is intended to measure –in this case the effect of credit for poor families. The key to success for experimental design is the random assignment of participants to both the control and experiment groups. While no two groups of people will ever be exactly the same, random selection of participants improves what can be inferred from the intervention.

This section provides an outline on the institutions included in this study under the three micro fiance interventions. It includes the Kudumbashree mission under government intervention, COD and GSGSK under NGO intervention and SKS Microfinance Ltd. and ESAF Microfinance and Investments Ltd. under NBFC interventions. Profiles of the institutions are as follows.

3.10. Profile of Kudumbashree

The concept of Kudumbashree is an innovative community based women oriented initiative launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments. Today Kudumbashree is one of the largest women-empowering projects in the country. The programme has 41 lakh members and covers more than 50% of the households in Kerala built around three critical components, micro credit, entrepreneurship and empowerment.

Literal meaning of Kudumbashree is prosperity (shree) of family (Kudumbam). Kudumbashree was conceived as a joint programme of the Government of Kerala and NABARD implemented through Community Development Societies (CDSs) of Poor Women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG. There is a state mission with a field officer in each district. This official structure supports and facilitates the activities of the community network across the state. Kudumbashree differs from conventional programmes in that it perceives poverty not just as the deprivation

of money, but also as the deprivation of basic rights. The poor need to find a collective voice to help claim these rights.

The grassroots of Kudumbashree are Neighbourhood Groups (NHGs) that send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. It is this network that brings women to the Grama Sabhas and helps them bring the needs of the poor to the attention of the local governments. The Community Development Societies are also very active in Government programmes and play significant roles in development activities ranging from socio-economic surveys and enterprise development to community management and social audit. Though its efforts to engage women in civil society in development issues and opportunities. Kudumbashree in association with the local self government of Kerala is charting out new meaning and possibilities for local economic development and citizen centric governance.

3.10.1. History and Background

Various forms of micro finance practices have been in existence in Kerala from early days. When the concept of Self Help Group was introduced in Kerala in the 1980s, it was quick to gather momentum. In the early nineties a community led poverty identification format was developed as part of the Alappuzha UBSP Programme. By this time the NABARD promoted SHG bank linkage programme had established itself as a viable micro finance model. In 1994, the CBNP project of Malappuram tried to assimilate these experiences and develop women based community structure for service delivery of government programmes. The 73rd & 74th constitutional amendments strengthened PRIs and ULBs. Shortly afterwards, the People's Plan Campaign for decentralised governance created strong local self governments (Panchayaths and Municipalities) in the State. Kudumbashree was launched in 1998 as a

community network that would work in tandem with local self governments for poverty eradication and women empowerment.

3.10.2. The Mission of Kudumbashree

There are two distinguishing characteristics to Kudumbashree which set it apart from the usual SHG model of empowerment. These are:

1. The universality of reach – from its very inception Kudumbashree has attempted to bring every poor woman in the state within its fold, as a consequence of which today Kudumbashree is present in every village panchayath and municipality, and in nearly every ward, colony and hamlet. The sheer spread is mind boggling, and it is only because the local community of women drive the system that it has managed to preserve.

2. The scope of community interface in local governance – the functioning of Kudumbashree is tied up to the development initiatives of the local government be it for social infrastructure, welfare or right based interventions or for employment generation. From food security to health insurance, from housing to enterprise development, from the national age employment programme to the jagratha samiti, every development experience depends on Kudumbashree to provide the community interface.

It is using these opportunities that Kudumbashree strives to convert a micro finance led financial security model into a more comprehensive model of local economic development.

3.10.3. The Mission Statement of Kudumbashree

"To eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating organization of

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the poor for combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically."

The objectives of the mission shall be:

1. Facilitating self-identification of the poor families through a transparent risk index composed of socially accepted indicators of poverty through a participatory survey.

2. Empowering the women among the poor to improve their individual and collective capabilities by organising them into Neighbourhood Groups at the local level, Area Development Societies at the local government ward level and Community Development Societies at the local government level.

3. Encouraging thrift and investment through credit by developing Community Development Societies to work as "Informal Banks of the Poor".

4. Improving incomes of the poor through upgradation of vocational and managerial skills and creation of opportunities for self-employment and wage employment.

5. Ensuring better health and nutrition for all poor families.

6. Ensuring access to basic amenities like safe drinking water, sanitary latrines, improved shelter and healthy living environment.

7. Ensuring zero drops out in schools for all children belonging to the poor families.

8. Promoting functional literacy among the poor and supporting continuation of education.

9. Enabling the poor to participate in the decentralization process through the Community Development Society, as a sub-system of the local governments.

10. Helping the poor to fight social evils like alcoholism, smoking and drug abuse, dowry, discrimination based on gender/religion, caste etc.

11. Providing a mechanism for convergence of all resources and services meant for alleviation of poverty in the State.

12. Collaborating with governmental and non-governmental institutions and agencies in all activities related to improving the quality of life of the poor.

3.10.4. The Vision of Kudumbashree

Kudumbashree strives to develop the model of a micro finance led financial security process into a more comprehensive model of local economic development under the aegis of local governments. This would hopefully sustain the transformation of the local governance agenda from welfare to entitlement. Such a transformation does not come about easily and requires rewriting established administrative and development practices. It requires the community acquiring voice and being heard. It requires institutionalizing processes that allow for participation and meaningful contribution. And when we speak of community we speak of the people for whom government is a palpable entity influencing the quality of their lives, as well as of the people on the periphery, both social and physical, for whom manifold deprivations have snuffed out hope of change. We speak of the women who are finding, through collective endeavours, the stepping stones leading from participation to citizenship in its truest sense. It is through the realization of citizenship that Kudumbashree would be able to significantly address issues of equity and justice.

3.10.5. Structure of Kudumbashree

The Community Based Organisation, Kudumbashree, conceived of poverty as a basket of relative deprivations and vulnerabilities and has developed an innovative methodology to identify the poor using non-economic parameters. The poor thus identified were organised under a well-networked Community Based Organisation (CBO). This methodology has since been incorporated into the policy framework of the State for the identification of the underprivileged. The Kudumbashree community organisation is a three-tiered structure with its apex tier anchored in the local self governments. The three tiers are:

- **Neighbourhood groups (NHGs)** – Groups of 10-20 women from the same neighbourhood form the foundation of the structure

- **Area Development Society (ADS)** – Federation of NHGs within a ward of the LSG

- **Community Development Society (CDS)** – Registered Society as the Federation of ADS within the LSG

3.10.5.1. Neighbourhood Group (NHG)

The lowest tier constitutes the Neighbourhood Group with 10 to 20 women members selected from economically backward families. Meetings are convened on a weekly basis in the houses of NHG members. In the weekly meeting all members bring their thrift, which will be collected and recycled, to the system by way of sanctioning loans. In each Neighbourhood Group from among the poor women five office-bearers are selected for undertaking various functional activities.

1. Community Health-Education Volunteer
2. Income generation activities volunteer (IGA)
3. Infrastructure Volunteer

4. Secretary

5. President.

3.10.5.2. Area Development Society (ADS)

The second tier is the Area Development Society, which is formed at ward- level by federating all the NHGs in the ward. The activities and the decision in the ADS are decided by the representatives of the women elected from various NHGs. The Area Development Society consists of:

1. General Body – Consists of all Presidents, Secretaries & three sectoral volunteers of the federated NHGs.

2. Governing Body – Consists of seven member governing body elected from the general body. The seven member governing body consists of ADS chairperson, ADS vice-chairperson and ADS secretary.

3.10.5.3. Community Development Society (CDS)

At the Panchayat / Municipal level a Community Development Society (CDS), a registered body under the Travancore-Cochin Literacy Scientific and Charitable Societies Act, is formed by federating all ADSs in the local bodies. The CDS consists of

1. General Body -It consists of all ADS members and ADS Governing Body members.

2. Governing Body -The Governing Body consists of Chairperson, Vice-chairperson, Vice-President, Member Secretary (Ex-officio member).

The CDS general body and governing body also consists of five women elected representatives and two experienced ex-CDS representatives as ex officio members. CDS has the following role.

1. LSG liaison

2. Linkage Banking co-ordination

3. Information Dissemination

4. Community network Strengthening Activity

5. Facilitating Income Generating Activity

6. Facilitating Identification of Poor for the purpose of LSG led Development Programmes.

7. Articulation of Community demand for Development

8. Leadership of NHGs

9. LSG Plan Intervention

10. Legal Literacy

11. . Facilitation of Centrally Sponsored Schemes

Table 3.1 given below provides the information relating to current statistics of number of CDS, ADS, NHGs and Members of Kudumbashree as on May 2015.

Table 3.1
District wise statistics of Kudumbashree as on May 2015

Sl. No.	District	CDS	ADS	NHG	Member
1	Alappuzha	79	1393	19628	309117
2	Ernakulam	101	1886	20891	333555
3	Idukki	53	825	12236	171402
4	Kannur	87	1707	18826	317375
5	Kasargode	42	826	10289	178070
6	Kollam	75	1453	20691	290682
7	Kottayam	78	1321	15289	238967
8	Kozhikkode	84	1560	26991	469244
9	Malappuram	110	2366	24133	400476
10	Palakkad	96	1755	20387	288947
11	Pathanamthitta	58	949	9605	156047
12	Thiruvananthapuram	83	1610	28770	461095
13	Thrissur	100	2045	23584	379150
14	Wayanad	26	500	9056	117970
	Total	1072	20196	260376	4112097

Source: Kudumbashree MIS Report May 2015

Table 3.2 given below provides the information relating to category wise statistics of members of Kudumbashree as on May 2015.

Table 3.2
Category wise statistics of Kudumbashree members as on May 2015

	District	Member Details					NHG Details					
		SC	ST	GEN	MIN	Total	GEN	SC	ST	COS	MIN	Total
1	Alappuzha	36934	1141	218094	52948	309117	15918	1284	17	1838	571	19628
2	Ernakulam	42439	2601	196788	91727	333555	16211	1107	82	1523	1968	20891
3	Idukki	25123	9831	78260	58188	171402	9335	1249	604	5	1043	12236
4	Kannur	13314	6894	235840	61327	317375	16720	244	372	524	966	18826
5	Kasargode	9295	11266	124064	33445	178070	8031	402	620	327	909	10289
6	Kollam	38763	1275	201291	49353	290682	17340	1508	47	548	1248	20691
7	Kottayam	28209	3655	139194	67909	238967	13165	758	125	16	1225	15289
8	Kozhikkode	43537	2595	311782	111330	469244	23678	638	92	501	2082	26991
9	Malappuram	56527	2194	140848	200907	400476	16544	1930	102	235	5322	24133
10	Palakkad	56570	5708	185134	41535	288947	16388	2381	429	6	1183	20387
11	Pathanamthitta	30363	1486	112940	11258	156047	7972	1272	53	1	307	9605
12	Thiruvananthapuram	71657	5376	302148	81914	461095	23590	2602	259	1103	1216	28770
13	Thrissur	68500	1112	213152	96386	379150	18354	2367	45	352	2466	23584
14	Wayanad	6089	19510	44079	48292	117970	6574	156	1333		993	9056
	Total	527320	74644	2503614	1006519	4112097	209820	17898	4180	6979	21499	260376

Source: Kudumbashree MIS Report May 2015

3.10.6. LSG and the Community Structure

The Community Structure is embedded in the local self-government, but has an autonomous functional character of its own. The Social Welfare Standing Committee of the LSG is responsible for monitoring and guidance of the community structure as part of its constitutionally-mandated role. The CDS Evaluation Committee is the formal mechanism that brings together the LSG and the Community Structure.

3.10.6.1. Evaluation Committee

The Evaluation Committee of the CDS is chaired by the President of the Gram Panchayat. Vice-President of the GP, Chairpersons of Standing Committees of the GP and LSG Secretary are members of the Committee. The CDS Chairperson, Sub-committee conveners and Member-Secretary represent the CDS. Officers of Line Departments attached to the LSG (Agriculture, Animal Husbandry, and ICDS etc.) and managers of banks/financial institutions in the GP are also members of the Evaluation Committee. The Evaluation Committee serves as the platform for bringing about convergence in the implementation of development activities in the LSG. It approves the CDS Action plan, and ensures that the activities proposed in the Action Plan find place in the allocation plans of the LSG and line departments and credit plans of financial institutions.

3.10.7. Government Interface

3.10.7.1. Local Self Government Linkage

It is the proximity of the CBO with local governments that makes Kudumbashree unique. Kudumbashree functions as the community voice of the LSG – in particular the voice of the economically and socially weak, and of women. Most of the plan interventions of grama panchayaths and urban local

governments in the areas of poverty reduction and women's development use the CDS network as agency especially in identification and selection of beneficiary, homing in on individual and collective needs, and for community outreach. Kudumbashree is at the heart of many action research models developed by local governments, including the LSG's Citizen's Charter's. Any community intervention coordinated by the LSG for say, destitute rehabilitation, universalizing Take Home Ration, introducing computer education in school, uses the Kudumbashree network. The first ever community validation of the BPL list was effected with the participation of Kudumbashree. The CDS network also assures that gender issues keep cropping up in the local development agenda and that the grama sabha retains its space for bringing community voices onto a common development platform.

3.10.7.2. Kudumbashree and 11th Five Year Plan

The guidelines for the formulation of the 11th 5 Year Plan by local governments highlights agricultural production, local economic development, poverty eradication and social equity as core objectives. The guidelines stipulate formation of sub plants for poverty eradication, local economic development, women's development and local governance, among others. All these are significant areas of interface of the CDS with the local government. Women of the CDS are members of the working groups formed under the aegis of LSGS for project preparation. The Kudumbashree state mission had launched an extensive campaign for capacity development of the women in Kudumbashree to meaningfully intercede in the decentralized planning process so as to focus on poverty concerns ranging from basic infrastructure to improved service delivery, and to bring their experiential knowledge of management of micro enterprises to demand intervention strategies that go beyond subsidy support and general trainings. The governance plans now provide an opportunity for factoring community monitoring into local government programmes. Through their

interventions in the grama sabhas and sectoral working groups for plan formulation, the women of Kudumbashree can help put the core objective of the 11th 5 Year Plan at the heart of the development debate.

3.10.8. Present Status

Kudumbashree is one of the largest women's movement in Asia with a membership of 41 lakhs representing equal number of families. 41 lakh poor families brought under the community based organisations (CBOs) consisting of 2.61 lakh Neighbourhood Groups(NHG), 19,773 Area Development Societies (ADSs) and 1,072 Community Development Societies (CDSs) - rural urban. It had mobilised a sum of Rs. 2664 crores as thrift and disbursed loans amounting to Rs.10728 crores to the members of Neighbourhood Groups. 1, 79,992 NHGs graded under Linkage Banking Programme, out of which 1, 63,581 NHGs linked with banks and an amount of Rs.4123 crores mobilised as credit. 25050 individual enterprises and 1757 group (with minimum 5-10 members) enterprises of women developed in urban areas. 3516 individual enterprises and 10620 group (with minimum 5-10 members) enterprises of poor women was formed in rural areas. 2, 01,650 women cultivators in 61836 groups engaged in collective farming. 61836 Joint Liability Groups were formed.

Ashraya-Destitute identification and Rehabilitation Project implemented in all Local Self Governments, Second phase of Ashraya implemented in 473 Local Self Governments and a grand total of 1,19,224 destitutes identified. 248 entrepreneur groups (Thelima) formed for the municipal solid waste management in urban areas. 'Buds' - 59 special schools for physically and mentally challenged children set up under the leadership of the Local Self Government. 40,162 Balasabhas (Children's Neighbourhood Groups) with 4.25 lakh children formed in urban and rural areas. Involvement of 99,478 tribal families, with 5,268 NHGs under the Tribal Special Project. Under the special

Gender Self Learning Programme active participation of 86,307 resource persons, 3,47,006 supporting team members and 2.61 lakhs NHGs ensured.

Launched SreeSakthi Portal which is exclusively for women to participate in active discussions on various issues related to them. We have 18,331 registered users with 49,839 posts in discussion forum. Conducted Crime Mapping at 72 CDSs and the report published at CDS, District, and State level. 24 Hours working Gender Help Desk (SNEHITHA) at six districts - Thiruvananthapuram, Ernakulam, Malappuram, Idukki, Palakkad and Wayanad - which provides Short stay and Councelling service to the women and children those who are in distress. Functioning of Kudumbashree MIS which is first of its kind in India. 63 Kudumbashree IT units with 307 people are functioning. 398 Kudumbashree Nutrimix units with 2000 women entrepreneurs are functioning.

Goat Village project beneficiaries of Kannur has form Kannur Goat Farmers Producer Company. Ornamental fish producers society is formed in TV Puram panchayath of Kottayam District. Political Empowerment of Women - In 2010 alone 11,773 women candidates contested panchayath election and 5485 of them had won the elections.

3.11. Profile of Centre for Overall Development (COD)

Center for Overall Development (COD) the social work division of Catholic Diocese of Thamarassery was established in the year 1989. COD initiated its activities with the objective of giving a helping hand to the people in need particularly marginalized vulnerable communities irrespective of their caste, creed and religion. The organization was registered as a society under the Societies Registration Act of 1860. The management of the Organization is done by a governing body and the administrative powers are vested with the Director. COD has operations in two districts of Kerala i.e. Kozhikode and Malappuram.

The entire operational area of COD is divided in to three regions and further in to nineteen units (Grama Vikasana Samithi) as part of decentralization process.

3.11.1. Activites

Collaborations and linkage with the government Departments, non government institutions and financial institutions were increased to a larger volume. Animation courses for the youth, trainings for banks and financial institutions were initiated during this period. Programmes conducted in collaboration with All India Radio were inspiring and gave a lot of applause. Free distribution of radios for poor children was another charitable activity done during the period. Capacity building programmes were another activity that gave far reaching impact in the programme fold of COD. Skill up gradation for women in bamboo crafts, tailoring, embroidery masonry work, construction of smokeless choola, construction of sanitary latrine were activities carried out with a gender perspective. Career guidance for youth and children were another activity started as part of capacity building. An internal auditing team for the saving and thrift activities of SHGs was a beginning in the decentralized system of management. COD also functioned as the District Implementing Institute for the Decentralized training programmes for the members of Local self Governments of Kozhikode supported by KILA-CapDeck.

COD actively entered in to the water sector with the World Bank aided project of Govt. of Kerala called Jalanidhi. COD was the support organization for the implementation of rural water supply schemes of Jalanidhi Project in Koodaranji, Veliyamcode and Cherukave Grama Panchayaths. They could complete more than 90 rural water supply schemes through this project. Another initiative in the water sector during the period was the promotion of roof water harvesting through Ferro cement technology.

Promotion of bio gas plants was an initiative in alternative energy creation. This programme was taken to the public by the Natural Resource Management (NRM) department of COD. Aditya solar shop, an initiative of COD for the promotion of solar energy deals with the sales and service of solar lanterns and panels. Integrated watershed development programme was another activity promoted by NRM department. The Kattullamala watershed with the support of SAFP was an example for integrated development in watershed based approach. Participatory Action Research (PAR) on NRM paved the way for high level of community participation in soil, water and biomass conservation activities.

Entrepreneurship development is another activity that COD promotes among its community based organizations with highest priority. Small ventures of different varieties for alternative income generation were promoted among the partner families. Another remarkable achievement was the beginning of activities among disabled people with the active support of Community Based Rehabilitation forum. We started activities in three Grama Panchayaths in Kozhikode district. COD was associated with District Industries Center for promoting young entrepreneurs through the Prime Ministers Rozgar Yojana (PMRY) scheme. This initiative was recognized by getting the district award for the best model of disabled intervention under the PMRY scheme.

COD always gave priority for the essential infrastructure development of the partner families. In Sanitation sector, COD have collaborated with Kodenchery Grama Panchayath for the construction of 500 sanitary latrines for the under privileged class. Construction of houses and repair works of existing works for the tribal people are another activity in the infrastructure development. Activities under tribal are carried out with the support of Block Panchayath and other Government agencies. As recognition for this work we were given membership in the district level technical committee for the preparation of tribal

sub plan and were awarded A grade accreditation from the department of tribal development, state of Kerala.

Sustainable development intervention and positive linkages were the key focus during this period. COD try to develop themselves as a leading development organization in the state. Documentation and the public relations were given high priority during this period. A health desk is also established at central level to coordinate various interventions in health issues. COD started the situational Analysis in four Grama Panchayaths on the prevalence of HIV/AIDS. Later on a Project was also launched for giving awareness on preventing HIV/ AIDS, care and psycho – social support of the infected and affected. Assistance for starting income generation programmes for the persons living with HIV/AIDS is another programme initiated for them. A special programme was also started with the support of Clinton foundation for giving nutritional and educational support to children living with HIV/AIDS. COD have initiated the health Insurance program for the poor people in collaboration with the United India Insurance Co. and the Micro insurance programme in association with the Life Insurance Corporation of India.

In community based Organizations, COD have initiated groups for senior citizens and affiliation of other SHGs in this programme fold. A detailed Diocesan perspective plan was prepared for the next five years in tune with the millennium development goals. This process was facilitated by Caritas India. Animation programmes were promoted among the grass root level organizations Occupation oriented activity groups are promoted as part of animation process.

Collaborations with various government departments were continued during this period. Vermi compost promotion with the support of Spices Board, Waste management program in three Grama Panchayaths in association with Center for Environment and Education (CEE) were programmes that created an impact among community. Organic agriculture was an area of special

importance during this period. Edakkattuparamba watershed programme with the support of SAFP was also started during this period Housing programme for the tribal people with the active support of Tribal department is going on now.

3.12. Profile of Gandi Smaraka Grama Seva Kendram (GSGSK)

Gandhi Smaraka Grama Seva Kendram Known all over Kerala by its initials, GSGSK, was established in the year 1958 and was registered in 1960 under the Travancore-Cochin Literary, Scientific and Charitable Society Act of 1955 as a non-profit, secular, non-political organization serving all sections of the people. This institution, in fact, is the district level unit of the Gandhi Memorial National Trust, Delhi. Since its inception, GSGSK has been engaged in building a new social order - a casteless and classless society- with equal opportunities for all in accordance with the wishes and aspirations of Mahatma Gandhi, the Father of the Nation. The territorial Jurisdiction of GSGSK is Alappuzha district covering 71 Grama Panchayats and 5 municipalities.

3.12.1. Vision and Mission

The vision of GSGSK is the creation of casteless and classless society referred to as 'Sarvodaya Society' by Gandhiji. In this society there is political, economical and social equality for all; every person is conscious of his duties and responsibilities and every one works for the material and moral well being of himself and the society.

The mission of GSGSK is to serve the poor and the marginalized villagers through promoting and strengthening their community based organizations in order to enhance opportunities for employment, income generation, education, health care and social well being.

3.12.2. Thrust Areas

The objectives of the GSGSK, by and large, are those of the parent institution, namely, Gandhi Memmorial National Trust, Delhi. Nevertheless, these objectives have undergone modifications from time to time in tune with the changing requirements of the rural sector. The major focus areas of the organisation are:

Sustainable Agriculture: Alappuzha district has an agrarian economy which is in shambles due to poor returns from agriculture and soaring cost of production. The GSGSK believes that holistic development of agriculture in all its facets of crops, livestock and fisheries will pave the way for a revival of the rural economy. Organic farming indiscriminate use of agricultural chemicals in crop farming has impaired the soil health and productivity and increased environmental degradation. This is particularly true of Kuttanad, the rice bowl of the district. Similarly, pesticide use in vegetable and fruit (banana) farming is alarmingly high which may be the reason for the high rate of incidence of carcinogenic diseases in human beings. Organic agriculture is the only remedy to address these problems on a sustainable basis. The GSGSK is pledged to popularize organic farming in order to reactivate the fatigued green revolution to move forward through promotion of soil health and prevention of environmental pollution.

Microfinance: Microfinance, the world over is considered a powerful tool for reducing poverty as it makes capital available to the unbanked poor at reasonable interest rates. Most of the rural poor are indebted to greedy money lenders with the result that they continue to be poor and resourceless. Through proper counseling and interventions, the GSGSK makes them realize that they themselves are the best managers of frugal resources. This is achieved by uniting village communities in an ever expanding network of neighborhood groups and

inculcating in them the habit of thrift and banking, thereby making them self reliant and self sufficient.

Livelihood opportunities: Raw materials and man power are available in plenty in the rural areas both in the farm and non-farm sectors. What the intending micro-entrepreneurs require is ideas to latch on and easy flow of microcredit. Microenterprises development will lead to gainful employment generation and poverty alleviation.

Market Promotion: The GSGSK makes available adequate financial services for the unbanked rural communities. The GSGSK also contemplates to promote activity based clusters of microenterprises in agriculture, horticulture, animal husbandry, fishery, food processing and cottage industries in order to ensure higher income to the producers, totally eliminating middlemen in the various spheres of production, processing, marketing, input procurement and consultancy services and market promotion of goods and services. The existence of an enterprise, whether it is micro or macro, depends on customer's satisfaction. A microenterprise, to be successful, must determine first what the consumers wants are and then it should satisfy these wants while still making a reasonable profit. As a facilitator, the GSGSK assumes the responsibility to assess consumer needs and to initiate action to regulate production of goods and services in the microenterprises under its fold.

Dissemination of appropriate technologies: The GSGSK realizes the need to recapture local knowledge about farming systems and traditional health care practices before they are lost forever. A synthesis of traditional wisdom and ecological prudence of tropical agriculture with modern advances in technology will ensure sustainable yield levels. Similarly, adoption of traditional health care practices might help reduce the soaring cost of health care. The GSGSK is committed to take up the task of identification, documentation and dissemination of the traditional technologies along with new inventions.

Women Empowerment: The GSGSK also offers nonacademic professional education to unemployed youth enabling them to execute jobs with precision. In spite of high rate of literacy, women in this district are forced to bear the consequences of all types of discrimination social, economical and political. They, by and large, suffer from lack of resources and awareness, poor health facilities and unequal gender relations. The GSGSK strives hard to empower women in their fight against gender based marginalization.

Social security: Health care is a sensitive issue for the rural poor. Modern systems of treatment are far beyond their reach. The GSGSK intends to address this problem by launching a holistic health care system in the rural sector. The poor villagers will also be brought under micro-insurance cover for medical protection. Many of the villagers do not have adequate dwelling facilities. The problem is aggravating year after year. The GSGSK intends to solve this problem by making available house construction / maintenance loans to the needy, in association with reputed financing institutions. The GSGSK has the mandate for promoting Hindi, the national language. This is achieved by running educational institutions upto the post graduate level. Besides, it promotes English language by running an English medium lower primary school.

Table 3.3 presents the outreach of SHGs of GSGSK and the cumulative number of SHGs linked to banks.

Table 3 .3

Outreach of SHGs and cumulative number of bank linked SHGs of GSGSK.

Groups organized during 1997-98	Groups organized during 1998-99 to 2006-07	Groups organized during 2007-08 to 2013-14	Cumulative number of groups	Number of bank linked groups
10	4059	596	4655	3025

Source: GSGSK Annual Report 2013-14

GSGSK borrowed Rs2545.30 lakhs from financial institution for on lending including advance for house construction. Table 3.4 provides details of borrowings of GSGSK for on lending to SHGs.

Table 3.4

Borrowings of GSGSK for on lending to SHGs during 2006-07 to 2013-14 status as on 31st March 2014

No.	Name of Bank	Credit released to GSGSK	Percentage Share
1	Corporation Bank	200.00	7.86
2	Dhanalaxmi Bank	198.22	7.79
3	Federal Bank	710.08	27.90
4	State Bank of Travancore	300.00	11.79
5	NABARD	50.00	1.96
6	Bank of India	575.00	22.50
7	KFC	50.00	1.96
8	HDFC	462.00	18.15
	Total	2545.30	100.00

Source: GSGSK Annual Report 2013-14

3.13 Profile of ESAF Microfinance and Investments (P) Ltd,

ESAF Society, a Non Governmental Organization, was launched in 1992 with an aim to serve the deprived suffering from the travails of unemployment and poverty. In 1995, the Micro Enterprise Development initiative of ESAF was launched, which resulted in the formation of ESAF Microfinance and Investments Pvt. Ltd., a regulated Non Banking Finance Company (NBFC-MFI), in 2008.

ESAF Microfinance is one of the premier microfinance institutions in India, particularly in Kerala, effectively empowering 7 lakh members through 160 dedicated branches. ESAF started its Micro Enterprises Development (MED) program in 1995, which was an important intervention area. MED provided a broad package of financial and business development services to the socially and economically challenged men and women. In order to have a cost effective delivery of the services of microfinance operations through an RBI licensed NBFC, ESAF acquired Pinnai Finance and Investments in 2006 and transformed it as ESAF Microfinance and Investments (P) Ltd., in 2008. The Company now reaches out to more than 700 thousand poor households across six states in India covering the states of Kerala, Tamil Nadu, Maharashtra, Madhya Pradesh, Chhattisgarh and Jharkhand.

The vison of the Organization was guided by the principle of sustainable holistic transformation of the poor and the marginalized. The founder of ESAF ventured into micro financing in 1995, by organizing self sustainable groups, to alleviate poverty and generate employment. Since then, ESAF has grown by leaps and bounds in the Microfinance sector, promoting microfinance as a viable, sustainable and effective means for creating jobs and reducing poverty.

3.13.1. The Vision

To create a society with equal opportunities, having complete access to sustainable financial services, which help in promoting livelihood opportunities and economic development.

3.13.2. Products and Services

1. *Micro credit services:* Empower the income capacity of the poor women through income generation activities. More than 85% of their loan portfolio is dominated by Income Generation Loans given to women borrowers.

- Income Generation Loan (50 to 100 Weeks)

- General Loan (50 Weeks)

- Housing Loan (4 to 7 Years)

- Vyapar Vikas Yojana Loan (4 Months)

- Jeevadhara & Nirmal Loan - Water & Sanitation (2 Years)

2. *Livelihood Support Services:* Establish / improve / expand the livelihood activities of the clients. Handholding support is given during all stages from registering business to providing market linkages.

3. *Social Security Services:*

- Insurance: Through tie-ups with United India Insurance, Star Union Daichi, SBI Life and New India Assurance Company their clients are insured against life, accident and health.

- Pension: In alliance with the Govt. of India Pension Fund Regulatory and Development Authority, The Company provides National Pension System (NPS) services to the clients.

- MGPSY: In alliance with the Ministry of Overseas Indian Affairs, the company provides Mahatma Gandhi Pravasi Suraksha Yojana scheme to overseas Indian workers.

4. *Micro Energy - Sustainable Environment Programs*

In association with Micro Energy Credits-USA, it offer 'Clean Energy Products' to their clients with the aim of lowering carbon emission and reducing the fuel and energy cost.

- Jeevan Shudh: In order to provide water purifiers through affordable payment options.

- Surya Jyoti: For reducing the cost and consumption of electricity, ESAF provide solar lamps to its clients through easy payment options.

5. *Remittance Services*

- Money Transfer: In alliance with Western Union Money Transfer and Xpress Money, the company offer inward money transfer services to our clients.

6. *Managing Social Performance*

The Organization is committed to bring about measurable social transformation among its client base through the provision of microfinance and other allied services. For this purpose, a dedicated Social Performance Management department is functioning within the Organization

3.14. SKS Microfinance Ltd.

SKS microfinance started as an NGO in 1998. SKS is today a for-profit NBFC-MFI regulated by RBI. It is globally recognized as an institution that has created a credible model of scalable microfinance. SKS distributes small loans that begin at Rs. 2,000 to Rs. 12,000 (about $44-$260) to poor women so they can start and expand simple businesses and increase their incomes. Their micro-enterprises range from raising cows and goats in order to sell their milk, to opening a village tea stall.

SKS uses the group lending model where poor women guarantee each other's loans. Borrowers undergo financial literacy training and must pass a test before they are allowed to take out loans. Weekly meetings with borrowers follow a highly disciplined approach. Re-payment rates on their collateral-free loans are more than 99% because of this systematic process. SKS also offers micro-insurance to the poor as well as financing for other goods and services that can help them combat poverty.

SKS Microfinance follows the Joint Liability group Model. The methodology involves lending to individual women, utilizing five member groups where groups serve as the ultimate guarantor for each member. Its' approach is to provide financial services at the doorstep of members in villages and urban colonies. This allows the poor convenience and savings in terms of cost and time associated with travelling to mainstream banks and enables SKS staff to promptly and fully collect repayments.

Their loans are designed for convenience with small weekly repayments corresponding to cash flows. Small first loans inculcate credit discipline and collective responsibility. Interest and loan repayments are simplified for easy comprehension.

From village selection to loan disbursal, SKS follows a clear process in its operations. Details of operational methodology followed by SKS are captured below:

Village Selection: Before starting operations, SKS staff conducts village surveys to evaluate local conditions like population, poverty level, road accessibility, political stability and means of livelihood.

Projection Meeting: After a village is selected, SKS staff introduces the community to its mission, methodology and services.

Mini-Projection Meeting: Follow-up with interested women, and direct appeal to those who may not have attended earlier because of religious, class, caste or gender barriers.

Group Formation: Women form self-selected five-member groups to serve as guarantors for each other. Experience has shown that a five-member group is small enough to effectively enforce group peer pressure and, if necessary, large enough to cover repayments in case a member needs assistance.

Compulsory Group Training: CGT is a four-day process consisting of hour-long sessions designed to educate clients on SKS processes and procedures and to also build a culture of credit discipline. Using innovative visual and participatory teaching methods, SKS staff introduces clients to their financial products and delivery methods. CGT also teaches clients the importance of collective responsibility, how to elect group leaders, how to affix signatures, and a pledge that serves as a verbal contract between SKS and its members. During this training period, SKS staff collects quantitative data on each client to ensure qualification requirements are met, as well as to record base-line information for future analysis. On the fourth day, clients take a "Group Recognition Test" conducted by a different staff member than the one who trained them. If they pass, they are officially accepted as SKS members.

Centre Meeting: As additional groups are formed within a single village, a Centre (sangam) emerges. During Centre Formation, groups are combined to form a centre of 3 to 10 groups or 15 to 50 members. Weekly Centre meetings serve as a time to conduct financial transactions. Meetings are held early in the morning, so as to not interfere with clients' daily activities.

A leader and deputy leader are selected to facilitate meetings and ensure compliance with SKS procedures. In addition to financial transactions, members use the weekly meetings to discuss new loan applications and community issues. Centre meetings are conducted with rigid discipline in order to sustain the environment of credit discipline created during CGT.

Table 3.5 presents the operational information of SKS Microfinance Ltd.

Table: 3.5

Operational information of SKS Microfinance Ltd.

Operational Information	FY14	FY13	FY12	FY11	FY10	FY09
Total no. of Branches	1,255	1,261	1,461	2,379	2,029	1,353
Total no. of Districts	294	298	329	378	341	307
Total no. of Staff	8,932	10,809	16,194	22,733	21,154	12,814
Total No. of Members (in '000)	5,783	5,021	5,351	7,307	6,780	3,953
Amount Disbursed for the period (INR crores)	4,788	3,320	2,737	7,831	7,618	4,485
Portfolio outstanding (INR crores)	3,113	2,359	1,669	4,111	4,321	2,456

Source: www.sksindia.com

Table 3.6 presents the financial information of SKS Microfinance Ltd.

Table: 3.6

Financial information of SKS Microfinance Ltd.

Financial Information	FY14	FY13	FY12	FY11	FY10	FY09
Revenue (INR crores)	545	353	472	1,270	958	554
PAT (INR crores)	70	(297)	(1,361)	112	174	80
Assets (INR crores)	2,497	2,511	1,722	4,300	4,055	3,039
Networth(INR crores)	459	390	435	1,781	950	665

Source: www.sksindia.com

3.15. Conclusion

This chapter provides the theoretical framework of micro finance. The chapter was divided into three sections. Section-A discusses the definitions for micro finance, concept of SHG, SHG Bank linkage programme, micro finance delivery methodologies, legal structure of micro finance institutions and the principles of micro finance. Section-B discusses performance parameters of SHGs and impact assessment. Section-C discusses the profile of the micro finance interventions included in the study.

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CHAPTER 4

ASSESSMENT OF PERFORMANCE OF SELF HELP GROUPS

4.1. Introduction

The theoretical aspects of SHG concept and background information were shared in the previous chapter. SHG is a very intelligent concept, which can contribute to eradicate poverty and help to empower the rural population. A Self Help Group is working with the principle of mutual benefit with mutual trust and co-operation. A good self help group is one, which extent maximum benefits to its members in all aspects. Therefore, it is very essential to analyse the performance of SHGs. In this study on the micro finance practices in Kerala, a two-tier study is attempted. First tier being a study on the performance of self help groups through which, micro finance services are delivered and the second tier , being a study about the beneficiaries of micro finance, to assess their level of satisfaction about the services and the impact of such activities on the economic and social life of the members.

In this first tier of the study, attempt was made to evaluate the performance of the self help groups promoted under the three selected micro finance interventions, namely, Kudumbashree mission, NGO-MFIs and NBFC-MFIs. Assessment of performance was done based on the opinion of leaders about the performance of groups on various quality parameters identified. Primary data was collected from 200 leaders of SHGs under the three selected micro finance interventions using an interview schedule. Copy of an interview schedule is given Appendix–I.

Collected data has been analysed, in this chapter with the help of mathematical and statistical tools to draw inferences. The chapter is divided into four sections. Section-A, deals with the profile of the self help groups. Section-B deals with the parameters for assessing the performance of self help groups and the assessment the extent of cohesiveness in the self help groups and its association with other group performance indicators like level of homogeneity in the groups and level of awareness of group norms. Section-C deals with assessment of performance, based on the parameters identified and Section-D deals with the perception of leaders about the problems in self help groups

SECTION-A

4.2. Profile of the self help groups

The present study includes 200 Self Help Groups from two districts in Kerala namely, Calicut and Alappuzha. The selected groups include the SHGs promoted by the State run Kudumbashree, SHGs promoted by NGOs and SHGs promoted by NBFC-MFIs. A profile of the SHGs selected in this study is presented below.

4.2.1. Micro Finance Intervention wise Classification of Self Help Groups

Sample SHGs selected under the three micro finance interventions are presented in table 4.1.

Table 4.1

Microfinance intervention wise classification of Self Help Groups

	Type of Microfinance Intervention		No. of SHGs	%
1	Kudumbashree		100	50
2	NGO	GSGSK	25	12.5
		COD	25	12.5
3	NBFC	ESAF	25	12.5
		SKS	25	12.5
	Total		**200**	**100**

Source: Survey Data

It can be seen from the above table that, of the 200 SHGs selected in sample, 100 groups comes under Kudumbashree, 50 groups under NGOs and 50 under NBFC–MFIs. 50 groups of NGO include 25 groups promoted by Gandhi Smaraka Grama Seva Kendra (GSGSK), Alappuzha and 25 groups promoted by Centre for Overall Development (COD), Calicut. 50 groups of NBFC-MFI, include 25 groups promoted by SKS Microfinance Ltd. and 25 groups promoted by ESAF Microfinance Ltd.

4.2.2. Region wise Classification of Self Help Groups

In order to provide a fair representation of Self Help Groups, the State of Kerala was divided into two regions and one district was selected from each region. From each of these districts SHGs promoted by three interventions selected are in table 4.2.

Table 4. 2

Region wise distribution of Self Help Groups

Region	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Kozhikode	50	50	25	50	25	50	100	50
Alappuzha	50	50	25	50	25	50	100	50
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100**

Source: Survey Data

Of the 200 SHGs selected in the sample, 100 samples were drawn from Calicut district and 100 samples from Alappuzha District. 100 SHGs from Calicut include 50 groups of Kudumbashree, 25 groups of NGO and 25 groups promoted by NBFC-MFI. Similarly, 100 groups drawn from Alappuzha include 50 groups of Kudumbashree, 25 groups promoted by NGO-MFI and 25 promoted by NBFC-MFI.

4.2.3. Micro Finance Intervention wise Classification of Age of SHG

Age wise classification of SHGs under the three micro finance interventions, selected in the study are presented in table 4.3

Table 4.3

Micro finance Intervention wise Classification of Age of SHG

Years	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Upto 2 years	0	0	0	0	8	16	8	4
3-5 years	8	8	2	4	32	64	42	21
6-10 years	14	14	6	12	10	20	30	15
11 years and above	78	78	42	84	**0**	0	120	60
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100**

Source: Survey Data

It can be seen in the above table that, in the case of Kudumbashree, in 78% of the cases the age of the group is 11 years and above, in 14% of the cases age is between 6 years and 10 years and remaining 8% of the cases, age is between 3 years and 5 years. In the case of NGOs, in 84% of the cases, the age of the group is 11 years and above, in 12% of the cases age is between 6 and 10 years and remaining 4% of the cases, age is between 3 and 5 years. In the case of NBFC-MFIs, in 20% of the cases, the age of group is between 6 and 10 years, in 64% of the cases, age is between 3 and 5 years and in remaining 16% of the cases age is less than 2 year.

4.2.4. Micro Finance Intervention wise Classification of Size of Groups

Classification of the SHGs, under the three selected micro finance interventions, based on the number of members in the group is presented in table 4.4.

Table 4.4
Micro finance intervention wise classification of size of groups

Number of members	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
0-10 members	-	-	2	4	14	28	16	8%
11-20 members	96	96	48	96	18	36	162	81%
21-30 members	4	4	0	0	18	36	22	11%
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

In the above table it can be seen that in 96% of the groups under Kudumbashree, the number of members are between 11 and 20 and in only 4% of the cases, number of members are between 21 and 30. In 96% of the groups under NGOs, number of members is between 11 and 20 members and in only 4% of the cases, number of members is between 0 and 10. In case of groups

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under NBFC-MFIs, 28% of the groups have members between 0 and 10, 36% of the groups have members between 11 and 20 and remaining 36% of the groups have members between 21 and 30.

SECTION-B

4.3. Performance assessment parameters of self help groups

In this section, attempt was made to evaluate the performance of self help groups under the three selected micro finance interventions. Different institutions like NABARD, Sa-Dhan, BASIX etc. had devised parameters for rating the performance of SHGs. The variables for assessing the quality of SHGs were identified after duly considering the parameters of such institutions. In this study, SHGs are evaluated using 17 parameters categorized under ten heads. Since the self help groups under NBFC-MFIs do not mobilise savings and do not have credit linkage with banks, three parameters are excluded for assessing their performance. So self help groups of Kudumbashree and NGO are assessed using 17 parameters and the self help groups under NBFC-MFI are assessed using 14 parameters. In the last part of this section, attempt has been made to assess the degree of association between the group performance indicators like cohesiveness and level of homogeneity and cohesiveness and level of awareness of group norms. List of the parameters used for assessing the quality of self help groups, used in the study are given in table 4.5

Table 4.5

Performance Assessment Parameters of Self Help Groups

Sl. No.	Variables
I.	**GROUP CONSTITUTION**
1	Level of Homogeneity
II.	**CONDUCT OF MEETING**
2	Frequency of Meeting
3	Attendance in meeting
4	Participation of members in discussions in meeting
5	Maintenance of minutes of meeting
6	Decision making in the group
III.	**RULES AND REGULATIONS**
7	Level of awareness of group norms
IV.	**DOCUMENTATION**
8	Level of maintenance of record
V.	**TRAINING**
9	Frequency of conduct of training
VI.	**MOBILISATION OF SAVINGS***(not applicable to NBFC-MFI)*
10	Frequency of savings
11	Percentage of loan on total savings
VII.	**LOAN DISBURSEMENT**
12	Rate of interest charged
13	Level of repayment in time
VIII.	**ACTIVITIES AND SERVICES**
14	Micro enterprise development
15	Community extension activities
IX.	**CREDIT LINKAGE***(not applicable to NBFC-MFI)*
16	Bank linkage
X.	**COHESION**
17	Group cohesiveness

Source: Compiled after review of SHG rating parameters of NABARD, BASIX etc.

Separate analyses of each of the parameters are attempted and are as follows.

4.3.1. Level of Homogeneity in the groups

Homogeneity in the group is an important factor, which determines social cohesiveness and solidarity in the groups. Homogeneity of members enables the SHG to select economic activities, which are acceptable to many members. For the efficient functioning of the SHGs homogeneity of the members is essential. The members in each group can take collective decision because they are like-minded. So level of homogeneity in the group is identified as a parameter for assessing the performance of SHGs. Here, an attempt has been made to assess the level of homogeneity in the groups. Homogeneity of the group is determined based on the economic status of the members, that is, to which economic status they belong; above poverty line (APL) or below poverty line (BPL). Level of homogeneity as a percentage is measured as follows:

$$\frac{\text{Number of APL/BPL members}*}{\text{Total No. of Members}} \text{ x } 100$$

* In the numerator, number of APL or BPL members whichever is higher in a group will be taken.

The level of homogeneity in the groups as calculated above is presented in table 4.6.

Table 4.6

Level of homogeneity in the groups

Degree of Homogeneity (%)	Kudumbashree		NGO		NBFC		Total	
	no.	%	no.	%	no.	%	no.	%
Less than 50%	34	34%	16	32%	2	4%	52	26%
50-70%	12	12%	12	24%	8	16%	32	16%
70-90%	38	38%	12	24%	20	40%	70	35%
Above 90%	16	16%	10	20%	20	40%	46	23%
Total	100	100%	50	100%	50	100%	200	100%

Source: Survey Data

From the above table it is understood that the level of homogeneity in the groups is less than 50% in the case of 35% of groups under Kudumbashree, 32% of groups under NGO and 4% of the groups under NBFC category. The level of homogeneity is between 50% and 70% for 12% of the groups of Kudumbashree, 24% of the groups under NGO and 16% of the groups under NBFC. For 38% of the groups of Kudumbashree, 24% of the groups of NGO and 40% of the groups of NBFC, the level of homogeneity is between 70% and 90%. Level of homogeneity calculated in terms of the economic status is above 90% in the case of 16% of the groups under Kudumbashree, 20% of the groups under NGO and 40% of the groups under NBFC category.

4.3.2. Frequency of Meeting

Conducting group meetings in a common place at fixed intervals is the main activity of the SHGs. Group meetings are very essential because mobilisation of savings and granting loans are done in common group meetings. Besides this, in meetings members discuss their economic and social problems and other issues that need to be sorted out through intervention of the group or its members. Hence, the frequency of conducting meetings is considered as an

important parameter for judging the performance of the SHGs and is included in this study. Frequency of meetings conducted by the groups are presented in table 4.7.

Table 4.7

Frequency of meeting

Frequency	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Weekly	98	98	46	92	46	92	190	95
Fortnightly	2	2	0	0	2	4	4	2
Monthly	0	0	4	8	2	4	6	3
Total	**100**	**100%**	**50**	**100%**	**50**	**100%**	**200**	**100%**

Source: Survey Data

It can be seen in the table that in the case of 95% of the total self help groups, meetings are conducted weekly. In 2% and 3% of the total SHGs, meetings are conducted fortnightly and monthly respectively. 98% of the groups under Kudumbashree, 92% of the groups under NGOs and 95% of the groups under NBFCs conduct group meetings once in a week.

4.3.3. Attendance of Members in Group Meeting

Members are required to attend the meeting of the SHGs and other meeting organised by the NGOs/ government /NBFCs to know more about the micro finance activities. Hence, the more the attendance of the members the more will be the participation of members in group activities. In this study, the level of attendance is identified as one of the parameters for assessing the performance. Table 4.8 gives the level of attendance of members in group meetings under the three micro finance interventions.

Table 4.8

Attendance of members in group meeting

Attendance Percentage	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Above 75%	66	66	42	84	36	72	144	72%
50-75%	32	32	8	16	14	28	54	27%
25-50%	2	2	0	0	0	0	2	1%
Total	**100**	**100%**	**50**	**100%**	**50**	**100%**	**200**	**100%**

Source: Survey Data

In majority of the groups, level of attendance of members is above 75%. In 66% of the groups under Kudumbashree, 84% of the groups under NGOs and 72% of the groups under NBFC, level of attendance of members are above 75%. However, in the case of 34% groups under Kudumbashree, 16% of the groups under NGO and 28% of the groups under NBFC, level of attendance are less than 75%. Number of groups with less than 75% attendance is high in the case of Kudumbashree and NBFC-MFI.

4.3.4. Participation of Members in Discussions in Meeting

Participation of members in discussions in meeting is another parameter considered in this study for assessing the performance of self help groups. When all members participate in discussions, the decisions taken subsequent to it becomes more democratic. Such collective decisions can be easily implemented. Level of participation of members in discussions in meetings of self help groups under the three micro finance interventions are presented in table 4.9.

Table 4.9

Participation of members in discussions in meeting

Participation in Discussions	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
All members	16	16	36	72	4	8	56	28
Majority of Members	72	72	14	28	40	80	126	63
Some of the members	10	10	0	0	0	0	10	5
Only few members	2	2	0	0	6	12	8	4
Total	100	100	50	100	50	100	200	100

Source: Survey Data

It can be seen in the above table that, in the case of groups under Kudumbashree, in 16% of the groups, all members participate in discussions in meeting, in 72% of the groups, majority of members participate in discussions in meeting, in 10% of the groups some members participate in discussions and in only 2% groups, only few members participate in discussions.

In the case of NGOs, in 72% of the cases, all members participate in discussions and in 28% of the cases majority of members participate in discussions. In the case of NBFC-MFIs, in 28% of the cases, all members participate in discussions, in 63% of the cases majority of members participate in discussions, in 5% of the cases some members participate in discussions and in 4% of the cases, only few members participate in discussions.

4.3.5. Maintenance of Minutes of Group Meeting

In this study, maintenance of minutes of meeting is taken as a parameter for assessing the performance of SHGs. Maintenance of minutes of meetings are as important as conduct of meeting. This, is because, minutes serves as an

evidence of the matters discussed, decisions taken, members present in the meeting etc. By analyzing the minute book, level of performance of a group can be assessed. Level of maintenance of minutes of meeting by the SHGs under the three selected micro finance interventions are presented in table 4.10.

Table 4.10

Maintenance of minutes of group meeting

Minutes maintenance	Kudumbashree		NGO		NBFC		Total	
	no.	%	no.	%	no.	%	no.	%
Always	98	98	50	100	48	96	196	98%
Often	0	0	0	0	2	4	2	1%
Sometimes	2	2	0	0	0	0	2	1%
Total	**10**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

In 98% of the cases in Kudumbashree, minutes of meeting are always maintained, while in 2% of the cases minutes are maintained only sometimes. In the case of SHGs under NGO, in 100% cases minutes are maintained always. In the case of NBFC-MFI, in 96% of the cases minutes are always maintained, while in 4% of the cases, minutes are often maintained.

4.3.6. Decision making in the group

Collective decision making in the group is a vital factor, which contributes to the effective functioning of the SHGs. If majority of the members in a group are involved in decision-making, definitely there will be more commitment on the part of the members which results in better   performance of the self help groups. In this study, participation of members in decision-making is taken as a parameter for assessing the performance of groups. Table 4.11 demonstrates how decisions are taken in the groups under the three micro finance interventions.

Table 4.11

Decision making in the group

Group decision	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Taken by all members	22	22	44	88	2	4	68	34%
Taken by most of the members	62	62	6	12	40	80	108	54%
Taken by few members	16	16	0	0	2	4	18	9%
Taken by Leader/ MFI	0	0	0	0	6	12	6	3%
Total	**100**	**100**	**25**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

In 34% of the total number of groups, decisions are taken by all members. In 54% of the total groups, decisions are taken by most of the members. In 9% of the groups decisions are taken by few members and in 3% of the groups, decisions are taken by leaders or micro finance institutions.

In the case of Kudumbashree, in 22% of the cases, decisions are taken by all members. At the same time, NGOs show very positive result that, in 88% of the groups, decisions are taken by all members. In the case of NBFC-MFIs, in only 4% cases decisions are taken by all members.

4.3.7. Level of Awareness of Group Norms

For the smooth functioning of the SHGs, the rules and regulations must be known by all its members. If the members are not familiar with the rules and regulations, it becomes difficult to conduct activities and manage the affairs of the SHGs. From the point of view of the SHGs management, the level of awareness of rules and regulations by their members is a decisive factor while

evaluating the performance of the group. Therefore, in this study, level of awareness of group norms was taken as a parameter for evaluating the performance of the SHGs. Perception of the leader about the level of awareness of group norms by the members   are presented in table 4.12.

Table 4.12

Level of awareness of group norms

Awareness of Group Norms	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
All members are fully aware	20	20	42	84	20	40	82	41%
Majority of members are aware	48	48	8	16	18	36	74	37%
Few members are aware	24	24	0	0	8	16	32	16%
Very few members are aware	8	8	0	0	4	8	12	6%
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It can be seen in the above table that, in Kudumbashree, in 20% of the cases, all members are fully aware of the group norms, in 48% of the cases, majority of members are aware, in 24% of the cases, few members are aware and in 8% of the cases, very few members are aware. Here, again, NGOs show very positive result that, in 84% of the cases, all members are fully aware of group norms and in remaining 16% of the cases, majority of the members are aware of group norms. In NBFC-MFIs, in 40% of the cases, all members are fully aware of group norms, in 36% of the cases, majority of members are aware, in 16% of the cases, few members are aware and in remaining 8% of the cases, very few members are aware.

4.3.8. Level of Maintenance of Records

The proper maintenance of books of accounts is very essential for the smooth functioning of the SHGs. The proper up keep of records would enable the SHGs to get grants, loans from banks and any other financial institutions. Usually SHGs maintain different types of records such as attendance register, minute's book, savings register, loan register, cashbook, general ledger, bank passbook etc. Group leader is responsible to maintain the accounts with the help of other members. In order to assess the performance of the SHGs, it is inevitable to consider the level of maintenance of books of various records by the SHGs. Leaders perception about the level of maintenance of group records are presented in table 4.13.

Table 4.13

Level of maintenance of records

Maintenance of Record	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Fully accurate	62	62	50	100	36	72	148	74
Moderately accurate	26	26	0	0	10	20	36	18
A little accurate	10	10	0	0	4	8	14	7
Not at all accurate	2	2	0	0	0	0	2	1
Total	**100**	**100**	**50**	**100**	**50**	**100**	**100**	**100%**

Source: Survey Data

In the case of Kudumbashree, in 62% of the cases records are maintained with full accuracy, in 26% of the cases, records are maintained with moderate accuracy, in 10% of the cases, records are a little accurate and in remaining 2% of the cases records are not all accurate. In the case of maintenanance of records, NGO gives cent percent positive result, that in all groups, records are maintained

with full accuracy. In NBFC-MFIs, in 72% of the cases, records are fully accurate, in 20% of the cases, records are moderately accurate and in remaining 8% of the cases, records are only a little accurate.

4.3.9 .Frequency of Conduct of Training

Provision of training to the groups is taken as another parameter to gauge the performance of self-help groups. Training is given importance because, it is fundamentally an endeavor to develop and empower poor women. Trainings are normally provided to leaders as well as to members. Content of the trainings may be about conduct of meeting, economic activities, skill development, banking operations etc. In a group, if training is provided regularly, the effectiveness of the group increases. Frequency in the conduct of training to the self help groups under the three selected micro finance interventions is presented in table 4.14.

Table 4.14

Frequency of Conduct of training

Frequency of training	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Always conducted	14	14	20	40	4	8	38	19
Often conducted	36	36	26	52	0	0	62	31
Sometimes conducted	32	32	2	4	0	0	34	17
Rarely conducted	10	10	0	0	8	16	18	9
Not conducted	8	8	2	4	38	76	48	24
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It can be seen in the above table that, in the case of Kudumbashree, 14% of the groups reported that training was conducted always, 36% reported that training was conducted often, 32% stated that training was conducted only

sometimes, 10% reported that training was conducted rarely and remaining 8% of the groups did not get any training. In the case of NGOs, 40% of the groups got training always, for 52% of the groups training was conducted often, 4% stated that training was conducted only sometimes and remaining 4% of the groups did not get any training. In the case of NBFC-MFIs, 8% of the groups reported that training was conducted always, 16% reported that training was conducted rarely and remaining 76% of the groups did not get any training. It can be inferred that NGOs are more regular in conducting training to members. On the other hand, NBFC-MFIs are very poor in conducting training. Content of the training provided, under the three micro finance interventions are given in table 4.15.

Table 4.15

Content of the training programmes

Content of Training	Kudumbashree		NGO		NBFC	
	No.	% to total (100)	No.	% to total (50)	No.	% to total (50)
Conduct of Meeting	14	14	20	40	4	8
Record maintenance	38	38	26	52	0	0
Income generating activity	32	32	2	4	0	0
Development of skills	8	8	8	16	10	10
Marketing efficiency	8	8	2	4	0	0
Banking Procedures	0	0	4	8	0	0

Source: Survey Data

It can be in the above table that, in case of groups under Kudumbashree, 14% of the groups had training on the procedures for conduct of meeting, 38% of the groups had training on record maintenance, 32% of the groups got training for income generating activity, 8% got training for skill development

and 8% of the groups got training on marketing skills. None of the groups got training on banking procedures. In the case of groups under NGOs, 40% of the groups had training on the procedures for conduct of meeting, 52% of the groups had training on record maintenance, 4% of the groups got training for income generating activity, 16% of the groups got training for skill development, 4% of the groups got training on marketing skills and 8% of the groups got training on banking procedures. In the case of NBFC-MFIs, only 8% of the groups got training on conduct of meeting and 10% got training on skill development. None of the other kinds of training was provided.

4.3.10. Frequency of Mobilisation of Savings in the Group

Mobilisation of savings is the crux of self help group activity. Members mobilise savings in the group, which is pooled into a common fund. Micro loans are provided to the members, out of this group common fund. Therefore, frequency of savings in the group is an important factor, which determines group performance. However, micro finance institutions registered in the form of non-banking finance companies are restricted by regulation, from mobilizing savings. In case of such groups, since there are no group savings, this parameter is not applicable to them, while assessing performance. Frequency of savings of the groups promoted by Kudumbashree and NGOs are presented in table 4.16.

Table 4.16

Frequency of Mobilization of Savings in the Group

Frequency	Kudumbashree		NGO		Total	
	No.	%	No.	%	No.	%
Weekly	100	100	46	92	146	97.3
Monthly	0	0	4	8	4	2.7
Total	**100**	**100**	**50**	**100**	**150**	**100%**

Source: Survey Data

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It is clear from the above table that all groups under Kudumbashree mobilise savings weekly. 92% of the groups under NGOs mobilize savings weekly, while the remaining 8% groups mobilise savings monthly.

4.3.11. Percentage of Loan on Total Savings

Common fund includes the savings, the penalty imposed on members, the grants from government etc. This common fund of the SHGs forms their lendable resource. The utilisation of the common fund is measured in terms of the percentage of the loan availed by the members from the total common fund. If the group keeps the common fund idle, it indicates the lower performance of the SHG. Hence, it has been used as a parameter to judge the performance of the groups.   Since there are no savings in the groups under NBFC-MFIs, this parameter is not applicable to them, while assessing performance. Percentage of common fund dispersed as loan under the groups promoted by Kudumbashree and NGOs are presented in table 4.17.

Table 4.17

Percentage of Loan on Total Savings

Percentage	Kudumbashree		NGO		Total	
	No.	%	No.	%	No.	%
Above 90%	86	86	44	88	130	86.7
75-90%	14	14	6	12	20	13.3
50-75%	0	0	0	0	0	0
Less than 50%	0	0	0	0	0	0
Total	**100**	**100**	**50**	**100**	**150**	**100%**

Source: Survey Data

It is clear from the above table that, in 86% of the groups under Kudumbashree and in 88% of the groups under NGOs, percentage of loan to

total savings is above 90%. In 14% of the groups under Kudumbashree and 12% of the groups under NGOs, percentage of loan to total savings is between 75% and 90%. In none of the groups, percentage of loan to total savings is less than 75%.

4.3.12. Rate of Interest Charged

Lending money is a major operation of self help groups. Rate of interest charged to members on internal lending is taken as a parameter for assessing group performance. This is taken as a parameter because the quality of the groups improves when it becomes user friendly by providing loans on easy terms. Rate of interest charged on internal lending under the three micro finance interventions are presented in table 4.18.

Table 4.18

Rate of interest charged on loans

Rate of Interest	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
12%	100	100	50	100	0	0	150	75
13-18%	0	0	0	0	0	0	0	0
19-24%	0	0	0	0	50	100	50	25
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It is clear from the above table that, in the case of Kudumbashree and NGOs, the rate of interest on internal lending is 12% p.a. However, in the case of NBFC-MFIs rate of interest is close to 24%. It is evident from this, that NBFC-MFIs are purely for-profit micro finance institutions.

4.3.13. Level of Loan Recovery within the scheduled time

In self help groups, members are provided collateral free loans. Peer pressure has been recognized as an effective substitute for collaterals. In this study, level of loan repayment within the scheduled time by the members of the group are taken as performance parameter and presented in table 4.19.

Table 4.19

Level of Loan Recovery within the scheduled time

Repayment within the scheduled time	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
100%	50	50	32	64	50	100	132	66
90-99%	48	48	14	28	0	0	62	31
80-89%	2	2	4	8	0	0	6	3
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It is clear from the above table that in Kudumbashree in 50% of the SHGs, there was 100% loan recovery within the scheduled time. In 48% of the SHGs,   level of loan recovery within the scheduled time was for 90% to 99% of the loans. In 2% of the SHGs, loan recovery within scheduled time was between 80% and 89% of the cases.

In the case of NGOs, 100% loan recovery within time is for 68% of the groups. For 28% of the groups, loan recovery in scheduled time is between 90% and 99% of the loans. For 8% of the groups, loan recovery within scheduled time was for 80-89% of the loans. Very interesting finding is that in the case of NBFC-MFIs, in case the of all groups the loan recovery is within the scheduled time.

4.3.14 Micro Enterprise Development

Another factor considered in this study to assess the performance of SHGs is the activity of micro enterprise development by the group or group members. The idea behind self help group is to provide micro loans to women to engage them in any economic activity, which provides a means of livelihood and helps them to come out of the vicious circle of poverty. In this sense, micro enterprise development should be a major activity of SHGs, which is to be considered while assessing the performance of self help groups. The status of micro enterprise development of SHGs under the three micro finance interventions are presented in table 4.20.

Table 4.20

Micro Enterprise Development

Status	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Started and running smoothly	30	30	26	52	2	4	58	29%
Started recently	10	10	12	24	0	0	22	11%
Planning to start	10	10	2	4	0	0	12	6%
Started and failed	4	4	4	8	2	4	10	5%
Not started	46	46	6	12	46	92	98	49%
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It can be seen that in the case of Kudumbashree, 30% of the groups have started micro enterprise and is running smoothly. 10% of the groups have started recently, 10% of the groups are planning to start, 4% of the groups have started and failed and 46% of the percent groups have not started or have no plans to start a micro enterprise.

In the case of NGOs, 52% of the groups have started micro enterprise and is running smoothly. 24% of the groups have started recently, 4% of the groups

are planning to start, 8% of the groups have started and failed and 12% of the groups has not started or have no plans to start a micro enterprise.

In the case of NBFC-MFIs, 4% of the groups have started micro enterprise and are running smoothly. 4% of the groups have started and failed and 92% of the groups have not started nor have no plans to start a micro enterprise.

4.3.15. Involvement of SHGs in Community Extension Activities

Another factor considered in this study to assess the performance of SHGs is the involvement of SHGs in community-based events. Self help groups can involve in different community extension activities such literacy mission, health and hygiene matters etc. Involvement of SHGs in community extension activities is given in table 4.21.

Table 4.21

Involvement of self help groups in Community extension activities

Extension Activities	Kudumbashree		NGO		NBFC		Total	
	No.	%	No.	%	No.	%	No.	%
Yes	94	94	46	92	4	8	144	72%
No	6	6	4	8	46	92	56	28%
Total	**100**	**100**	**50**	**100**	**50**	**100**	**200**	**100%**

Source: Survey Data

It is clear from the above table that, 94% of the SHGs under Kudumbashree, 92% of the SHGs under NGOs and only 8% of the SHGs under NBFC-MFIs are involved in community-based events.

4.3.16. Credit Linkages with Banks

Credit linkage is another parameter used to assess the performance of SHGs. Once the SHGs have come to the track, their performance will be assessed by banks using the quality parameters of NABARD. SHGs getting satisfactory rating will be linked with bank and will be provided loans. SHGs promoted by NBFC-MFI s are not linked with banks and so this parameter is not applicable for NBFC-MFIs. Number of groups, which are linked with banks for credit, under Kudumbashree and NGOs, are given in table 4.22.

Table 4.22

Credit Linkages with Banks

Credit Linkage	Kudumbashree		NGO		Total	
	No.	%	No.	%	No.	%
Yes	74	74	48	96	122	81.33
No	26	26	2	4	28	18.67
Total	100	100	50	100	150	100

Source: Survey Data

It is clear from the above table that 74% of the groups under Kudumbashree and 96% of the groups promoted by NGOs are credit linked. These groups were linked as they passed the quality rating of NABARD. It can be concluded that, 26% of the groups of Kudumbashree and 4% of the groups under NGOs have not passed NABARD quality rating. Therefore, they have to improve their performance for getting linked with banks.

4.3.17: Group Cohesion

In a social group, the group is said to be in a state of cohesion when its members possess bonds, linking them to one another and to the group as a whole. Carron and Brawley had defined cohesion 'as the tendency for a group

to be in unity while working towards a goal or to satisfy the emotional needs of its members'[1]. In this study extent of cohesiveness in the group is taken as a parameter to judge the performance of groups because members of strongly cohesive groups are more inclined to participate readily and to stay with the group, which in turn improves the performance of the groups. In this section, firstly, the extent of cohesiveness in the groups are assessed based on combined mean value of responses and secondly, test was administered to check its association with other group performance parameters like level of homogeneity in the groups and level of awareness of group norms.

Group cohesion is multidimensional as it is based on many factors. In this study, five statements were used to assess the level of cohesiveness in the groups. Five statements representing the factors contributing to group cohesion were identified after reviewing the literature related to group cohesion. The group leaders were asked to give their opinion about the statements, on a five-point scale as 'strongly agree', 'agree', 'neutral', 'disagree' and 'strongly disagree' for which values were assigned as 1,2,3,4,and 5 respectively. Mean of the responses were taken for individual statements and combined mean of all statements were taken, which represent the level of cohesiveness in the self help groups under the three micro finance interventions. Since value 1 is assigned for most positive response and 5 for most negative response, combined mean should be interpreted as follows. Combined mean value of 1 indicate that groups are 'highly cohesive'; mean of 2 indicate that groups are 'cohesive'; mean of 3 indicate 'neutral'; mean of 4 indicate that groups are 'not cohesive' and a value of 5 indicate that groups are 'not at all cohesive'. The statements and the mean value of responses under the three micro finance interventions are given in table 4.23.

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[1] Carron, A.V., Brawley, L.R. (2000). "Cohesion: Conceptual and measurement issues" Small Group Research, 31:1, 89-106.

Table 4.23

Group Cohesion

Variables	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Group Decisions are taken Unanimously	1.90	1.24	2.08
No Conflicts in the Group	2.12	1.28	2.04
Strong Affiliation between group members	2.08	1.32	2.16
All members work with devotion	2.18	1.44	2.46
Members are motivated to remain in the group	2.20	1.28	2.54
Combined Mean	**2.098**	**1.312**	**2.252**

Source: Survey Data

In the above table, mean value of the responses towards the five statements representing factors affecting group cohesion is given. Combined mean of all responses are also calculated to measure the extent cohesiveness in the groups. Combined mean representing group cohesion for Kudumbashree is 2.098, which is very close to 2 and can be interpreted, as the self help groups under Kudumbashree are 'cohesive'. In the case of NGOs, the value is 1.312, which is close to 1 and can be interpreted as the groups under NGOs are 'highly cohesive' and for NBFC-MFIs, the value is 2.252, which is close to 2 indicating that the groups under NBFC-MFIs are 'cohesive'. Based on the level of cohesiveness, micro finance interventions can be ranked as follows. NGOs stand in the first position, followed by Kudumbashree in the second position and NBFC-MFIs in the third position.

Hypothesis

H$_{1.1}$: **There is no association between the level of cohesiveness and level of awareness of group norms.**

To test the association between the above two variables Karl Pearson's Correlation test was used. Result of the test is given in table 4.24.

Table: 4.24

Result of Pearson Correlation Test

Test Statistic (Pearson Correlation)	P-Value	Level of Significance	Accept / Reject
0.592	0.000	0.05	Reject

Source: Survey Data

It can be seen from the above table that, the correlation coefficient is 0.592, which implies that there is positive correlation between the variables. The p-value is less than 0.05. Therefore, the hypothesis is rejected, which indicates that the association between group cohesiveness and level of awareness of group norms is significant at 5% level. Thus, it can be inferred that, higher the level of cohesiveness, higher is the level of awareness of group norms.

Hypothesis

H$_{1.2}$: **There is no association between the level of cohesiveness and level of homogeneity in the groups.**

To test the association between the above two variables Pearson Correlation test was used. The result of the test is given in table 4.25.

Table 4.25

Result of Pearson Correlation Test

Test Statistic (Pearson Correlation)	P-Value	Level of Significance	Accept / Reject
0.245	0.015	0.05	Reject

Source: Survey Data

It can be seen in the above table that the correlation coefficient is 0.245, which indicates that there is positive correlation between the variables. The p-value is less than 0.05. Therefore, the hypothesis is rejected, which indicates that the association between group cohesiveness and level of homogeneity in the group is significant. However, the degree of association is very low. Thus, it can be inferred that, the level of homogeneity in terms of economic status of members does not improve group cohesiveness to a large extent.

SECTION-C

4.4. Performance Assessment of Self Help Groups

In this section, performance of the SHG is subjected to further analysis, based on the parameters of quality assessment identified in the previous section. Firstly, analysis of the performance of SHGs under the three micro finance interventions is done parameter wise, by calculating the mean value of each parameter and based on the mean values, the parameters are ranked from 1 to 17. Secondly, analysis of the overall performance of the SHGs under the three micro finance interventions are done by calculating the combined mean of all parameters and based on combined mean value of performance, micro finance interventions were ranked as first, second and third. In the last part of this section ,test were administered to check whether there was significant difference

between the performances of self help groups under the three micro finance interventions.

4.4.1. Ranking of Performance Assessment Parameters

In this section,   the parameters of performance are ranked from 1 to 17, based on the mean value. The Mean of all 17 variables for measuring performance are calculated, by assigning 1,2,3,4, and 5 to all responses corresponding to each variable. 1 is assigned for best performance and 5 for worst performance. The questions with only two responses are given 1 for best and 5 for the other. In case of three responses, 1 for first, 3 for second and 5 for third response are given. However, in the case of questions with 4 options, to convert the response into five-point scale the following formula was used:

New value = 1+ [(Old Value-Minimum Value) / (Maximum Value-Minimum Value)] x4

While ranking the variables, ranks are assigned from one to seventeen for the variables with the mean values ranging from least to the maximum. In table 4.26, mean of all the parameters and the ranks assigned to each parameter based on the mean value are given.

Table 4.26

Ranking of Parameters of Performance of SHGs

SL No	Variables	Kudumbashree		NGO		NBFC	
		Mean	Rank	Mean	Rank	Mean	Rank
I.	**GROUP CONSTITUTION**						
1	Level of Homogeneity	3.29	**17**	3.20	**17**	2.28	**9**
II.	**CONDUCT OF MEETING**						
2	Frequency of Meeting	1.00	**1**	1.32	**10.5**	1.24	**4**
3	Attendance in meeting	1.49	**7.5**	1.21	**7**	1.37	**5**
4	Participation of members in discussions in meeting	1.98	**12**	1.28	**8**	1.91	**6**
5	Maintenance of minutes of meeting	1.04	**4**	1.00	**1**	1.04	**2**
6	Decision making in the group	1.94	**11**	1.12	**4**	2.36	**10**
III.	**RULES & REGULATIONS**						
7	Level of awareness of group norms	2.20	**14**	1.16	**5.5**	1.92	**7**
IV.	**DOCUMENTATION**						
8	Level of maintenance of record	1.53	**9**	1.00	**1**	1.22	**3**
V.	**TRAINING**						
9	Conduct of training	2.59	**15**	1.76	**15**	4.52	**11**
VI.	**MOBILISING SAVINGS**						
10	Frequency of savings	1.00	**1**	1.33	**12**	-	**-**
11	Percentage of loan on total savings	1.37	**6**	1.44	**13.5**	-	**-**
VII.	**LOAN DISBURSEMENT**						
12	Rate of interest charged	1.00	**1**	1.00	**1**	5.00	**14**
13	Level of repayment in time	1.49	**7.5**	1.44	**13.5**	1.00	**1**
VIII.	**ACTIVITIES/ SERVICES**						
14	Micro enterprise development	3.15	**16**	2.04	**16**	4.80	**13**
15	Community extension activities	1.24	**5**	1.32	**10.5**	4.68	**12**
IX.	**CREDIT LINKAGE**						
16	Bank linkage	1.87	**10**	1.16	**5.5**	-	**-**
X.	**COHESION**						
17	Group cohesiveness	2.10	**13**	1.31	**9**	2.25	**8**

Source: Survey Data

The table 4.26 reveals that in the case of the SHGs of Kudumbashree, variables with mean value of 1, such as frequency of meeting, frequency of savings and rate of interest charged are the parameters which give the best performance. In the case of the SHGs of NGOs, the variables, level of maintenance of records, maintenance of minutes of meeting and rate of interest charged with mean value of 1, give the best performance. In the case of NBFC-MFIs, level of repayment in time is the variable with mean value of 1, which gives the best performance.

Parameters, which were giving low performance, in the case of the SHGs of Kudumbashree, were micro enterprise development, conduct of training and level of homogeneity. In the case of NGOs, level of homogeneity was the variable, which gave low performance. In the case of NBFC-MFIs, the parameters rate of interest charged, conduct of training, micro enterprise development and community extension activities were performing extremely poor.

4.4.2. Overall Performance of Self Help Groups

In this section, analysis of the overall performance is done. To find the overall performance, combined mean of all the performance parameters are taken under each micro finance intervention. Since the value 1 is assigned for best performance and 5 for the worst performance, combined mean is to be interpreted as follows. Combined mean of 1 indicate that performance is 'very good' ; mean of 2 indicate that performance is 'good'; mean of 3 indicate that performance is 'average'; mean of 4 indicate that the performance is 'bad' and mean of 5 indicate that the performance is 'very bad'. Combined mean representing the overall performance of SHGs under the three micro finance interventions are given in table 4.27.

Table 4.27

Overall Performance of SHGs under three micro finance interventions

Micro Finance Intervention	Combined Mean	Rank
Kudumbashree	1.8990	**2**
NGO	1.3985	**1**
NBFC	2.3481	**3**

Source: Survey Data

In the case of Kudumbashree, combined mean representing, overall performance is 1.8990, which can be rounded off to 2 and can be interpreted that the performance of SHGs under Kudumbashree are 'good'. For NGOs, the combined mean representing, overall performance is 1.3985, which is quite close to 1 and can be interpreted that the performance of SHGs under NGOs are 'very good'. In case of NBFC-MFIs, combined mean representing, overall performance is 2.3481, which is quite close to 2 and can be interpreted that the performance of SHGs under NBFC-MFIs are 'good'. Based on the overall performance of SHGs, the micro finance interventions can be ranked as NGOs in the first position, Kudumbashree in the second position and NBFC-MFIs in the third position.

Hypothesis

$H_{2.1}$: There is no significant difference between performances of SHGs of Kudumbashree and NGO.

Data relating to all the 17 variables applicable to Kudumbashree and NGOs were subjected to the test of normality using Kolmogorov Smirnov Test. It was found that the test distribution was normal. Therefore, t-test for independent samples was used to test the hypothesis. The result of t-test is given in table 4.28.

Table 4.28

Result t-test for independent samples

Test Statistics (t)	Degree of Freedom	P-Value	Level of Significance	Accept/Reject
6.320	148	0.000	0.05	Reject

Source: Survey Data

It can be seen from the above table that, p value is less than 0.05. So the hypothesis is rejected. Therefore, it can be concluded that there is significant difference between the performance of the SHGs under Kudumbashree and NGO.

$H_{2.2}$: There is no significant difference in the performances of SHGs under the three micro finance interventions.

To test this hypothesis, data relating to only the 14 variables that are applicable to all the three interventions are used. Kolmogorov-Smirnov test was applied to check the normality of the test distribution. As the test distribution was found to be normal, ANOVA was used to test the hypothesis. The result of the hypothesis test is presented in table 4.29.

Table 4.29

Result of ANOVA

Factors		Sum of Squares	D.F	Mean Square	F	P-Value
Performance of SHGs	Between Groups	8.900	2	4.450	73.396	.000
	Within Groups	5.032	197	.061		
	Total	13.932	199			

Source: Survey Data

Since the p-value is less than the level of significance of 0.05, we reject the hypothesis. Therefore, there is significant difference in the performances of SHGs under the three micro finance interventions.

For making a better interpretation of result, Least Significant Difference (LSD) Test was also used to find the difference between the performances of two interventions taken at a time. Result of LSD Test is given in table 4.30.

Table 4.30

Result of LSD Test for Multicomparison

(I) MFI	(J) MFI	Mean Difference (I-J)	Std. Error	P-Value	95% Confidence Interval	
					Lower Bound	Upper Bound
Kudumbashree	NGO	.50043[*]	.06118	.000	.3787	.6221
	NBFC	-.44919[*]	.07321	.000	-.5948	-.3036
NGO	Kudumbashree	-.50043[*]	.06118	.000	-.6221	-.3787
	NBFC	-.94963[*]	.08042	.000	-1.1096	-.7897
NBFC	Kudumbashree	.44919[*]	.07321	.000	.3036	.5948
	NGO	.94963[*]	.08042	.000	.7897	1.1096
*. The mean difference is significant at the 0.05 level, i.e., The performance of groups under all three interventions are significantly different.						

Source: Survey Data

It can be seen in the above table that, LSD test facilitates multiple comparisons between two interventions at a time. P values for all comparisons are lesser than 0.05, so the hypotheses can be rejected in all cases. Thus, it can be concluded that performances of the SHGs under all the three micro finance interventions are significantly different.

4.5. Perception of Leaders about the Problems in Self Help Groups

This section of the chapter deals with the perception of the leaders about the problems in the self help groups. In the interview schedule, leaders were asked to give response on their perception about the problems they face in their groups. Problems identified in the schedule were 'conflict among members, lack of co-operation among members, inadequate loan amount, delay in sanctioning loans, tight repayment schedule, non repayment of loan as per schedule, drop out of members and low income generation'. Responses were taken on a 5-point scale. 1 was assigned for 'very low', 2 for 'low', 3 for 'some extent', 4 for 'high' and 5 for 'very high'. Mean of the responses were taken. Mean is to be interpreted as, if the value of mean is 1, it indicates that problems are 'very low'. A mean value of 2 indicates that problems are 'low', mean value of 3 indicates that the problems are 'to some extent', mean of 4 indicates that problems are 'high' and 5 indicates that problems are 'very high'. Test was also administered to check for the significant difference between the means. Mean of the responses on the perception of leaders about the problems in the self help groups are presented micro finance intervention wise in table 4.31.

Table 4.31

Perception of Leaders about Problems in groups

Variables	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Conflict between members	1.62	1.32	1.24
Lack of co-operation between members	1.88	1.40	1.28
Inadequacy of Loan Amount	1.74	1.36	2.64
Delay in getting the loan	1.94	1.36	2.28
Low repayment Period	2.06	1.60	1.50
Lack of prompt repayment	1.80	1.52	1.33
Drop out of members	1.37	1.25	1.56
Unable to generate income	1.95	1.79	1.81

Source: Survey Data

It can be seen in the above table that, in the case of Kudumbashree, in all the cases except 'drop out of members', the mean is close to 2, which indicates that the problems are 'low'. Mean value for the problem 'drop out of members' is 1.37 which is close to 1, indicating that drop out is 'very low.'

In the case of NGOs , the mean values for the problems 'conflict between members', 'lack of co-operation between members', 'inadequacy of loan amount', 'delay in getting loans' and 'drop out of members' are close to 1, which indicates that such problems are 'very low'. In the case of the problems 'low repayment schedule', 'lack of prompt repayment' and 'unable to generate income' mean values are close to 2, which indicate that such problems are 'low'.

In the case of NBFC-MFIs, the mean values for the problems 'conflict between members', 'lack of co-operation between members' and 'lack of prompt repayment' are close to 1, indicating that such problems are very low. In the case of 'delay in getting loan', 'low repayment period', 'drop out of members'

and 'unable to generate income' mean values were close to 2, indicating that such problems were ' low'. Mean value for 'inadequacy of loan amount' means was close to 3, indicating that this was a problem to 'some extent'.

Hypothesis

H₃: **There is no significant difference in the perception of leaders about the problems in the self help groups under the three micro finance interventions.**

To check the normality of the test distribution, Kolmogorov-Smirnov test was used and was found that the test distribution is not normal. Therefore, the non-parametric test namely, Kruskal-Wallis test was used for testing the significance of difference in the perception of leaders about the problems in the group under the three micro finance interventions. Result of the test is presented in table 4.32.

Table 4.32

Result of Kruskal Wallis Test

Variable	Test Statistic	Degree of Freedom	P-Value	Level of significance	Accept/Reject
Conflict between the members	4.448	2	.108	0.05	Accept
Lack of cooperation between the members	13.53	2	.001	0.05	Reject
Inadequacy of loan amount	30.62	2	.000	0.05	Reject
Delay in getting loan	19.62	2	.000	0.05	Reject
Low repayment period	8.3	2	.016	0.05	Reject
Lack of prompt repayment	9.25	2	.01	0.05	Reject
Drop out of members	4.24	2	.12	0.05	Accept
Unable to generate income	.35	2	.84	0.05	Accept

Source: Survey Data

It is clear from the above table that, in case of the problems, 'conflict between members', 'drop out of members' and 'unable to generate income', the p values are more than 0.05, so the hypotheses are accepted in these cases. Thus it can be concluded that, there is no significant difference in the perception of leaders about the problems in the groups under the three micro finance interventions , with regard to the problems of, 'conflict between members', 'drop out of members' and 'unable to generate income'.

Since the p values are lesser than 0.05, the hypotheses are rejected in case of the problems 'lack of cooperation between the members', 'inadequacy of loan amount', 'delay in getting loan', 'low repayment period' and 'lack of prompt repayment'. Thus it can be concluded there is significant difference in the perception of leaders about the problems in the groups under three micro finance interventions, with regard to the problems 'lack of cooperation between the members', 'inadequacy of loan amount', 'delay in getting loan', 'low repayment period' and 'lack of prompt repayment'.

4.6. Conclusion

In this chapter, assessment of the quality of performance of the self help groups under the three micro finance interventions was done. Performance was assessed using 17 parameters identified after thoroughly reviewing the SHG quality parameters of certain major institutions like NABARD, BASIX, Sa-Dhan, MYRADA etc. Separate analysis of the quality parameters was done and based on the mean values, parameters were ranked for each of the micro finance interventions. Later, the overall performance of the SHGs was measured using the combined mean of all the quality parameters. Based on the combined mean value, representing the overall performance of SHG, micro finance interventions were also given ranks. In the last part of the chapter, analysis of the perception of leaders about the problems in self help groups under the three micro finance interventions was done.

CHAPTER 5

ANALYSIS OF MICRO FINANCE PRACTICES: BENEFICIARY PERSPECTIVE

5.1. INTRODUCTION

In the previous chapter an analysis of the performance of the self help groups under the three selected micro finance interventions was done. A study on the micro finance practices will be incomplete without a study on the people who avail the micro finance services. So the present chapter is devoted for an analysis of the data collected from the members of SHGs. In this second tier of the study, an attempt has been made to analyse the reason for joining self help groups, the loan repayment performance of the members, satisfaction level of the members and the impact of micro finance on the members.

Primary data was collected from 400 SHG members of the three selected micro finance interventions using an interview schedule. Copy of the interview schedule is given as Appendix–II. Collected data has been analyzed in this chapter with the help of mathematical and statistical tools to draw inferences. This chapter is divided into four sections. Section-A, deals with the profile of the respondents and the reasons for joining self help groups. Section-B deals with the nature, purpose, amount of loan and the loan repayment performance of the members. Section-C deals with satisfaction of members about various aspects of loan and various other services provided to members and Section-D deals with the impact of micro finance on the members.

PROFILE OF MEMBERS AND REASONS FOR JOINING SELF HELP GROUPS

5.2. Profile of members

The present study includes 400 SHG members as sample respondents selected from two districts in Kerala namely, Alappuzha and Calicut. The selected respondents include SHG members of the three selected micro finance interventions namely, Kudumbashree, NGOs and NBFC-MFIs. At the time of analysis, it is imperative to know the influence of demographic factors on the various aspects of the study. A brief profile of the respondents is presented below.

5.2.1. Micro Finance Intervention wise Classification of SHG Members

Classifications of the respondents, based on the micro finance intervention to which they belong are given in table 5.1.

Table 5.1

Micro Finance Intervention wise Classification of SHG Members

	Type of Micro Finance Intervention		No. of SHGs	No. of SHG Members	Percentage of SHG Members
1	Kudumbashree		100	200	50
2	NGO	GSGSK	25	50	12.5
		COD	25	50	12.5
3	NBFC-MFI	ESAF	25	50	12.5
		SKS	25	50	12.5
	Total		**200**	**400**	**100**

Source: Survey Data

It can be seen in the above table that out of the 400 respondents, 200 respondents (50%) were members of Kudumbashree belonging to 100 SHGs

selected based on two members from each group. Under NGO micro finance interventions, two NGOs were selected namely, GSGSK and COD. 50 members (12.5 %) were taken from 25 SHGs of GSGSK and 50 members (12.5%) from 25 SHGs of COD, both taken on the basis of two members from each group. Therefore, the total respondents under NGO category come to 100 (25%). Under NBFC micro finance intervention, total 100 (25%) respondents were taken, 50 members of ESAF and 50 members of SKS, selected from 25 SHGs respectively.

5.2.2. Region wise Classification of SHG Members

In order to provide a fair representation for the collected data, the State of Kerala was divided into two regions such as northern region and southern region and one district from each region was selected. The selected districts were Calicut from northern region and Alappuzha from southern region. The sample respondents selected from each region under the three micro finance interventions are given in table 5.2

Table 5.2

Region wise Classification of SHG Members

Region	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
Calicut	100	50	50	50	50	50	200	50
Alappuzha	100	50	50	50	50	50	200	50
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

It can be seen in the above table that, from Calicut district, 100 SHG members of Kudumbashree, 50 SHG members of NGO and 50 members of NBFC-MFIs are taken. Likewise, from Alappuzha district, 100 SHG members of Kudumbashree, 50 SHG members of NGO and 50 members of NBFC-MFIs are taken. Therefore, altogether, the sample comprise of 400 members.

5.2.3. Age wise Classification of SHG Members

As the micro finance services are availed by women belonging to different age groups, their opinion may vary with respect to various matters concerned with micro finance. Therefore, it is imperative to get an idea about the age of the respondents. Hence, the respondents are classified based on age. Age wise classification of respondents are given in table 5.3

Table 5.3

Age wise Classification of SHG Members

Age Group (Years)	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
21-30	9	4.5	5	5	15	15	29	7.25
31-40	69	34.5	30	30	46	46	145	36.25
41-50	67	33.5	38	38	28	28	133	33.25
51 and above	55	27.5	27	27	11	11	93	23.25
Total	200	100	100	100	100	100	400	100

Source: Survey Data

It can be seen in the above table that 36.25% of the total respondents belong to the age group of 31-40 years. 33.25% of the respondents belong to the age group of 41-50 years, 23.25% belong to age group 51 years and above and 7.25% of the respondents belong to 21-30 years age group. A large number of the members of Kudumbashree belong to the age group 31-40 and 41-50 years while, large number of members of NGO, belong to the age group 41-50 years. In the case of NBFC-MFIs, majority of the members belong to the age group, 31-40 years. It can also be noticed that few number of respondents in the age group 51 years and above are availing microfinance services from NBFC-MFIs, as their percentage is only 11% for NBFC, while their percentage is 27.5% and

27% for Kudumbashree and NGO respectively. On the other hand, respondents of young age group 21-30 are more depending on NBFC-MFIs, as their percentage is 15% for NBFC, while it is only 4.5% and 5% for Kudumbashree and NGO respectively.

5.2.4. Community wise Classification of SHG Members

Community is another important demographic variable used in the study. Respondents were classified into different categories as forward caste (FC), other backward caste (OBC), other eligible caste (OEC) and schedule caste/tribe (SC/ST). Community wise classification of the respondents is presented in table 5.4

Table 5.4

Community wise Classification of SHG Members

Community	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
Forward Caste	56	28	18	18	1	1	75	18.75
OBC	112	56	63	63	56	56	231	57.75
OEC	14	7	8	8	15	15	37	9.25
SC/ST	18	9	11	11	28	28	57	14.25
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

It can be noticed from the above table that majority (57.75%) of the respondents belong to OBC category, 18.75% belong to forward category, 14.25% of the respondents belong to SC/ST category and 9.25% belong to OEC category. It can also be inferred that respondents belonging to OEC and SC/ST category are more depending on NBFC-MFIs as their percentages 15% and 28% respectively are higher than their concerned percentages for Kudumbashree and NGO.

5.2.5. Educational Qualification wise Classification of SHG Members

Educational qualification of the sample respondents is another variable used in the study to classify the respondents. The level of education of the women can influence their decision of selection of the microfinance intervention. Hence, it is essential to classify the respondents according to their level of education. Education qualification wise classification of the respondents is presented in table 5.5.

Table 5.5

Educational Qualification wise Classification of SHG Members

Educational Qualification	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
Illiterate	12	6	5	5	2	2	19	4.75
Primary Education	51	25.5	23	23	36	36	110	27.5
SSLC	79	39.5	46	46	46	46	171	42.75
Plus-Two	46	23	20	20	8	20	74	18.5
Degree and Above	12	6	6	6	8	6	26	6.5
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

It can be noticed that majority (42.75%) of the respondents' education qualification was SSLC, 27.5% of the respondents' qualification was primary education, 18.5% of the respondents' education level was plus two, 6.5% of the had degree and above qualification and 4.75% of the respondents were illiterate. It was interesting to note that the percentage of respondents with degree qualification was 6% in all the three cases. The percentage of illiterate respondents in NBFC category was less when compared to its percentages in Kudumbashree and NGO.

5.2.6. Marital status wise Classification of SHG Members

Marital status of the member is an important factor, which influences the decision on availing micro loans and services. Generally, most of the women availing micro finance services are married. Hence, the classification of respondents based on their marital status is appropriate and the result is presented in table 5.6

Table 5.6

Marital Status wise Classification of SHG Members

Marital Status	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
Married	166	83	89	89	86	86	341	85.25
Un Married	7	3.5	3	3	5	5	15	3.75
Widow	27	13.5	8	8	8	8	43	10.75
Divorcee	0	0	0	0	1	1	1	.25
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

Above table gives the marital status wise classification of the respondents under three microfinance interventions. 85.25% of the total respondents are married, 10.75% of the respondents are widows, and 3.75% are unmarried and 0.25% divorcee. In all the three interventions the percentage of married respondents are very high when compared to others.

5.2.7. Occupation wise Classification of SHG Members

Occupation is an important factor, which determines the income of the people. Income in turn affects the demand for micro loans. Therefore, occupation wise classification of the sample respondents is relevant and it is given in table 5.7**.**

Table 5.7

Occupation wise Classification of SHG Members

Occupation	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
House wife	153	76.5	67	67	61	61	281	70.25
Laborer	19	9.5	17	17	23	23	59	14.75
Employed	2	1	4	4	4	4	10	2.5
Self Employed	26	13	10	10	11	11	47	11.75
Others	0	0	2	2	1	1	3	0.75
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

It can be noticed from the above table that a vast majority (70.25%) of the respondents were housewives, 14.75% were labourers, 11.75% were self employed, 2.5% employed and 0.75% belongs to others category. In the case of Kudumbashree, the percentage of housewives (76.5%) was highest, followed by the percentage of self-employed (13%), labourers (9.5%) and employed (1%). In Kudumbashree, the percentage of self-employed women was higher than laborers. However, in NGO and NBFC, after housewives, the highest percentage was for labourers and followed by self employed. The percentage of self-employed women in Kudumbashree (13%) is slightly higher than in NGO (10%) and NBFC (11%).

5.2.8. Average Monthly Family Income wise Classification of SHG Members

It is important to analyse the income wise classification of the respondents, because the family income is a main factor that decides their demand for loan and other financial services. So average family income wise classification of sample respondents is appropriate and is given in table 5.8.

Table 5.8

Average Monthly Family Income wise Classification of Members

Average Family Income	Kudumbashree		NGO		NBFC-MFI		Total	
	No.	%	No.	%	No.	%	No.	%
Up to 2000	117	58.5	72	72	53	53	242	60.5
2001-5000	50	25	17	17	32	32	99	24.75
5001-10000	17	8.5	4	4	12	12	33	8.25
10001 and above	16	8	7	7	3	3	26	6.5
Total	**200**	**100**	**100**	**100**	**100**	**100**	**400**	**100**

Source: Survey Data

Out of the 400 respondents, for 60.5% of the respondents, the average family income per month was up to Rs. 2000. For 24.75% of the respondents, the income range was between Rs.2001 and Rs.5000 per month. For 8.25% of the respondents, the average income per month was in the range Rs.5001 to 10000 Rs. and for a very small percent (6.5%) of the respondents, the income was above Rs.10000. Percentage of respondents with family income upto Rs.2000, was very high in NGO (72%) when compared to its percentages in Kudumbashree (58.5%) and NBFC (53%).

5.3.   Reason for Joining Self Help Groups by the Members

In this section, reasons for joining self help groups by the members are analysed. In the interview schedule, members were asked to rank the reasons for joining SHGs based on their preference. First rank is given to the reason, which is preferred most. Second, rank for the next preferred reason and so on. Reasons given in the interview schedule were 'to increase the habit of savings', 'to get loan', 'to involve in income generating activity', 'to meet household expenses' and 'to associate with other women'. Reason for joining SHGs were analysed

based on the type of micro finance intervention, age, education, occupation, marital status and average family income of the members. Classified data were analysed using mean. Mean of the ranks were taken for all five reasons. Since rank 1 is given for the most preferred reason, while interpreting the mean, we have to take that reason with lowest mean value as the most preferred reason for joining SHG.   Hypotheses were tested using Kruskal Wallis test.

5.3.1. Micro Finance Intervention wise Classification of Reasons for joining SHG

Here the reasons for joining self help groups by members are classified based on the type of micro finance intervention and mean was calculated. Also based on the mean values, ranks were assigned to each reason. It is presented in table 5.9

Table 5.9

Micro Finance Intervention wise Classification of Reasons for Joining SHG

Reason for joining SHG	Kudumbashree		NGO		NBFC-MFI	
	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	2.39	2	1.65	1	4.07	4
To get Loan	3.245	3	3.73	4	1.38	1
To involve in income generating activity	3.97	5	4.31	5	2.79	3
To meet household expenses	3.49	4	3.63	3	2.62	2
To associate with other women	1.875	1	1.67	2	4.14	5

Source: Survey Data

In the above table, the reasons for joining SHGs by the members of each micro finance intervention are ranked based on mean. Since rank 1 was given for

the most preferred reason, while interpreting the mean, we have to take that reason with lowest mean value as the most preferred reason for joining SHG.

As seen in the above table, under Kudumbashree, 'to associate with other women' which is having the lowest mean is ranked first . So it can be considered as the most preferred reason by the Kudumbashree members. The second most preferred reason is 'to increase the habit of savings' with mean 2.39 followed by the reasons 'to get loan', 'to meet household expenses' and 'to involve in income generating activity' which are ranked third, fourth and fifth respectively.

Under NGO category, the most preferred reason is 'to increase the habit of savings' which has the lowest mean which is 1.65. It is followed by the reason 'to associate with other women' with mean 1.67, 'to meet household expenses' with mean 3.63, 'to get loan' with mean 3.73 and lastly 'to involve in income generating activity' with mean 4.31. It can be seen that the reasons 'to increase the habit of savings' and 'to associate with other women' which are ranked first and second respectively has a negligible difference in the mean values. So both those reasons can be considered, as most preferred by the members of NGO self help groups.

Under NBFC category the most preferred reason for joining SHG is 'to get loan' which has the lowest mean value of 1.38. Followed by other reasons 'to meet household expenses', 'to involve in income generating activity', 'to increase the habit of savings' and 'to associate with other women' which are ranked second, third, fourth and fifth respectively based on the value of mean .

Under Kudumbashree, the most preferred reason is 'to associate with other women'. In case of NGO, the reasons 'to increase savings habit' and 'to associate with other women' can be equally considered as the most preferred reasons. Under NBFC, the most preferred reason is 'to get loan'. The most

contrasting finding in the case of NBFC is that 'to associate with other women' is ranked as least preferred reason, which was the most preferred reason, by the members of Kudumbashree and NGO.

Hypothesis

H 4   **There is no significant difference in the reason for joining SHG, among the members of the three micro finance interventions.**

Before applying the statistical test, the test distribution was checked for normality using Kolmogorov Smirnov test. Since there was no normality in the distribution, a non-parametric test namely, Kruskal Wallis test was used to test the hypothesis at 5% level of significance. The result of the test is given in table 5.10.

Table 5.10

Result of Kruskal Wallis Test

Reason for joining	Test statistic	Degree of freedom	P-value	Level of Significance	Accept/Reject
To Increase the Habit of Savings	133.267	2	<0.001	0.05	Reject
To get Loan	157.120	2	<0.001	0.05	Reject
To involve in income generating activity	130.930	2	<0.001	0.05	Reject
To meet household expenses	47.587	2	<0.001	0.05	Reject
To associate with other women	154.490	2	<0.001	0.05	Reject

Source: Survey Data

In the above table, it can be seen that the p value is less than 0.05 for all the reasons. So the hypotheses is rejected in case of all the reasons and it can be concluded that there is significant difference in the reasons for joining SHG, among the members of the three micro finance interventions.

5.3.2. Age wise Classification of Reasons for Joining SHG

Here, age wise classification of reason for joining self help groups are given in four classes as 21-30 years, 31-40 years, 41-50 years and above 50 years and presented in table 5.11.

Table 5.11

Age wise Classification of Reasons for Joining SHG

Reason for joining SHG	Age Group							
	21-30		31-40		41-50		51 and above	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	3.03	3	2.78	3	2.78	3	2.44	2
To get Loan	2.34	1	2.66	2	2.66	2	3.1	3
To involve in income generating activity	3.28	4	3.86	5	3.86	5	3.75	5
To meet household expenses	3	2	3.17	4	3.17	4	3.66	4
To associate with other women	3.34	5	2.5	1	2.5	1	2.08	1

Source: Survey Data

In the above table age wise classification of the reasons for joining SHGs are given. Under each age group the reasons are ranked from one to five based on the mean value ranging from lowest to the highest. In the age group 21-30 years the most preferred reason is 'to get loan' which has the lowest mean. Whereas in the age groups 31-40, 41-50, and 51 years and above, the most preferred reason is 'to associate with other women' which has lowest mean in all the said age groups. In the age group 21-30 years the second preferred reason is 'to meet household expenses' whereas in the age groups 31-40, 41-50 and 51 years and above, this reason is ranked as fourth preferred reason. Third preferred reason in the age group 21-30 is 'to increase the habit of savings' which is also ranked third by the age groups 31-40 and 41-50. However, age group 51 years

and above had ranked this reason as second. In the age group 21-30 years, the reason which is ranked fourth is 'to involve in income generating activity' which is ranked fifth by the age groups 31-40, 41-50 and 51 years and above. The most contrasting finding in the age wise classification is that the reason 'to associate with other women' which is ranked fifth by the age group 21-30 is ranked as first by the members belonging to the age groups 31-40, 41-50 and 51 years and above.

Test was administered to check whether there was significant difference in the reasons for joining SHG, among the members belonging to different age groups. Test distribution was subject to normality test and found that normality was lacking. So Kruskal Wallis test was used and the result is presented in table 5.12.

Table 5.12

Result of the Kruskal Wallis test

Reason for joining SHG	Test Statistics	Degree of freedom	P-value	Level of Significance	Accept/ Reject
To increase the habit of savings	4.949	3	0.176	0.05	Accept
To get loan	14.374	3	0.002	0.05	Reject
To involve in income generating activity	7.402	3	0.060	0.05	Accept
To meet household expenses	12.371	3	0.006	0.05	Reject
To associate with other women	14.692	3	0.002	0.05	Reject

Source: Survey Data

The p-value of the reasons 'to increase the habit of savings' and 'to involve in income generating activity' is 0.176 and 0.06 respectively. Both the

values are greater than 0.05 so there is no significant difference among the different age groups on these two variables.

The p-value of 'to get loan', 'to meet household expenses' and 'to associate with other women' are 0.002, 0.006 and 0.002 respectively which are less than 0.05 indicates that there is significant difference among the different age groups on these three variables.

5.3.3. Education wise Classification of Reasons for Joining SHG

In this section, reason for joining self help groups are classified into five educational classes as illiterate, primary education, SSLC, plus two and degree and above. Classified data along with mean is presented in table 5.13

Table 5.13

Education wise Classification Reason for Joining SHG

Reason for Joining SHG	Educational Qualification									
	Illiterate		Primary education		SSLC		Plus-Two		Degree and Above	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	2.42	2	2.78	3	2.63	2	2.39	2	2.73	2
To get Loan	2.47	5	2.52	1	3.02	3	3.24	3	3.04	3
To involve in income generating activity	4.11	4	3.62	5	3.72	5	4	5	3.69	5
To meet household expenses	3.95	3	3.41	4	3.15	4	3.35	4	3.31	4
To associate with other women	2.05	1	2.67	2	2.44	1	1.99	1	2.23	1

Source: Survey Data

In the above table education wise classification of the reasons for joining SHGs are given. Under each education category the reasons are ranked from one to five based on the mean value ranging from lowest to the highest. The reason 'to associate with other women' was ranked first by illiterate respondents and respondents with qualification SSLC, Plus two and Degree and above. Members with primary education qualification ranked the reason 'to get loan' as the first. 'To increase the habit of savings' was ranked second by respondents belonging to illiterate, SSLC, Plus two and degree and above category, while it was ranked third by respondents with only primary education. 'To get loan' was ranked third by respondents belonging to SSLC, plus two, degree and above category. While it was, ranked fifth by illiterate people and ranked first by respondents with only primary education. 'To meet household expenses' was ranked fourth by all categories except illiterate respondents who ranked it as third. 'To involve in income generating activity' was ranked fifth by all categories except illiterate respondents who ranked it as fourth.

Test was conducted to check whether there was significant difference in the reason for joining SHG, among the members with different educational qualification. Here, the test data was subject to normality test and as the test distribution lacked normality, Kruskal Wallis test was used. The result of the Kruskal Wallis test is given in table 5.14.

Table 5.14

Result of the Kruskal Wallis test

Reason for joining	Test Statistics	Degree of freedom	P-value	Accept /Reject
To increase the habit of savings	2.783	4	0.595	Accept
To get loan	16.185	4	0.003	Reject
To involve in income generating activity	8.243	4	0.083	Accept
To meet household expenses	9.194	4	0.056	Accept
To associate with other women	10.659	4	0.031	Reject

Source: Survey Data

The p-value of 'to increase the habit of savings', 'to involve in income generating activity' and 'to meet household expenses' are 0.595, 0.083 and 0.056 respectively. Since all the values are greater than 0.05 there is no significant difference among the different educational groups on these variables.

Whereas the p-value of 'to get loan' and 'to associate with other women' is 0.003 and 0.031 respectively, which are less than 0.05, indicating that, there is significant difference among different educational groups on these variables.

5.3.4. Occupation wise Classification of Reason for Joining SHG

Here, the reasons for joining SHGs were classified on the basis of five occupational classes such as, housewife, labourer, employed, self-employed and others. Classified data is presented in table 5.15.

Table 5.15

Occupation wise classification of Reason for Joining SHG

Reason for Joining SHG	Occupation									
	House wife		Labourer		Employed		Self Employed		Others	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	2.60	2	2.80	2	2.40	1	2.60	1.5	2.33	1
To get Loan	2.94	3	2.63	1	2.70	2	3.06	4	3.00	3
To involve in income generating activity	3.80	5	3.54	5	3.60	5	3.87	5	2.67	2
To meet household expenses	3.40	4	3.17	4	3.50	4	2.87	3	3.67	5
To associate with other women	2.23	1	2.86	3	2.80	3	2.60	1.5	3.33	4

Source: Survey Data

It can be noticed from the above table that, as far as housewives are concerned, the most important reason for joining SHG is 'to associate with other women' which has the least mean value of 2.23. Next important reason is 'to increase the habit of savings' with mean 2.60 followed by the reason 'to get loan' with mean 2.94, 'to meet household expenses' with mean 3.40 and lastly 'to involve in income generating activity' with mean 3.80. Therefore, it can be inferred that, housewives, while participating in SHGs give maximum priority for the satisfaction they derive from associating with other women. On the other hand, they give least priority for involving in income generating activity.

Respondents belonging to labourer category ranked the reason 'to get loan' as first whereas those respondents who were employed and those belonging to 'others' category ranked the reason 'to increase savings habit' as

first. Respondents who were presently self-employed had ranked two reasons as most important, namely 'to increase savings habit' and 'to associate with women' with equal mean values of 2.60 each.

Most importantly, it was found that, members belonging to all occupational categories, except 'others' category give least priority for the reason 'to involve in income generating activity'. This implies that the very purpose of the micro finance practices, which is to involve women in economic activity to help fight poverty, is left unachieved.

Test was done to check whether there was significant difference in the reason for joining SHG, among the members of different occupational groups.Kruskal Wallis test was used to test and the test result is presented in table 5.16

Table 5.16

Result of the Kruskal Wallis test

Reason for joining	Test statistics	Degree of freedom	P-value	Level of Significance	Accept/ Reject
To increase the habit of savings	0.451	4	0.929	0.05	Accept
To get loan	3.393	4	0.335	0.05	Accept
To involve in income generating activity	3.989	4	0.263	0.05	Accept
To meet household expenses	7.483	4	0.058	0.05	Accept
To associate with other women	12.131	4	0.007	0.05	Reject

Source: Survey Data

P value is greater than 0.05 for the reasons 'to increase the habit of savings', 'to get loan', 'to involve in income generating activity' and 'to meet household expenses'. Therefore, with regard to the above reasons, there is no

significant difference in the reason for joining SHG, among the members of different occupational groups. However, in case of the reason 'to associate with other women' p value was less than 0.05. Therefore, it can be inferred that there is significant difference among the members of different occupational classes with regard to the reason 'to associate with other women'.

5.3.5. Marital Status wise Classification of Reasons for Joining SHG

Marital status of member is an important factor, which influences the decision on availing micro loans and services. Generally, most of the women availing micro finance services are married. Hence, the classification of respondents based on their marital status will be appropriate and the result is presented in table 5.17

Table 5.17

Marital Status wise classification Reason for Joining SHG

Reason for Joining SHG	Marital Status							
	Married		Unmarried		Widow		Divorcee	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	2.6	2	2.93	3	2.65	2	5	5
To get Loan	2.92	3	2.53	1	2.91	3	1	1
To involve in income generating activity	3.78	5	3.4	5	3.74	5	3	3
To meet household expenses	3.3	4	3.27	4	3.37	4	4	4
To associate with other women	2.38	1	2.87	2	2.33	1	2	2

Source: Survey Data

In the above table marital status wise classification of the reasons for joining SHGs are given. Under each category the reasons are ranked from one to

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five based on the mean value ranging from lowest to the highest. 'To associate with other women' was ranked first by married and widow respondents while it was ranked second by unmarried and divorcee respondents. 'To increase the habit of savings' was ranked second by married and widow respondents while unmarried respondents ranked it as third and divorcees ranked it as fifth. 'To get loan' was ranked third by married and widow respondents while it was ranked first my unmarried and divorcee respondents. 'To meet household expenses' was ranked fourth by all categories and 'to involve in income generating activity' was ranked fifth by all categories except divorcees who ranked it as third.

Test was done to check whether the difference in the reason for joining SHG among the members with different marital status was significant. Kruskal Wallis test was done at 5% level of significance and the result of the analysis is presented in table 5.18

Table 5.18

Result of the Kruskal Wallis test

Reason for joining	Test statistics	Degree of freedom	P-value	Level of Significance	Accept /Reject
To increase the habit of savings	.684	3	.710	0.05	Accept
To get loan	1.043	3	.594	0.05	Accept
To involve in income generating activity	1.316	3	.518	0.05	Accept
To meet household expenses	.063	3	.969	0.05	Accept
To associate with other women	1.628	3	.443	0.05	Accept

Source: Survey Data

The P-values of Kruskal Wallis statistic is greater than 0.05 in case of all variables. Thus, there is no significant difference in the reason for joining SHG between the members with different marital status.

5.3.6. Average Family Income wise Classification of Reasons for Joining SHG

Here, the reasons for joining SHG are classified based on average family income of the respondents. Average family income is grouped into four classes as income upto Rs.2000, income between Rs.2001and Rs.5000, income between Rs.5001 and Rs.10000 and lastly income of Rs.10001 and above. Average family income wise classification of reason for joining SHG is given in table 5.19. Under each category the reasons are ranked from one to five based on the mean value ranging from lowest to the highest.

Table 5.19

Average Family Income wise classification of Reason for Joining SHG

Reason for Joining SHG	Average Family Income (Rs)							
	Upto 2000		2001-5000		5001-10000		10001 and above	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
To Increase the Habit of Savings	2.51	2	2.83	3	2.97	2	2.46	2
To get Loan	2.85	3	2.71	2	3.36	4	3.50	4
To involve in income generating activity	3.87	5	3.51	5	3.52	5	4.00	5
To meet household expenses	3.38	4	3.27	4	3.09	3	3.08	3
To associate with other women	2.37	1	2.65	1	2.12	1	1.96	1

Source: Survey Data

In the above table, it can be seen that, 'to associate with other women' was ranked first by all members belonging to different average family incomes. The reason, 'to increase the habit of savings' was ranked second by all members belonging to all family incomes except, the family income class of Rs.2001 to Rs.5000, who ranked it as third. The reason 'to meet household expenses' was ranked third by members belonging to the family incomes class Rs.5001 to Rs.10000 and those belonging to income of Rs.10001 and above ; members belonging to income up to Rs.2000 and income between Rs.2001 and Rs.5000 ranked it as fourth. The reason 'to get loan' was ranked fourth by those belonging to family incomes between Rs.5001 and Rs.10000, and by those belonging to the income class of Rs.10001 and above. The reason 'to involve in income generating activity' was ranked fifth by all members belonging to all family incomes.

Test was conducted to check whether the difference in the reason for joining SHG, among the members belonging to different average family incomes was significant. Since the test distribution lacked normality, Kruskal Wallis test was used. Result of the test was given in table 5.20.

Table 5.20

Result of the Kruskal Wallis test

Reason for joining	Test statistics	Degree of freedom	P-value	Level of Significance	Accept /Reject Ho
To increase the habit of savings	6.507	3	0.089	0.05	Accept
To get loan	10.610	3	0.014	0.05	Reject
To involve in income generating activity	12.293	3	0.006	0.05	Reject
To meet household expenses	3.157	3	0.368	0.05	Accept
To associate with other women	6.324	3	0.097	0.05	Accept

Source: Survey Data

It can be seen from the above table that, p values are greater than 0.05, in case of reasons 'to increase the habit of savings', 'to meet household expenses' and 'to associate with other women', indicating that there is no significant difference in the above reasons for joining SHGs, among the members with different average incomes. In case of reasons 'to get loan' and 'to involve in income generating activity', p values are less than 0.05, indicating that there is significant difference in the above reasons for joining SHGs, among the members with different average incomes.

SECTION-B
NATURE, PURPOSE, AVERAGE AMOUNT OF LOAN AND THE LOAN REPAYMENT PERFORMANCE OF MEMBERS

5.4. Nature of the Loan availed by members

This section deals with the nature of loans provided to the members under three the micro finance interventions. Based on the nature of the loan, they are classified into three, namely, Loan from group common fund, Bank linkage Loan and Micro Finance Institution Loan (MFI-loan). Loan from group common fund means the loan provided to the members from the common pool of fund of the SHG, which is mobilized from the members in the form of regular weekly savings. Bank linkage loan is the loan provided to members under the SHG Bank Linkage Programme of NABARD. The efficiency and effectiveness of the groups is verified based on some easily identifiable parameters. NABARD had developed a 15-point index for rating the groups based on which they are allowed to link with various banks under the Bank Linkage scheme. Micro finance institution loan (MFI-Loan) is the loan provided by the micro finance institution out of fund mobilized by them in the form of loans, foreign grants, donor funds etc.

Kudumbashree members can avail two forms of loans, namely, loan from group common fund and bank linkage loan. SHG members under NGO microfinance intervention can avail all three forms of loans. SHG members in NBFC- MFIs can avail only one form of loan that is Micro Finance Institution loan. Since NBFC-MFIs do not mobilize savings among the members, the groups do not have a common fund. NBFC –MFIs usually do not provide SHG-bank linkage loans also. NBFC lend money to members out of their own funds.

5.4.1. Micro Finance Intervention wise Classification of Loan availed by members

Details of the loan availed by members, under three micro finance interventions are presented in table 5.21

Table 5.21

Microfinance Intervention wise Classification of loan availed by members

Nature of Loan	Kudumbashree		NGOs		NBFC-MFIs	
	No. of members availed loan	% to total members (200)	No. of members availed loan	% to total members (100)	No. of members availed loan	% to total members (100)
Loan from Common Fund	172	86%	93	93%	-	-
Bank-Linkage Loan	109	54.5%	57	57%	-	-
MFI Loan	-		27	27%	100	100%

Source: Survey Data

From the above table it can be seen that, 86% of the Kudumbashree members and 93% of the NGO members had availed loan from group common fund. Further, it can be seen that only 54.5% of Kudumbashree members and 57% of NGO members had availed bank linkage loan. In the case of Kudumbashree and NGO, it can be seen that members mainly resort on the basic

loan facility within the group provided from the common fund of the group. A percent slightly higher than 50% of members in Kudumbashree and NGO had availed bank linkage loan. The third form of loan was applicable only to NGO and NBFC category. Only 27% of NGO members had availed MFI-loan, which is the loan provided by the NGO itself. This is mainly because members had adequate access to loans in the form of loan from group common fund and bank linkage loan. NBFC-MFIs do not mobilise savings, they do not have a group common fund and they usually do not provide bank linkage loan. Only form of loan available to the members is loan provided by the NBFC by itself. Cent percent members of NBFC –MFI had availed this loan. Members can avail loans very soon after joining the groups. Therefore, all the members had availed this loan.

5.5. Average Amount of Loan

In this section, an analysis of the average amount of loan availed by the members under three micro finance interventions were made. In the interview schedule respondents were asked to give the amounts of last, three loans availed by them. Average amount of loan was calculated by taking the average of the last three loans availed by the members.

5.5.1. Micro Finance Intervention wise Classification of Average Amount of Loan

Mean and the standard deviation of the average amount of loan from group common fund, bank linkage loan and MFI loan availed by the members of the three micro finance interventions is presented in table 5.22.

Table 5.22

Micro Finance Intervention wise
Classification of Average amount of Loan taken by the members

Nature of Loan	Kudumbashree		NGOs		NBFC-MFIs	
	Mean	SD	Mean	SD	Mean	SD
Loan from Common Fund	20294	20965	21720	34020	-	-
Bank-Linkage Loan	28608	27958	50383	42775	-	-
MFI Loan	-		42074	41990	16755	5421

Source: Survey Data

It can be seen from the above table, in the case of Kudumbashree members, the mean value of loan from group common fund availed is Rs.20294 with a standard deviation of Rs.20965 and the mean value of the bank linkage loan is Rs.28608 with a standard deviation of Rs.27958. In the case of NGO members, the mean value of loan from group common fund availed is Rs.21720 with a standard deviation of Rs.34020, the mean value of the bank linkage loan is Rs.50383 with a standard deviation of Rs.42775 and the mean value of MFI-loan is Rs.42074 with a standard deviation of Rs.41990. In the case of NBFC-MFI members, the mean value of the MFI loan availed is Rs.16755 with standard deviation of Rs.5421.

5.6. Purpose of Loan

In this section, an attempt was made to analyze the purposes for which members had availed loan. Seven purposes were identified and members were asked to put tick mark against the purposes for which they availed loan. Purposes of loan and the percentage of members who had availed loan for each purpose are presented in table 5.23.

Table 5.23

Micro Finance Intervention wise Classification of Purpose of Loan

Purpose of the loan	Kudumbashree		NGO		NBFC		Total	
	No. of members availed loan	% to total members (200)	No. of members availed loan	% to total members (100)	No. of member availed loan	% to total members (100)	Total no.	% to total members (400)
Income generating activity	49	24.5	45	45	28	28	122	30.5
Medical treatment	56	28	51	51	13	13	120	30
Redemption of old loan	42	21	18	18	24	24	84	21
Household ceremonies	81	40.5	39	39	13	13	133	33.25
Education of children	79	39.5	66	66	20	20	165	41.25
Renovation of house	13	6.5	72	72	42	42	127	31.75
Purchase assets	61	30.5	40	40	17	17	118	29.5

Source: Survey Data

The above data is also presented in the form of a chart. Chart 5.1 presents the purpose of loan availed by members.

Chart 5.1

Purpose of Loan Taken by members of the three micro finance interventions
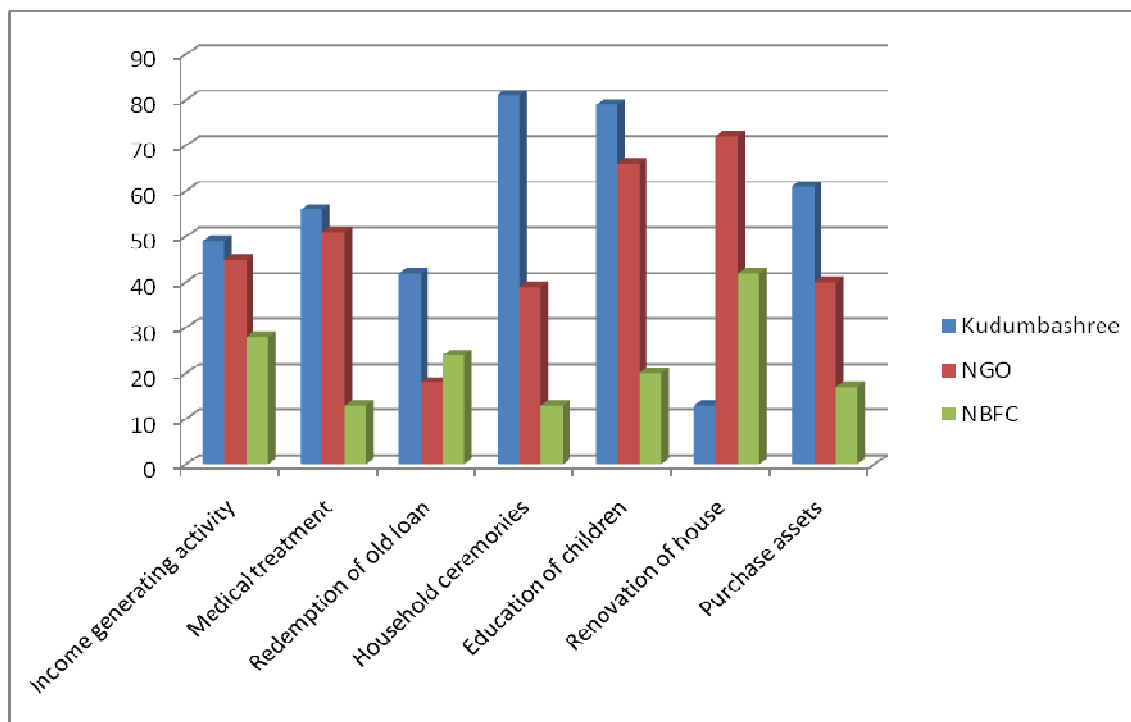
Source: Survey Data

From the table it can be seen that, in the case of Kudumbashree, the purpose for which highest number of people availed loan was for household ceremonies. In the case of NGOs and NBFC-MFIs, the purpose for which maximum number of people availed loan was for construction/renovation of the house.

5.7. Loan Repayment Performance of the Members

As mentioned in the earlier section, there are three forms of loans namely, loan from group common fund, bank linkage loan and MFI loans. Kudumbashree members can avail two forms of loans, namely, loan from group common fund and bank linkage loan. SHG members under NGO microfinance intervention can avail all three forms of loans. SHG members in NBFC- MFIs can avail only one form of loan that is, micro finance institution loan. In this

section an analysis of the loan repayment performance of members, with respect to the above said loans are made. Responses about the loan repayment were taken on a five-point scale as repayment 'always in time', repayment 'mostly in time', repayment 'sometimes in time', 'rarely in time' and repayment 'not at all in time'. 1 was assigned for repayment 'always in time', 2 for repayment 'mostly in time', 3 for repayment 'sometimes in time', 4 for 'rarely in time' and 5 for 'not at all in time'. Mean value of the responses were taken. Mean should be interpreted as, if the mean value is 1, it indicates that repayment is always in time, if mean value is 2 it indicates repayment is mostly in time, mean value 3 indicates sometimes in time, mean value 4 indicates rarely in time and mean value of 5 indicates not at all in time. Tests were also administered to check the significant difference between the mean values.

Number of members who had availed loan under each category and the mean value of their responses about the loan repayment performance are presented in table 5.24.

Table 5.24

Micro Finance Intervention wise
Classification of Loan Repayment Performance of Members

Nature of Loan	Kudumbashree		NGOs		NBFC-MFIs	
	No.	Mean	No.	Mean	No.	Mean
Loan from Common Fund	172	1.58	93	1.34	-	-
Bank-Linkage Loan	109	1.19	57	1.25	-	-
MFI Loan	-	-	27	1.31	100	1.00

Source: Survey Data

Above table shows that 174 members of Kudumbashree had availed loan from group common fund and the mean value of the responses about loan

repayment is 1.58 which is quite higher than 1, so it can be regarded as loan repayment 'mostly in time'. 109 Kudumbashree members had availed bank linkage loan and the mean of their repayment performance is 1.19, which is close to 1, so it can be regarded as repayment 'always in time'.

In case of NGO members, 93 members of NGO-MFIs had availed loan from common fund and the mean value of the responses about loan repayment is 1.34, which is close to 1, so it can be regarded as loan repayment 'always in time'. 57 NGO members had availed bank linkage loan and the mean of their repayment performance is 1.25, which is close to 1, so it can be regarded as repayment 'always in time. 27 NGO members had availed micro finance institution loan and the mean of their repayment performance is 1.31, which is close to 1, so it can be regarded as repayment 'always in time.

All the members of NBFC-MFIs had availed loan and the mean of loan repayment is 1, which means that their repayment is perfectly 'always in time'.

Hypothesis

H$_{5.1}$: There is no significant difference in the repayment performances of loan from common fund and bank linkage loan by the members of Kudumbashree.

Since the test distribution is normal, paired t-test was used to check the difference between repayment performances of loan from group common fund and bank linkage loan by Kudumbashree members. Result of the test is given in table 5.25.

Table 5.25

Result of Paired t-test

Test Statistics (t)	Degree of Freedom	P-Value	Level of Significance	Accept/Reject
5.044	199	0.000	0.05	Reject

Source: Survey Data

It can be seen in the above table that the p value is less than 0.05. Thus, the hypothesis will be rejected indicating that, there is significant difference between the repayment performances of loan from group common fund and bank linkage loan by Kudumbashree members.

Hypothesis

H₅.₂: **There is no significant difference in the loan repayment performance of loan from group common fund, bank linkage loan and MFI-loan by the members of NGOs.**

To test the hypothesis, ANOVA was applied and the result is presented in table 5.26.

Table: 5.26

Result of ANOVA

Variable	Source	Sum of Squares	D.F	Mean Square	F	P-Value
Loan repayment performance	Between Groups	16.370	2	8.185	24.344	.000
	Within Groups	197.360	174	.336		
	Total	213.731	176			

Source: Survey Data

Since the P- value is less than 0.05, hypothesis will be rejected. Hence, there is significant difference in the repayment performance of, loan from Common fund, Bank- Linkage loan and MFI-Loan by the SHG members of NGO.

Hypothesis

$H_{5.3}$: **There is no significant difference in the repayment performance of loan from group common fund between the members of Kudumbashree and NGO**

Since the test, distribution is normal, t-test for independent samples at 5% level of significance was used was used to check the difference in the repayment performances of loan from common fund between the members of Kudumbashree and NGO. Result of the test is presented in table 5.27.

Table 5.27

Result of t-test for independent samples

Test Statistics (t)	Degree of Freedom	P-Value	Level of Significance	Accept/Reject
2.667	263	0.008	0.05	Reject

Source: Survey Data

It can be seen from the above table that, p value is less than 0.05, so the hypothesis is rejected. Thus, there is significant difference in the repayment performances of loan from group common fund between the members of Kudumbashree and NGO.

Hypothesis

H$_{5.4}$:   There is no significant difference in the repayment performance of bank linkage loan between the members of Kudumbashree and NGO.

Since the test distribution is normal, t-test for independent samples is used to check the difference in the repayment performances of bank linkage loan between the members of Kudumbashree and NGO. Result of t test is presented in table 5.28

Table 5.28

Result of t-test for independent samples

Test Statistics (t)	Degree of Freedom	P-Value	Level of Significance	Accept/Reject
-0.813	164	0.417	0.05	Accept

Source: Survey Data

Since the p value is higher than 0.05, hypothesis is accepted, indicating that there is no significant difference in the repayment performances of bank linkage loan between the members of Kudumbashree and NGO.

Hypothesis

H$_{5.5}$:   There is no significant difference in the repayment performance of MFI   loan between the members of NGO and NBFC.

Since the test distribution is normal and taken from independent samples, t-test for independent samples is used to check the difference between repayment performances of MFI loan between the members of NGO and NBFC. Result of t test is presented in table 5.29.

Table 5.29

Result of t-test for independent samples

Test Statistics (t)	Degree of Freedom	P-Value	Level of Significance	Accept/Reject
-6.012	125	0.000	0.05	Reject

Source: Survey Data

Since the p value is less than 0.05, hypothesis is rejected. Thus, there is significant difference between the members of NGO and NBFC-MFI in the repayment performances of MFI Loan.

SECTION C

LEVEL OF SATISFACTION OF THE MEMBERS

In this study, evaluation of the micro finance practices has been done from the perspective of the beneficiaries. In a study of this kind, it becomes essential to   analyze the level of satisfaction of the beneficiaries towards various micro financial services. In this section, an attempt has been made to analyze the level of satisfaction of the members towards various aspects of loan and the level of satisfaction towards various other services provided to them.

5.8. Level of Satisfaction about Various Aspects of Loan

In this section, an analysis of the level of satisfaction of members towards various aspects of loan is done. Variables used to study the satisfaction towards loan were adequacy of loan amount, timely availability of loan, interest rate and other charges, number of installments and the repayment period. SHG members were asked to give their responses on a five-point scale as 'highly satisfied', 'satisfied, 'no opinion', 'not satisfied' and 'not at all satisfied'. 1 was assigned for 'highly satisfied', 2 for 'satisfied, 3 for 'no opinion', 4 for 'not satisfied' and 5 for 'not at all satisfied'. Mean value of the responses were taken and is

interpreted as, if the mean value is 1 it indicates that members are 'highly satisfied'. A mean value of 2 indicates 'satisfied',3 implies 'no opinion',4 indicates 'dissatisfied, and mean value of 5 indicates 'highly dissatisfied'. Tests were also done to check for significant difference between the mean values.

5.8.1. Micro Finance Intervention wise Classification of Level of satisfaction about various aspects of loan

Micro finance intervention wise classification of the level of satisfaction about various aspects of loan is done, as it would be interesting to know the satisfaction level of members under each micro finance intervention. Mean of the responses of the members about the satisfaction towards various aspects of loan is given in table 5.30.

Table 5.30

Micro Finance Intervention wise classification of level of satisfaction about various aspects of loan

Factors	Kudumbashree	NGO	NBFC-MFI
	Mean	Mean	Mean
Adequacy of Loan amount	1.98	1.52	2.14
Timely availability of Loan	2.04	1.53	2.59
Interest rate and other charges	2.06	1.56	2.92
Number of Installments	2.10	1.59	2.23
Repayment Period	2.10	1.60	2.15

Source: Survey Data

Mean value for the responses on the level of satisfaction is given in the above table. With respect to the variable **'adequacy of loan amount'**, mean of the response for Kudumbashree is 1.98, that of NGO is 1.52 and NBFC is 2.14. In all the three cases the mean is close to 2, which implies that members of the three micro finance interventions are 'satisfied' with regard to the variable 'adequacy of loan'. Since the value of mean is much lesser than 2 for NGO, it can be inferred that members of NGO are more satisfied than the members of Kudumbashree and NBFC-MFI.

Next variable is 'timely availability of loan'. Mean of the responses of Kudumbashree is 2.04 and NGO is 1.53, which are close to 2, implying that members are 'satisfied'. Since the mean for NGO is much lesser than 2, it can be inferred that members of NGO are more satisfied than the members of Kudumbashree. In case of NBFC, the value of mean is 2.59, which is close to 3, implying that members have 'no opinion' about their satisfaction towards the aspect 'timely availability of loan'.

With respect to the variable 'interest and other charges' mean value of Kudumbashree is 2.06 and NGO is 1.56 which are close to 2, implying that the members are 'satisfied'. Since the mean for NGO is much lesser than 2, it can be inferred that members of NGO are more satisfied than the members of Kudumbashree. In the case of NBFC, the value of mean is 2.92, which is close to 3, implying that members have 'no opinion' about their satisfaction towards the aspect 'interest and other charges'. It can be concluded that the members of NBFC-MFI are neither satisfied nor dissatisfied about the interest and other charges. They are concerned only about availing loans and meeting their urgent needs.

With respect to the variable, 'number of installments', mean of the response for Kudumbashree is 2.10, that of NGO is 1.59 and NBFC is 2.23. In all the three cases, the mean is close to 2, which implies that members of the three micro finance interventions are 'satisfied' with regard to the variable 'number of installments'. Since the value of mean is much lesser than 2 in the case of NGO, it can be inferred that members of NGO are more satisfied than the members of Kudumbashree and NBFC-MFI.

Next variable is 'repayment period'. With respect to this variable mean of the response for Kudumbashree is 2.10, mean of NGO is 1.60 and NBFC is 2.15. In all the three cases, the mean is close to 2, which implies that members of the three micro finance interventions are 'satisfied' with regard to the variable 'repayment period'. Since the value of mean is much lesser than 2 for NGO, it can be inferred that members of NGO are more satisfied than the members of Kudumbashree and NBFC-MFI.

Hypothesis

H$_6$:$_1$ **There is no significant difference in the satisfaction level with regard to various aspects of loan among the members of the three micro finance interventions.**

Test distribution was subjected to normality test. It was found that there is normality in the test distribution. Therefore, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.31.

Table 5.31

Result of ANOVA

Factors		Sum of Squares	D.F	Mean Square	F	P value	Accept/ reject
Adequacy of Loan amount	Between Groups	21.838	2	10.919	29.197	.000	reject
	Within Groups	147.722	395	.374			
	Total	169.560	397				
Timely availability of Loan	Between Groups	56.462	2	28.231	52.199	.000	reject
	Within Groups	213.631	395	.541			
	Total	270.093	397				
Interest rate and other charges	Between Groups	94.437	2	47.219	80.309	.000	reject
	Within Groups	231.068	393	.588			
	Total	325.505	395				
Number of Installments	Between Groups	24.300	2	12.150	24.339	.000	reject
	Within Groups	195.689	392	.499			
	Total	219.990	394				
Repayment Period	Between Groups	19.840	2	9.920	21.609	.000	reject
	Within Groups	178.119	388	.459			
	Total	197.959	390				

Source: Survey Data

Since the P-Value is less than 0.05, hypothesis is rejected in respect of all the variables. Thus, it can be concluded that there is significant difference in the satisfaction level with regard to the various aspects of loan among the SHG members of three micro finance interventions.

5.8.2. Education wise Classification of Level of Satisfaction About Various Aspects of Loan

In this section, analysis of the level of satisfaction about various aspects of loan is done based on educational qualification of the respondents. Mean of

the responses under each educational class are taken and test was done to check whether there is significant difference in the means. Mean of the responses of the members about the satisfaction towards various aspects of loan is given in table 5.32.

Table 5.32

Education wise classification of level of satisfaction about various aspects of loan

Factors	Educational Qualification				
	Illiterate	Primary education	SSLC	Plus-Two	Degree and Above
	Mean	Mean	Mean	Mean	Mean
Adequacy of Loan amount	1.89	2.01	1.86	1.84	1.96
Timely availability of Loan	2.00	2.16	2.05	1.91	2.00
Interest rate and other charges	2.11	2.27	2.18	1.90	2.15
Number of Installments	2.11	2.02	2.01	1.93	2.08
Repayment Period	2.11	2.05	1.98	1.86	2.08

Source: Survey Data

From the above table it can be seen that, in respect of the variable 'adequacy of loan amount' mean values in all categories are almost close to 2, which indicates that members are 'satisfied'. In respect of this variable, members with educational qualification of 'plus two' are more satisfied than others as their mean (1.84) is lesser than the mean values of other groups.

In case of the variable 'timely availability of loan', mean values in case of illiterate and degree and above respondents, mean is perfectly 2 and in other three cases mean values are near to 2 which indicate that members are 'satisfied'.

In respect of the variable 'interest rate and other charges' mean values in all the cases are almost close to 2, which indicates that they are 'satisfied'. However, in case of members belonging to the education class of primary education, the mean is 2.27, which is quite higher than 2, indicating that their level of satisfaction is lesser than that of the members in other education classes.

In respect of the variables 'number of installments' and 'repayment period' , mean values were close to 2 in all cases indicating that members are 'satisfied'.

Interpretation of the means of responses under different educational classes shows that none of members are 'highly satisfied' about different aspects of loan as none of the mean values are close to 1. It can be concluded that, irrespective of the qualification of the members, all the members are satisfied about the various aspects of loan.

Test was administered to check whether there is significant difference in the means and the details of which are as follows. Since there was lack of normality in the test distribution, Kruskal Wallis test was used to test the significance of difference. Result of Kruskal Wallis test is presented in table 5.33.

Table 5.33

Result of Kruskal – Wallis Test

Factors	Test Statistic	Degree of Freedom	P-Value	Level of significance	Accept/ Reject
Adequacy of Loan amount	4.869	4	0.301	0.05	Accept
Timely availability of Loan	5.047	4	0.283	0.05	Accept
Interest rate and other charges	6.961	4	0.138	0.05	Accept
Number of Installments	1.963	4	0.743	0.05	Accept
Repayment Period	3.819	4	0.431	0.05	Accept

Source: Survey Data

Since p value is greater than 0.05 in all the cases, it implies that there is no significant difference in the satisfaction level with regard to various factors of loan among the SHG members with different educational qualification.

5.8.3. Occupation wise Classification of Level of satisfaction about various aspects of loan

In this section, analysis of the level of satisfaction about various aspects of loan is done based on occupation of the respondents. Mean of the responses of the members under each occupation are taken and test was done to check whether there was significant difference in the means. Mean of the responses of the members about the satisfaction towards various aspects of loan is given in table 5.34.

Table 5.34

Occupation wise distribution of Level of satisfaction about various aspects of loan

Factors	Occupation				
	House wife	Labourer	Employed	Self Employed	Others
	Mean	Mean	Mean	Mean	Mean
Adequacy of Loan amount	1.90	1.90	2.00	1.89	2.33
Timely availability of Loan	2.06	2.14	2.00	1.85	2.33
Interest rate and other charges	2.14	2.16	1.80	2.21	2.50
Number of Installments	2.00	2.00	1.80	2.09	2.33
Repayment Period	2.00	1.96	1.80	2.00	2.33

Source: Survey Data

It can be seen from the above table that the mean of the responses on the satisfaction towards different aspects of loan are almost close to 2 in all occupational classes. It indicates that irrespective of the occupation of the members, all members are 'satisfied' with the various aspects of loan. It can also

be seen that mean of the responses of members belonging to 'other' category are quite higher than other values in all cases, indicating that these members are less satisfied when compared to other members. None of the members are 'highly satisfied' with the various aspects of loan.

Test was done to check whether there lies significant difference between the means and details are as follows. As the test distribution lacked normality, hypothesis was tested using Kruskal Wallis test. Result of the test is presented in table 5.35.

Table 5.35

Result of Kruskal Wallis Test

Factors	Test Statistic	Degree of Freedom	P-Value	Level of significance	Accept/ Reject
Adequacy of Loan amount	0.600	4	0.896	0.05	Accept
Timely availability of Loan	3.570	4	0.312	0.05	Accept
Interest rate and other charges	1.059	4	0.787	0.05	Accept
Number of Installments	0.518	4	0.915	0.05	Accept
Repayment Period	1.203	4	0.752	0.05	Accept

Source: Survey Data

Since p value is greater than 0.05 in all cases, it implies that there is no significant difference in the satisfaction level with regard to various aspects of loan among the SHG members with different occupations.

5.9. Type of insurance policy purchased by members

Micro finance practices include not only micro savings and micro credit it also includes micro insurance. In this section an analysis of the type of insurance policy purchased by the members under each micro finance intervention has been done. Number of members who had purchased different micro insurance policies and its percentage is presented in table 5.36.

Table 5.36

Type of Insurance Policy purchased by the members

Insurance Policy	Kudumbashree		NGO		NBFC		Total	
	No	%	No	%	No	%	No	%
Life Insurance	24	12	43	43	-	-	67	16.75
Accident Insurance	-	-	2	2	19	19	21	5.25
Health Insurance	41	20.5	14	14	2	2	57	14.25
Non-liability Insurance	-	-	7	7	64	64	71	17.75
Not taken any Insurance Policy	135	67.5	34	34	15	15	184	46
Total	200	100	100	100	100	100	400	100

Source: Survey Data

The above data is also presented as a chart. Chart 5.2 presents the type of insurance policy purchased by members.

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Chart 5.2

Type of Insurance Policy purchased by the members
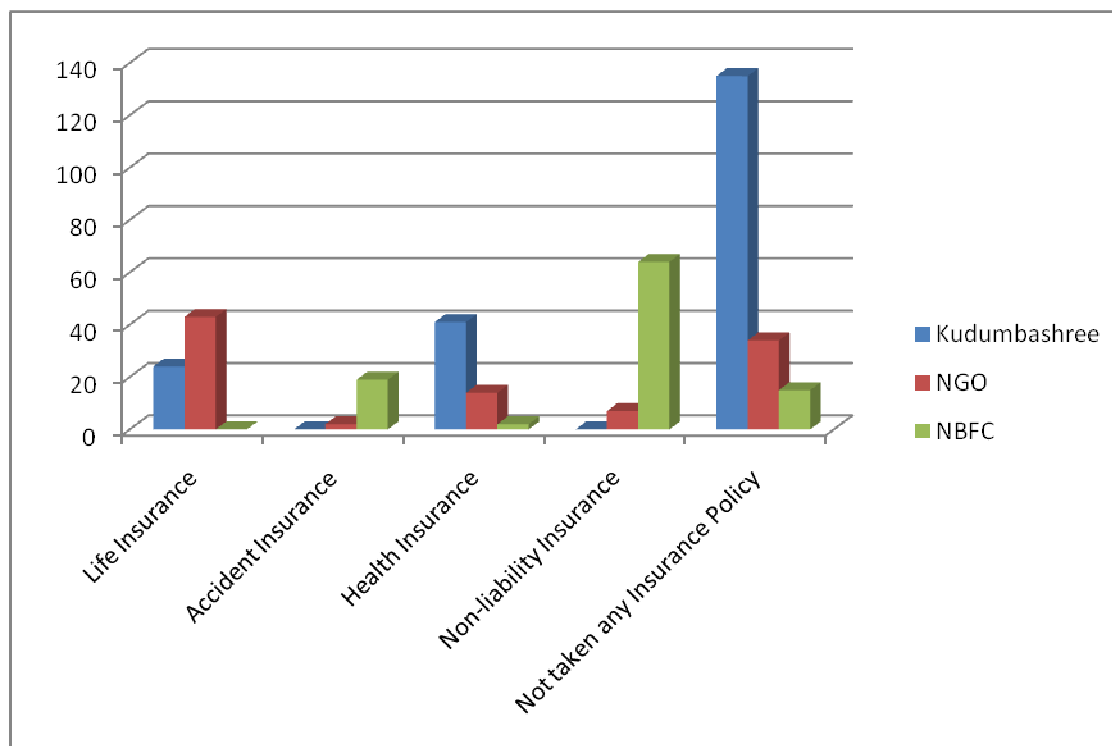
Source: Survey Data

It can be seen from the above table that, Kudumbashree is providing two types of insurance policies to its members namely life insurance and health insurance. 12% of the members of Kudumbashree had availed life insurance policy and 20.5% had purchased health insurance policy. 67.5% of Kudumbashree members had not availed the insurance service.

43% of the members of NGO had availed life insurance policy, 2% had purchased accident insurance policy, 14% had purchase health insurance policy and 7% had purchased non-liability insurance policy. 35% of members under NGO micro finance intervention had not availed insurance services.

Under NBFC category, 19% had availed accident insurance policy, 2% had purchased health insurance policy and 64% had purchased non-liability

insurance. 15% of members under NBFC category had not availed insurance services.

It can be seen from the table that members who had not availed insurance service come to 46%, on the total. It can be inferred that a great part of the beneficiaries of micro finance are still not accessing the insurance services provided.

5.10. Level of satisfaction towards various other services provided to members

In this section, an analysis of the level of satisfaction of members towards various other services is done. Variables used to study the satisfaction towards various other services are initial guidance and orientation provided, conduct of training, conduct of group meeting, interaction among the group members, project identification and development and lastly insurance services. Responses of the SHG members were taken on a five-point scale as 'highly satisfied', 'satisfied, 'no opinion', 'dissatisfied' and 'highly dissatisfied'. 1 was assigned for 'highly satisfied', 2 for 'satisfied, 3 for 'no opinion', 4 for 'not satisfied' and 5 for 'not at all satisfied'. Mean value of the responses were taken and is interpreted as, if the mean value is 1 it indicates that members are 'highly satisfied'. A mean value of 2 indicates 'satisfied',3 implies 'no opinion',4 indicates 'dissatisfied, and mean value of 5 indicates 'highly dissatisfied'. Tests were also done to check for significant difference between the mean values.

5.10.1. Micro Finance Intervention wise classification of level of satisfaction with regard to various services

Micro finance intervention wise classification of the level of satisfaction about various other services provided is done, as it would be interesting to know the satisfaction level of members under each micro finance intervention. Mean of the responses of the members about the satisfaction towards various other services are given in table 5.37.

Table 5.37

**Microfinance intervention wise classification of Level of satisfaction
with regard to various aspects of the institution**

Factors	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Initial guidance and orientation	1.97	1.38	2.01
Conduct of group meeting	1.83	1.37	1.99
Interaction with group members	1.84	1.37	2.02
Training	2.22	1.40	2.62
Project identification & development	2.26	1.38	2.76
Insurance services	2.38	1.62	2.07

Source: Survey Data

In the case of Kudumbashree members, mean value of the response about the satisfaction towards various other services are almost near or slightly higher than 2, which can be interpreted, as the members are 'satisfied'.

In the case of members of NGO-MFIs, mean value of the response about all the aspects other than insurance services are slightly higher than 1, which can be interpreted, as the members are 'highly satisfied'. In the case of insurance service they are 'satisfied'.

In the case of members of NBFC-MFIs, mean value of the response about 'initial guidance and orientation', 'conduct of group meeting', 'interaction among the members' and 'insurance services' are near or slightly higher than 2, which can be interpreted as the members are 'satisfied'. In the case of 'training' and 'project identification', mean values are almost close to 3, indicating that members have 'no opinion' about the satisfaction. It is quite evident from this response that, NBFC-MFIs do not take deliberate attempt to provide training to members and assistance in the form of project identification and development.

Hypothesis

H$_{6.2}$: **There is no significant difference in the level of satisfaction towards various other other services, among the members of the three micro finance interventions.**

Data set was checked for normality and it was found that the test data was normal. Therefore, ANOVA was used to test the hypothesis. Result of ANOVA is presented in table 5.38.

Table 5.38

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ reject
Initial guidance and orientation	Between Groups	26.612	2	13.306	52.777	.000	reject
	Within Groups	95.299	378	.252			
	Total	121.911	380				
Conduct of group meeting	Between Groups	21.472	2	10.736	60.579	.000	reject
	Within Groups	69.827	394	.177			
	Total	91.300	396				
Interaction with group members	Between Groups	23.091	2	11.545	49.378	.000	reject
	Within Groups	92.123	394	.234			
	Total	115.214	396				
Training	Between Groups	69.763	2	34.881	73.945	.000	reject
	Within Groups	148.592	315	.472			
	Total	218.355	317				
Develop-ment of Project	Between Groups	74.288	2	37.144	83.372	.000	reject
	Within Groups	122.518	275	.446			
	Total	196.806	277				
Insurance services	Between Groups	22.764	2	11.382	21.634	.000	reject
	Within Groups	127.318	242	.526			
	Total	150.082	244				

Source: Survey Data

Since the P-Value is less than 0.05 in all the cases, hypothesis is rejected in all the cases. Thus it can be concluded that, there is significant difference in the satisfaction towards various other services, among the members of the three micro finance interventions.

5.10.2. Education wise Classification of level of satisfaction towards various other services

In this section, analysis of the level of satisfaction towards various other services is done based on educational qualification of the respondents. Mean of the responses under each educational class are taken and test was done to check whether there lays significant difference in the means. Mean of the responses of the members about the satisfaction towards various aspects is given in table 5.39.

Table 5.39

Education wise Classification of level of satisfaction towards various other services

Factors	Educational Qualification				
	Illiterate	Primary education	SSLC	Plus-Two	Degree and Above
	Mean	Mean	Mean	Mean	Mean
Initial guidance and orientation	1.94	1.87	1.77	1.81	1.88
Conduct of group meeting	1.89	1.79	1.76	1.70	1.85
Interaction with group members	1.89	1.72	1.77	1.77	1.81
Training	2.11	2.20	1.95	2.05	2.35
Development of Project	2.13	2.29	2.08	2.06	2.29
Insurance services	2.25	2.06	2.07	2.00	2.07

Source: Survey Data

It can be seen in the above table that, in case of all educational classes, the mean value of the responses about the satisfaction towards various other services are near to or slightly higher than 2. It can be interpreted that all the members belonging to different educational classes, are 'satisfied' with the various other services provided.

Test was administered to check whether there was significant difference in the level of satisfaction among the members of different educational classes and its details are as follows.

Since there is, lack of normality in this test distribution, Kruskal Wallis test was used to test the significance of difference. Result of the test is presented in table 5.40.

Table 5.40

Result of Kruskal – Wallis Test

Factors	Test Statistic	Degree of Freedom	P-Value	Level of significance	Accept/ Reject
Initial guidance and orientation	2.556	4	0.635	0.05	Accept
Conduct of group meeting	5.462	4	0.246	0.05	Accept
Interaction with group members	2.149	4	0.708	0.05	Accept
Training	5.532	4	0.237	0.05	Accept
Development of Project	4.763	4	0.312	0.05	Accept
Insurance services	0.899	4	0.925	0.05	Accept

Source: Survey Data

Since p value is greater than 0.05 in all the cases, it implies that there is no significant difference in the satisfaction level with regard to various other services , among the members with different educational qualifications.

5.10.3. Occupation wise Classification of Level of Satisfaction towards various other services

In this section, analysis of the level of satisfaction towards various other services is done based on the occupation of the respondents. Mean of the responses of the members under each occupation are taken and test was done to check whether there was significant difference in the means. Mean of the responses of the members about the satisfaction towards various other services is given in table 5.41.

Table 5.41

Occupation wise Classification of Level of Satisfaction towards various other services

Factors	Occupation				
	House wife	Laborer	Employed	Self Employed	Others
	Mean	Mean	Mean	Mean	Mean
Initial guidance and orientation	1.85	1.84	1.78	1.71	1.50
Conduct of group meeting	1.77	1.72	1.80	1.68	1.67
Interaction with group members	1.77	1.73	1.80	1.80	1.67
Training	2.15	2.18	2.33	1.67	1.67
Development of Project	2.18	2.29	2.14	1.76	1.50
Insurance services	2.12	2.16	1.83	1.77	1.63

Source: Survey Data

It can be seen in the above table that, in case of all occupational classes, the mean value of the responses about the satisfaction towards various other services is near to or slightly higher or slightly lower than 2. It can be interpreted

that all the members belonging to different occupational classes, are 'satisfied' with the various other services provided.

Test was administered to check whether there was significant difference in the level of satisfaction among the members of different occupational classes .Since there was, lack of normality in this test distribution, Kruskal Wallis test was used to test the significance of difference. Result of the test is given in table 5.42.

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Table 5.42

Result of Kruskal Wallis Test

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Variable	Test Statistic	Degree of Freedom	P-Value	Level of significance	Accept/ Reject
Initial guidance and orientation	2.795	4	0.424	0.05	Accept
Conduct of group meeting	2.169	4	0.538	0.05	Accept
Interaction with group members	0.383	4	0.944	0.05	Accept
Training	13.466	4	0.004	0.05	Reject
Project identification and training	8.974	4	0.030	0.05	Reject
Insurance services	6.790	4	0.079	0.05	Accept

Source: Survey Data

It can be seen in the above table that, in case of the variables 'initial guidance and orientation', 'conduct of group meeting', 'interaction with group members' and 'insurance services' the   p values were higher than 0.05, indicating that there is no significant difference in satisfaction level among the members belonging to different occupational groups. But in case of variables 'training' and 'project identification and development', p values were lower than 0.05, indicating that there is significant difference in the level of satisfaction, among the members belonging to different occupational classes.

SECTION-D

IMPACT OF MICRO FINANCE ON THE MEMBERS

A study on the micro finance practices in Kerala will be incomplete without an analysis of the impact of micro finance on the beneficiaries. In this section, an attempt has been made to analyse the impact of micro finance on the members who are the beneficiaries of every micro finance intervention. Impact analysis is done in terms of the change in economic impact factors and the change in social impact factors. Economic impact factors refer to those factors which are considered for analysing the economic impact of the micro finance interventions on the SHG members. In this study the economic impact factors considered are average monthly personal income, average monthly household income, average monthly household expenses, average monthly savings, amount of loan availed, and average amount of household assets. Social impact factors refer to those factors which are considered for analysing the social impact of the micro finance interventions on the SHG members. In this study the social impact factors considered are categorised into six heads as level of self confidence, personal skills, decision making skills, individual capacity, self esteem, and access to facilities.

Impact assessment is done on the basis of the perception of the members about the change that happened in the impact variables after involving in the micro finance practices, under the three selected micro finance interventions. Response about the changes that happened in the economic and social impact factors was taken on a five point scale as 'to a great extent' ,'much more', 'some extent', 'very little' and 'not at all'.

5.11. Perception of the members about the level of change in Economic Impact Factors

In this section, analysis of the perception of members about the extent of change in economic impact factors, after joining self help groups and availing the micro finance services is done. In the first part of this section, change in the economic impact factors was assessed individually by calculating the mean of the responses about the perception about the change in economic impact factors. Test was also conducted to check whether there was significant difference in the perception about change in economic impact factors, among the members of three micro finance interventions. In the second part of this section, economic impact of micro finance practices was calculated by finding the combined mean of the responses about the change in economic impact factors. Test was also administered to check whether there was significant difference in the economic impact between the three micro finance interventions.

Economic impact factors used in this study were, increase in personal income, increase in household income, increase in savings, increase in household expenses, increase in loan availed and increase in amount of fixed assets. Perception about the change in economic impact factor was measured on a five point scale as, 'to a great extent', 'much more', 'some extent', 'very little' and 'not at all' for which values 1,2,3,4 and 5 was assigned respectively. Mean of the responses were taken and mean values are interpreted as 1 implies that change is 'to a great extent', 2 implies 'much more', mean of 3 implies change to 'some extent', mean of 4 implies 'very little' and 5 implies 'no change at all'.

5.11.1. Micro Finance Intervention wise Classification of change in Economic Impact Factors

In this section of the perception of members about the changes that happened in the six identified economic impact factors after availing micro

finance services are analyzed. Mean of the responses were taken to assess the level of change. Test was conducted to check whether there was significant difference in change in economic impact factors , among the members of three micro finance interventions. Mean of the responses about change is presented in table 5.43

Table: 5.43

Change in the Economic Impact Factors after joining SHG

Impact Variable	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Increase in personal income	3.64	2.43	3.80
Increase in Household income	3.63	2.66	3.76
Increase in Household expense	3.26	2.88	3.60
Increase in Savings	2.79	2.33	3.78
Increase in Total amount of loan Availed	2.70	2.47	2.49
Increase in Household Assets	3.44	2.88	3.19

Source: Survey Data

It can be seen in the above table that, for the impact variable 'increase in personal income', mean for Kudumbashree is 3.64, which is close to 4 interpreted as 'very little change'. For NGOs, it is 2.43, which is close 2, interpreted, as change is 'much more' and NBFC it is 3.80, which is close to 4, interpreted as 'very little change'.

In the case of the impact variable 'increase in household income', mean for Kudumbashree is 3.63 ,which is close to 4 can be interpreted as 'very little change'; for NGOs it is 2.66,which is close to 3 can be interpreted as change is 'to some extent' and NBFC it is 3.76, which is close to 4 can be interpreted as 'very little change'.

For the impact variable 'increase in household expenses', mean for Kudumbashree is 3.26,which is close to 3 can be interpreted as change is 'to some extent'; for NGOs it is 2.88, which is close 3 interpreted as change is 'to some extent' and NBFC it is 3.60, which is close to 4 can be interpreted as 'very little change'.

For the impact variable 'increase in savings', mean for Kudumbashree is 2.79,which is close to 3 can be interpreted as 'change is to some extent'; for NGOs it is 2.33,which is close to 2 interpreted as change is 'much more' and NBFC it is 3.78, which is close to 4 can be interpreted as 'very little change'.

For the impact variable 'increase in the amount of loan availed', mean for Kudumbashree is 2.70, which is close to 3 can be interpreted as 'change is to some extent'. For NGOs it is 2.47, which is close 3 interpreted as change is 'to some extent' and NBFC it is 2.49, which is close to 3 can be interpreted as 'change is to some extent'.

In the case of the impact variable 'increase in the amount of assets', mean for Kudumbashree is 3.44, which is close to 3 can be interpreted as the change is to 'some extent'. For NGOs it is 2.88, which is close 3 interpreted as change is 'to some extent' and NBFC it is 3.19, which is close to 3 can be interpreted as change is 'to some extent'.

Hypothesis

H$_{7.1}$: **There is no significant difference in the perception about change in economic impact factors, among the members of the three microfinance interventions.**

Since the test, distribution was found to be normal; ANOVA was used to test the hypothesis. The result of the test is given in table 5.44

Table 5.44

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ reject
Increase in personal income	Between Groups	120.538	2	60.269	33.716	.000	reject
	Within Groups	704.288	394	1.788			
	Total	824.826	396				
Increase in Household income	Between Groups	77.458	2	38.729	22.277	.000	reject
	Within Groups	684.965	394	1.738			
	Total	762.423	396				
Increase in Household expense	Between Groups	25.376	2	12.688	8.089	.000	reject
	Within Groups	610.124	389	1.568			
	Total	635.500	391				
Increase in Savings	Between Groups	106.631	2	53.316	37.859	.000	reject
	Within Groups	546.412	388	1.408			
	Total	653.043	390				
Increase in Total amount of loan Availed	Between Groups	4.866	2	2.433	1.653	.193	accept
	Within Groups	573.994	390	1.472			
	Total	578.860	392				
Increase in Household Assets	Between Groups	20.776	2	10.388	5.757	.003	reject
	Within Groups	692.826	384	1.804			
	Total	713.602	386				

Source: Survey Data

Since the P-Value is less than 0.05 in the case of all impact variables except the variable 'increase in total amount of loan availed' hypotheses in the respective cases is rejected and accept hypothesis in the case of the variable 'increase in total amount of loan availed'. Thus, it can be concluded that there is

significant difference in the change in economic impact factors, among the members of the three interventions with respect to the variables increase in personal income, increase in household income, and increase in savings, increase in household expenses, and increase in amount of fixed assets. However, in case of the variable 'increase in amount of loan availed' there is no significant difference in the perception of change among the members of the three micro finance interventions.

5.11.2. Economic Impact of Micro Finance

In this section, the overall economic impact of micro finance is measured by taking the combined mean of responses on the perception of change in all the economic impact factors. Test was conducted to check whether there was significant difference in the economic impact among the three micro finance interventions. Perception about the change in economic impact factors was measured on a five point scale as, 'to a great extent', 'much more', 'some extent', 'very little' and 'not at all' for which values 1,2,3,4 and 5 was assigned respectively. Mean values for which were interpreted as 1 implies that change is 'to a great extent', 2 implies 'much more', mean of 3 implies change to 'some extent', mean of 4 implies 'very little' and 5 implies 'no change at all'. Therefore, the combined mean representing, overall change in economic impact factors which in turn indicating the overall economic impact can be interpreted follows.

Combined mean value, of 1 indicate that the impact is' to a great extent'. 2 indicate that impact is 'much more'. 3 indicate that impact is to 'some extent. 4 indicate that the impact is' very little 'and 5 indicate 'no impact'. Combined mean representing overall economic impact is presented in table 5.45.

Table 5.45

Overall Economic Impact of Micro Finance

Micro Finance Interventions	Overall Economic Impact (Combined Mean)	Rank
Kudumbashree	3.248	2
NGO	2.400	1
NBFC	3.473	3

Source: Survey Data

It can be seen from the above table that, combined mean value for Kudumbashree representing overall economic impact is 3.248, which is almost close to 3, and can interpreted as the economic impact of Kudumbashree is 'to some extent'. Combined mean value for NGO is 2.300, which is almost close to 2, and can interpret as the economic impact of NGO-MFI is 'much more'. The combined mean value for NBFC-MFI representing overall economic impact is 3.473, which is almost close to 4, and can interpreted as the economic impact of NBFC-MFI is 'very little'.

Based on the combined mean value representing overall economic impact, NGOs can be ranked in the top, followed Kudumbashree in the second position and NBFC-MFIs in the third position.

Hypothesis

$H_{7.2}$: **There is no significant difference in the economic impact of micro finance among the three micro finance interventions**

Since the test distribution is normal and independent, Analysis of Variance is used to check the difference in the economic impact among the three micro finance interventions. Result of the test is given in table 5.46.

Table 5.46

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P-Value
Economic Impact	Between Groups	38.802	2	19.401	17.444	.000
	Within Groups	408.178	367	1.112		
	Total	446.980	369			

Source: Survey Data

Since the P-value is less than 0.05, hypothesis is rejected. Hence, there is significant difference in the economic impact among the members of the three micro finance interventions.

For making a better interpretation of the result, the following Least Significance Difference Test was also used. Fisher's Least Significant Difference (LSD) was used to check the pair wise difference between the means by making multiple comparisons. The result of LSD Test is given in table 5.47.

Table 5.47

Result of LSD Test for Multiple comparisons

(I) MFI	(J) MFI	Mean Difference (I-J)	Std. Error	P-Value	95% Confidence Interval	
					Lower Bound	Upper Bound
Kudumbashree	NBFC	-.22505**	.14002	.109	-.5004	.0503
	NGO	.64786*	.13195	.000	.3884	.9073
NBFC	Kudumbashree	.22505**	.14002	.109	-.0503	.5004
	NGO	.87292*	.16003	.000	.5582	1.1876
NGO	Kudumbashree	-.64786*	.13195	.000	-.9073	-.3884
	NBFC	-.87292*	.16003	.000	-1.1876	-.5582

Source: Survey Data

It can be seen in the above table that, in the case of comparison between Kudumbashree and NBFC, p value is greater than 0.05, indicating that hypothesis will be accepted. Thus, it can be concluded that, there is no significant difference between Kudumbashree and NBFC in economic impact of micro finance.

In the case of comparison between Kudumbashree and NGO, p value is less than 0.05, indicating that hypothesis is rejected. Thus, it can be concluded that, there is significant difference between Kudumbashree and NGO in economic impact of micro finance.

In the case of comparison between NGO and NBFC, p value is less than 0.05, indicating that hypothesis is rejected. Thus, it can be concluded that, there is significant difference between NGO and NBFC in economic impact of micro finance.

5.12. Perception of the members about the change in Social Impact Factors

In this section, analysis of the perception of the members about the change that happened in the social impact factors after joining self help groups. In this study, after undertaking an extensive review of literature, researcher identified 24 variables pertaining to the social impact, which were categorized into 6 heads. Six categories of social impact variables were level of change in self confidence, level of change in skills, level of change in the participation of members in decision-making, change in individual capacity, level of change in self esteem and change in the level of access to certain facilities. Responses on the level of change on these variables were taken on a five-point scale as change 'to a great extent', 'much more', 'some extent', 'very little' and 'no change at all', for which values 1,2,3,4 and 5 was assigned respectively. Mean of the responses were taken and mean values can be interpreted as 1 implies that change is 'to a great extent', 2 implies 'much more', mean of 3 implies change to 'some extent', mean of 4 implies 'very little' and 5 implies 'no change at all'.

In the first part of this section, analysis of the change in the above said social impact factors were done separately. Mean of the responses were taken and test was done to check whether there was significant difference between mean the values under the three micro finance interventions. In the second part of the study, overall social impact was assessed by taking the combined mean of all the social impact variables. Micro finance interventions were ranked based on the mean and test was done to check whether there was significant difference between the means. Analysis and the test results are presented below.

5.12.1. Change in the level of Self Confidence

Self confidence is an important dimension of personality of an individual, which affects his social life. Therefore, self confidence was taken as a social impact variable in this study. Various aspects included in this variable are confidence to meet officials, confidence to face financial problems, confidence to face domestic issues and physical mobility of women members. Responses were measured on a five –point scale. Mean of the responses indicating the level of change in various aspects representing self confidence are presented in table 5.48.

Table 5.48

Change in the level of Self Confidence after joining SHG

Impact Variable	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Confidence to meet officials	2.47	2.35	2.69
Confidence to face financial problems	2.47	2.45	2.78
Confidence to face domestic issues	2.50	2.38	2.90
Physical mobility	2.24	2.33	2.62

Source: Survey Data

It can be seen from the above table that, in case of the variable 'confidence to meet officials' mean value for Kudumbashree is 2.47 which can be rounded off to 3 indicating that the change is 'to some extent'. For NGO, mean is 2.35, which is close to 2, indicating that the change is 'much more'. For NBFC-MFI, mean is 2.69, which is quite near to 3, indicating that the change is 'to some extent'.

In the case of the variable 'confidence to meet financial problems' mean value for Kudumbashree is 2.47, for NGO, mean is 2.45, for NBFC-MFI, mean is 2.78, which are quite close to 3, indicating that the change is 'to some extent'.

In the case of the variable 'confidence to face domestic issues' mean value for Kudumbashree is 2.50 which can be rounded off to 3 indicating that the change is 'to some extent'. For NGO, mean is 2.38, which is close to 2, indicating that the change is 'much more'; for NBFC-MFI, mean is 2.90, which is quite close to 3, indicating that the change is 'to some extent'.

In the case of the variable 'physical mobility' mean value for Kudumbashree is 2.24 and for NGO, mean is 2.33, which are close to 2, indicating that the change is 'much more'; for NBFC-MFI, mean is 2.62, which is quite close to 3, indicating that the change is 'to some extent'.

Hypothesis

H$_{8.1}$: **There is no significant difference in the perception about the change in the level of confidence, among the members of the three micro finance interventions.**

As the test distribution was found to be normal, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.49.

Table 5.49

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ Reject
Confidence to meet officials	Between Groups	6.006	2	3.003	2.565	.078	accept
	Within Groups	463.738	396	1.171			
	Total	469.744	398				
Confidence to face financial problems	Between Groups	7.508	2	3.754	3.519	.031	reject
	Within Groups	421.349	395	1.067			
	Total	428.857	397				
Confidence to face domestic issues	Between Groups	15.370	2	7.685	7.121	.001	reject
	Within Groups	426.299	395	1.079			
	Total	441.668	397				
Physical mobility	Between Groups	9.587	2	4.793	4.855	.008	reject
	Within Groups	390.034	395	.987			
	Total	399.621	397				

Source: Survey Data

It can be seen in the above table that, for the variable 'confidence to meet officials' the p value is greater than 0.05 so the hypothesis is accepted. Thus, there is no significant difference in the perception about the change in the level of confidence to meet officials , among the members of the three micro finance interventions. In case of the variable 'confidence to face financial problems', 'confidence to face domestic issues' and 'physical mobility' the p values are less than 0.05, indicating that the hypotheses is rejected for these variables . Thus, there is significant difference in the perception about the change in the level of confidence to face financial problems, confidence to face domestic issues and physical mobility, among the members of the three micro finance interventions.

5.12.2. Change in the Level of Skill

'A skill is an ability and capacity acquired through deliberate, systematic and sustained effort to smoothly carry out an activity.' [1]Various aspects included in this variable are communication skill, leadership skill and business skill. Responses were measured on a five–point scale. Mean of the responses indicating the level of change in various aspects representing change in the level of skills are presented in table 5.50

Table 5.50

Change in the Level of Skill after joining SHG

Impact Variable	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Communication Skill	2.64	2.33	3.48
Leadership Skill	2.78	2.68	3.53
Business Skill	3.65	3.07	4.00

Source: Survey Data

It can be seen in the above table that, in the case of the variable 'communication skills', for Kudumbashree, mean value is 2.64, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.33, which is quite close to 2 and can be interpreted as the change is 'much more'. In the case of NBFC-MFI, mean is 3.48, which can be rounded off to 4 and can be interpreted as the change is 'very little'.

In the case of the variable 'leadership skills', for Kudumbashree, mean value is 2.78, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.68, which is quite close to 3 and can be interpreted as the change is 'to some extent'. In the case of NBFC-

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[1] https://en.wikipedia.org/wiki/Skill

MFI, mean is 3.53, which can be rounded off to 4 and can be interpreted as the change is 'very little'.

In the case of the variable 'business skills', for Kudumbashree, mean value is 3.65, which can be rounded off to 4 and can be interpreted that the change is 'very little'. Mean value for NGO, is 3.07, which is quite close to 3and can be interpreted as the change is 'to some extent'. In the case of NBFC-MFI, mean is 4, and can be interpreted as the change is 'very little'.

Hypothesis

H$_{8.2}$ **There is no significant difference in the perception about change in the level of skill, among the members of the three micro finance interventions.**

As the test distribution was found to be normal, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.51.

Table 5.51

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ reject
Communi-cation Skill	Between Groups	73.406	2	36.703	29.661	.000	Reject
	Within Groups	488.787	395	1.237			
	Total	562.193	397				
Leadership Skill	Between Groups	45.616	2	22.808	17.213	.000	Reject
	Within Groups	522.052	394	1.325			
	Total	567.668	396				
Business Skill	Between Groups	44.430	2	22.215	13.560	.000	Reject
	Within Groups	645.465	394	1.638			
	Total	689.894	396				

Source: Survey Data

It can be seen in the above table that, for all the variables, the p values are less than 0.05, indicating that the hypotheses is rejected for these variables. Thus, there is significant difference in the perception about the change in the level of skills, among the members of the three micro finance interventions.

5.12.3. Change in the level of Participation in Family Decision making after joining SHG

Participation of women in family decision-making is a signal of change in the role women in the family .Various aspects included in this variable in this study are change in the level of participation of women in decision making relating to children education, household expenses, taking loan, purchase of assets and family functions. Responses were measured on a five –point scale. Mean of the responses indicating the level of change in various aspects representing participation in decision making are presented in table 5.52.

Table 5.52

Change in the level of Participation in Family Decision making after joining SHG

Type of Family Decision	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Children education	2.99	2.08	3.78
Household expenses	2.88	2.40	3.37
Taking loan	2.62	2.18	3.13
Purchase of assets	2.87	2.34	3.59
Family functions	2.79	2.23	3.35

Source: Survey Data

In the case of the variable 'children education', for Kudumbashree, mean value is 2.99, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.08, which is quite close to

2 and can be interpreted as the change is ' much more'. In the case of NBFC-MFI, mean is 3.78, which can be rounded off to 4 and can be interpreted as the change is 'very little'.

In the case of the variable 'household expenses', for Kudumbashree, mean value is 2.88, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.40, which is quite close to 2 and can be interpreted as the change is 'much more'. In the case of NBFC-MFI, mean is 3.37, which is quite close to 3 and can be interpreted as the change is 'to some extent'.

In the case of the variable 'taking loan', for Kudumbashree, mean value is 2.88, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.18, which is quite close to 2 and can be interpreted as the change is 'much more'. In the case of NBFC-MFI, mean is 3.13, which is quite close to 3 and can be interpreted as the change is 'to some extent'.

In the case of the variable 'purchase assets', for Kudumbashree, mean value is 2.87, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.34, which is quite close to 2 and can be interpreted as the change is 'much more'. In the case of NBFC-MFI, mean is 3.59,   which can be rounded off to 4 and can be interpreted, as the change is 'very little'.

In the case of the variable 'family ceremonies', for Kudumbashree, mean value is 2.79, which can be rounded off to 3 and can be interpreted that the change is 'to some extent'. Mean value for NGO, is 2.23, which is quite close to 2 and can be interpreted as the change is 'much more'. In the case of NBFC-MFI, mean is 3.35, which is quite near to 3 and can be interpreted as the change is 'to some extent'.

Hypothesis

H.₈.₃: **There is no significant difference in the perception about the change in the level of participation in decision making, among the members of the three micro finance interventions.**

The test distribution was subjected to test of normality using Kolmogorov Smirnov test and was found that the distribution was normal. Therefore, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.53

Table 5.53

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ Reject
Children education	Between Groups	143.935	2	71.967	42.494	.000	Reject
	Within Groups	660.493	390	1.694			
	Total	804.427	392				
Household expenses	Between Groups	45.429	2	22.714	16.471	.000	Reject
	Within Groups	539.201	391	1.379			
	Total	584.629	393				
Taking loan	Between Groups	43.377	2	21.689	16.183	.000	Reject
	Within Groups	517.317	386	1.340			
	Total	560.694	388				
Purchase of assets	Between Groups	77.002	2	38.501	26.878	.000	Reject
	Within Groups	557.220	389	1.432			
	Total	634.222	391				
Family functions	Between Groups	61.244	2	30.622	20.411	.000	Reject
	Within Groups	583.603	389	1.500			
	Total	644.847	391				

Source: Survey Data

It can be seen in the above table that, for all the variables the p values are less than 0.05, indicating that the hypotheses is rejected for these variables. Thus, there is significant difference in the perception about the change in the level of participation in decision making, among the members of three micro finance interventions.

5.12.4. Change in Individual Capacity after joining SHG

Change in the capacity of individuals after joining self help groups are taken as a social impact factor in this study. Various aspects included in this variable are change in the capacity to take risk, capacity to solve problems and capacity to face criticism. Responses were measured on a five–point scale. Mean of the responses indicating the level of change in various aspects representing individual capacity are presented in table 5.54.

Table 5.54

Change in the individual Capacity after joining SHG

Nature of Capacity	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Capacity to take risk	3.18	2.68	3.26
Capacity to solve problems	2.87	2.56	3.05
Capacity to face criticism	2.73	2.48	3.10

Source: Survey Data

It can be seen in the above table that, in the case of the variable, capacity to take risk, mean for Kudumbashree members is 3.81 which can be rounded off to 4 , which implies that change is 'very little'. For NGO it is 2.68, which can be rounded off to 3, indicates that the change is 'much more' and NBFC members it is 3.26, which is quite close to 3, indicating that the change is 'to some extent'.

In the case of the variable, capacity to solve problems, mean for Kudumbashree members is 2.87 , for NGO it is 2.56, and for NBFC members it is 3.05,which are quite close to 3,indicating that the change is 'to some extent'.

In case of the variable, capacity to face criticism , mean for Kudumbashree members is 2.73 , for NGO it is 2.48, and for NBFC members it is 3.10,which are quite close to 3,indicating that the change is 'to some extent'.

Hypothesis

H$_{8.4}$: **There is no significant difference in the perception about the change in the individual capacity among, the members of the three micro finance interventions.**

As the test distribution was found to be normal, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.55.

Table 5.55

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ Reject
Capacity to take risk	Between Groups	20.921	2	10.461	7.155	.001	Reject
	Within Groups	573.094	392	1.462			
	Total	594.015	394				
Capacity to solve problems	Between Groups	12.485	2	6.243	4.724	.009	Reject
	Within Groups	523.249	396	1.321			
	Total	535.734	398				
Capacity to face criticism	Between Groups	19.467	2	9.733	7.831	.000	Reject
	Within Groups	487.202	392	1.243			
	Total	506.668	394				

Source: Survey Data

It can be seen in the above table that, for all the variables the p values are less than 0.05, indicating that the hypotheses is rejected for these variables.

Thus, there is significant difference in the perception about the change in the level of individual capacity, among the members of the three micro finance interventions.

5.12.5. Change in Self Esteem after joining SHG

Self esteem reflects a person's overall subjective evaluation about his or her own worth. It is a judgment of oneself as well as an attitude towards the self[2]. Self-esteem influences the way in which people socialise. In this study self esteem is taken as a social impact factor and it is manifested in the form of one's self image in family, self image in society and self reliance. Responses were measured on a five –point scale. Mean of the responses indicating the level of change in various aspects representing self esteem are presented in table5.56.

Table 5.56

Change in Self Esteem after joining SHG

Variable	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Self image in the family	2.59	2.15	3.47
Self image in society	2.61	2.35	3.55
Self reliance	2.98	2.56	3.22

Source: Survey Data

It can be seen in the above table that, in the case of the variable, self image in the family, mean for Kudumbashree members is 2.59, which implies change is 'to some extent', for NGO it is 2.15, which indicates that the change is 'much more' and NBFC members it is 3.47 indicating that the change is 'very little'.

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[2] <https://en.wikipedia.org/wiki/Self-esteem>

In the case of the variable, self image in the society, mean for Kudumbashree members is 2.61, which implies change is 'to some extent', for NGO it is 2.35, which indicates that the change is 'much more' and NBFC members it is 3.55 indicating that the change is 'very little'.

For the variable, self-reliance, mean for Kudumbashree members is 2.98, for NGO it is 2.56 and NBFC members it is 3.22. Since all the values are close to 3 it can be interpreted that the change is 'to some extent'.

Hypothesis

H$_{8.5}$: **There is no significant difference in the perception about the change in the self-esteem, among the members of the three micro finance interventions.**

As the test distribution was found to be normal, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.57.

Table 5.57

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ Reject
Self image in the family	Between Groups	92.039	2	46.019	29.211	.000	Reject
	Within Groups	623.871	396	1.575			
	Total	715.910	398				
Self image in society	Between Groups	83.770	2	41.885	27.723	.000	Reject
	Within Groups	596.773	395	1.511			
	Total	680.543	397				
Self reliance	Between Groups	22.675	2	11.338	6.319	.002	Reject
	Within Groups	708.755	395	1.794			
	Total	731.430	397				

Source: Survey Data

It can be seen in the above table that, in case of all the variables the p values are less than 0.05, indicating that the hypotheses are rejected for these variables. Thus, there is significant difference in the perception about the change in the level of self-esteem, among the members of three micro finance interventions.

5.12.6. Change in Access to Facilities after joining SHG

Access to various facilities is an important factor, which determines the standard of life of an individual. In this study, change in access to various facilities is taken as a social impact variable Various aspects included in this variable are access to medical facility, sanitation facility, children education facility, drinking water and banking facilities. Responses were measured on a five –point scale. Mean of the responses indicating the level of change in access to facilities are presented in table 5.58.

Table 5.58

Change in Access to Facilities joining SHG

Access to Facilities	Kudumbashree	NGO	NBFC
	Mean	Mean	Mean
Medical facility	3.47	1.83	3.95
Sanitation facility	2.86	1.70	4.05
Children education facility	3.16	1.80	3.70
Drinking water	2.98	1.73	3.58
Banking facilities	2.54	1.51	3.17

Source: Survey Data

It can be seen in the above table that, in the case of the variable 'medical facility', mean value for Kudumbashree is 3.47, which implies the change is 'very little', mean for NGO is 1.83, which indicates that change is 'much more' and for NBFC, mean value is 3.95 indicating that change is 'very little' .

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In the case of the variable 'sanitation facility', mean value for Kudumbashree is 2.86, which implies the change is 'to some extent', mean for NGO is 1.70, which indicates that change is 'much more' and for NBFC, mean value is 4.05 indicating that change is 'very little'.

In the case of the variable 'children education facility', mean value for Kudumbashree is 3.16, which implies the change is 'to some extent', mean for NGO is 1.80, which indicates that change is 'much more' and for NBFC, mean value is 3.70 indicating that change is 'very little'.

For the variable 'drinking water', mean value for Kudumbashree is 2.98, which implies the change is 'to some extent', mean for NGO is 1.73, which indicates that change is 'much more' and for NBFC, mean value is 3.58 indicating that change is 'very little'.

With respect to the variable 'banking facility', mean value for Kudumbashree is 2.54, which implies the change is 'to some extent', mean for NGO is 1.51, which indicates that change is 'much more' and for NBFC, mean value is 3.17 indicating that change is 'to some extent'.

Hypothesis

H$_{8.6}$: **There is no significant difference in the perception about the change in access to facilities, among the members of the three micro finance interventions.**

As the test distribution was found to be normal, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.59.

Table 5.59

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P value	Accept/ Reject
Medical facility	Between Groups	258.156	2	129.078	60.829	.000	Reject
	Within Groups	838.178	395	2.122			
	Total	1096.334	397				
Sanitation facility	Between Groups	272.278	2	136.139	71.547	.000	Reject
	Within Groups	747.803	393	1.903			
	Total	1020.081	395				
Children education facility	Between Groups	191.835	2	95.917	47.492	.000	Reject
	Within Groups	775.550	384	2.020			
	Total	967.385	386				
Drinking water	Between Groups	178.901	2	89.450	41.547	.000	Reject
	Within Groups	841.823	391	2.153			
	Total	1020.723	393				
Banking facilities	Between Groups	138.854	2	69.427	39.732	.000	Reject
	Within Groups	681.472	390	1.747			
	Total	820.326	392				

Source: Survey Data

It can be seen in the above table that, for the variables the p values are less than 0.05, indicating that the hypotheses are rejected for these variables. Thus, there is significant difference in the perception about the change in the access to facilities, among the members of three micro finance interventions.

5.12.7. Overall Social Impact of Micro Finance

In this section, the overall social impact of micro finance is measured by taking the combined mean of responses on the perception of change in all the social impact factors. Test was conducted to check whether there was significant difference in the social impact, among the three micro finance interventions. Perception about the change in social impact factors was measured on a five point scale as, 'to a great extent', 'much more', 'some extent', 'very little' and

'not at all' for which values 1,2,3,4 and 5 was assigned respectively. Mean values for which were interpreted as 1 implies that change is 'to a great extent', 2 implies 'much more', mean of 3 implies change to 'some extent', mean of 4 implies 'very little' and 5 implies 'no change at all'. Therefore, the combined mean representing, overall change in social impact factors which in turn indicating the overall social impact can be interpreted follows.

Combined mean value, of 1 indicate that the impact is 'to a great extent'. 2 indicate that impact is 'much more'. 3 indicate that impact is to 'some extent. 4 indicate that the impact is 'very little 'and 5 indicate 'no impact'. Combined mean representing overall social impact is presented in table 5.60.

Table 5.60

Overall Social Impact of Micro Finance

MFI Interventions	Overall Impact (Combined Mean)	Rank
Kudumbashree	2.845	2
NGO	2.268	1
NBFC	3.414	3

Source: Survey Data

It can be seen in the above table that, combined mean value for Kudumbashree representing overall social impact is 2.845, which is almost close to 3, and can interpreted that the social impact of Kudumbashree is 'to some extent'. Combined mean value for NGO is 2.268, which is almost close to two, and can interpret that the social impact of NGO is 'much more'. The combined mean value for NBFC-MFI representing overall social impact is 3.414, which is almost close to 3, and can interpreted as the social impact of NBFC-MFI is 'to some extent'.

Based on the combined mean value representing overall social impact, NGOs can be ranked in the first position, followed Kudumbashree in the second position and NBFC-MFIs in the third position.

Hypothesis

H$_{8.7}$: There is no significant difference in the social impact, among the three micro finance interventions.

Since the test, distribution is normal and independent; Analysis of Variance is used to check the difference in the social impact among the three micro finance interventions. Result of ANOVA is given in table 5.61.

Table 5.61

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P-Value
Social Impact	Between Groups	52.024	2	26.012	39.091	.000
	Within Groups	228.237	343	.665		
	Total	280.261	345			

Source: Survey Data

Since the P- value is less than 0.05, hypothesis is rejected, indicating that, there is significant difference in the social impact among the three micro finance interventions.

For having a better understanding of the result, the following Least Significance Difference Test was also used to find the difference between two interventions taken at a time. Result of LSD test is given in table 5.62.

Table 5.62

Result of LSD Test for Multicomparison

(I) MFI	(J) MFI	Mean Difference (I-J)	Std. Error	P-Value	95% Confidence Interval	
					Lower Bound	Upper Bound
Kudumbashree	NBFC	-.56977[*]	.11560	.000	-.7971	-.3424
	NGO	.57612[*]	.10397	.000	.3716	.7806
NBFC	Kudumbashree	.56977[*]	.11560	.000	.3424	.7971
	NGO	1.14589[*]	.13045	.000	.8893	1.4025
NGO	Kudumbashree	-.57612[*]	.10397	.000	-.7806	-.3716
	NBFC	-1.14589[*]	.13045	.000	-1.4025	-.8893

Source: Survey Data

From the above table, it can be seen that p values in case all paired comparisons are less than 0.05. Hence, hypotheses are rejected in all cases, indicating that there is significant difference in the social impact among Kudumbashree, NBFC and NGO.

5.13. Overall Impact of Micro Finance

In this section, an attempt has been made to find the overall impact of micro finance on the members. Overall impact is taken as the combination of economic impact and social impact. To derive the overall impact, combined mean of all the impact variables (both economic and social) was taken. As mentioned earlier, ccombined mean value, of 1 indicate that the impact is ' to a great extent'. 2 indicate that impact is 'much more'. 3 indicate that impact is to 'some extent'. 4 indicate that the impact is 'very little' and 5 indicate 'no impact'. Combined mean representing overall impact is presented in table 5.63.

Table 5.63

Overall Impact (Economic &Social) of Micro Finance

Micro finance interventions	Overall Impact (Combined Mean)	Rank
Kudumbashree	2.9395	2
NGO	2.3516	1
NBFC	3.4520	3

Source: Survey Data

As given in the above table, combined mean of Kudumbashree is 2.9395 which is can be rounded off to 3 can be interpreted as the impact of Kudumbashree is to 'some extent'. In the case of NGO, combined mean is 2.3516, which is quite near to 2, can be interpreted, as the impact of NGO is 'much more'. Combined mean of NBFC is 3.4520, which can be rounded off to 4 and can be interpreted as the impact of NBFC-MFI is 'very little'.

Based on the combined mean representing overall impact, micro finance interventions can be ranked as follows. NGOs stand in the first position in overall impact, Kudumbashree stands in the second position and NBFC-MFIs stand in the third position.

Hypothesis

H$_{8.8}$ There is no significant difference in the overall impact (economic & social) of micro finance, among the three micro finance interventions.

Test distribution was subjected to test of normality and it was found that the test data is normal. Therefore, ANOVA was done to test the hypothesis. Result of ANOVA is presented in table 5.64.

Table 5.64

Result of ANOVA

Variable		Sum of Squares	D.F	Mean Square	F	P-Value
Overall Impact	Between Groups	42.899	2	21.450		
	Within Groups	204.669	322	.636	33.746	.000
	Total	247.569	324			

Source: Survey Data

It can be seen in the above table that, the P- value is less than 0.05 and the hypothesis is rejected; hence, there is significant difference in the overall impact of micro finance between the three micro finance interventions.

For making a better interpretation of the result, the Least Significance Difference Test (LSD Test) was also used to find the difference between two variables taken at a time. Result of LSD test is presented in table 5.65.

Table 5.65

Result of LSD Test for multicomparison

(I) MFI	(J) MFI	Mean Difference (I-J)	Std. Error	P-Value	95% Confidence Interval	
					Lower Bound	Upper Bound
Kudumbashree	NBFC	-.51252[*]	.12260	.000	-.7537	-.2713
	NGO	.58795[*]	.10382	.000	.3837	.7922
NBFC	Kudumbashree	.51252[*]	.12260	.000	.2713	.7537
	NGO	1.10047[*]	.13734	.000	.8303	1.3707
NGO	Kudumbashree	-.58795[*]	.10382	.000	-.7922	-.3837
	NBFC	-1.10047[*]	.13734	.000	-1.3707	-.8303

Source: Survey Data

From the above table, it can be seen that p values in the case of all paired comparisons are less than 0.05. Hence, hypotheses are rejected in all the cases, indicating that there is significant difference in the overall impact between Kudumbashree, NBFC and NGO. It can be concluded that the overall impact of the three interventions are significantly different.

5.14. Conclusion

This chapter covers the analysis done at the second tier of the study, which is at the member level. Initial part of the chapter covers the analysis on the reasons for joining self help groups by the members under the three micro finance interventions. The second part of the chapter discusses the nature, purpose, average amount of loan and the loan repayment performance of the members. The third part of the chapter deals with the analysis on the level of satisfaction of the members towards various aspects of loan and towards various other services provided to members. Last part of the chapter covers the analysis on the perception of members about the change in economic impact factors and social impact factors after joining self help groups. The chapter ends with an analysis of the overall impact of micro finance on the members under the three interventions.

CHAPTER 6

CONCLUSION

6.1. Introduction

This chapter deals with the summary of the work, major findings of the study, suggestions and scope for further research study. Chapter-wise summary is given to provide a bird's eye view of the entire study. The key findings discussed in the previous chapters are briefly presented in this chapter again for easy reference and better understanding of the study. In the end, major suggestions based on the finding of research work are also presented along with suggestions for future research work.

6.2. Summary

This section provides a brief chapter wise summary of the work, where an overview of the entire study can be seen.

Chapter one is the introductory chapter, which provides a brief theoretical overview of the study and the research methodology adopted in this work. The initial part of the chapter introduces the concept of micro finance, state of micro finance in India and in Kerala. Further it discusses the significance of the study, scope of the study, research problem, objectives, hypotheses to be tested, operational definitions and a conceptual framework of the study. Later, the chapter discusses the methodology used in the study with details about the sampling plan, tools of data collection and analysis, scaling technique, reliability test etc. The chapter also presents the limitations of the study and the chapter scheme of the report.

Chapter two deals with the brief outline of the literature reviewed and the research gap that has been identified. Large volumes of research studies are

available on various aspects of micro finance. Some of these studies were conducted in India while others are overseas studies. Studies are also available in the context of Kerala, particularly studies on Kudumbashree mission. A brief review of certain selected studies in these areas is given in the chapter. Here the studies are classified into different groups such as self help groups, performance rating of self help groups, self help group bank linkage programme, micro finance, micro finance impact assessment methodologies, impact assessment of micro finance, micro finance institutions, Kudumbashree, and micro enterprises.

From the detailed literature review, it was revealed that a large number of studies have come up on various aspects of micro finance such as impact assessment of micro finance, women empowerment through self help groups, self help group bank linkage programme, financial inclusion through self help groups etc. Nevertheless, no specific study has been conducted on the comparative evaluation of the micro finance practices of different micro finance interventions on one platform. Besides this, level of cohesiveness of self help groups, loan repayment performance the SHG members and the level of satisfaction of the micro finance clients are areas which were not subjected to detailed empirical research. Hence, this vital gap needs to be filled and this research study was prompted by the necessity to bridge this gap.

In this study a comparative evaluation of the micro finance practices through the intervention of the State government, micro finance intervention of Non Governmental Organizations and micro finance interventions through Non Banking Finance Companies was initiated, which is a first of its kind. Level of group cohesiveness and its influence on certain specific group performance indicators were studied. Loan repayment performance of clients under the three micro finance interventions were studied separately for different forms of loans. Considering the SHG members as 'clients' availing financial services, their level of satisfaction towards various aspects were also studied. This study entitled 'A

Study on the Micro Finance Practices in Kerala' can also be viewed as a comparative evaluation of the micro finance practices of 'not-for-profit' micro finance organizations and ' for-profit' micro finance organizations, which makes the study unique.

Chapter three provides the theoretical overview of micro finance. This chapter is divided into three sections. Section-A deals with the definitions for micro finance, concept of SHG, SHG Bank linkage programme, micro finance delivery methodologies, legal structure of micro finance institutions and the principles of micro finance. Section-B deals with the performance assessment parameters of SHGs and impact assessment of micro finance. Section-C deals with the profile of the institutions included in the study under the three micro finance interventions studied. It includes Kudumbashree, Centre for Overall Development, Gandhi Smaraka Grama Seva Kendra, SKS Microfinance Ltd., and ESAF Microfinance & Investments (P) Ltd.

In chapter four, the assessment of quality of performance of the self help groups under the three selected micro finance interventions is done. To assess the performance of SHGs, 17 performance parameters categorized under 10 heads were identified after detailed review of the SHG quality parameters of various institutions such as NABARD, BASIXS, MYRADA, Sa-Dhan etc. Of the 17 parameters identified, only 14 parameters were applicable to NBFC-MFIs as they do not mobilize savings, while all the 17 parameters were applicable to Kudumbashree and NGOs being similar in operations.

Initially, a separate analysis of the performance of each of the parameters was done. Association between group performance parameters such as level of cohesiveness and level of homogeneity and the association of level of cohesiveness with awareness of group norms was checked. Later, the overall performance of the SHGs was assessed taking the combined mean of all parameters. Based on the combined mean representing overall performance of

the groups, the micro finance interventions were ranked as first, second and third. Test was administered to check whether there was significant difference between the performances of SHGs of Kudumbashree and NGOs, by taking data relating to all the 17 parameters. Also test was done to check whether there was difference among the performances of self help groups of Kudumbashree, NGOs and NBFC-MFIs , taking the data relating to only 14 parameters. An analysis of the perception of the leaders about the eight identified problems in self help groups was done. Mean of the responses were taken, which indicates the extent of the problems in SHGs under the three selected interventions. Test was also done to check the significance of difference between the means.

Chapter five covers the analysis of micro finance practices from the perspective of beneficiaries. Initially, the profile of the SHG members was given, followed by the analysis of the reasons for joining self help groups by the members. Mean of the responses on the reasons for joining self help groups were taken and based on the mean, ranks were assigned to the reasons. Later test was conducted to check whether there was significant difference in the reasons for joining SHGs, among the members of the three micro finance interventions. Reasons for joining SHGs were also analysed based on age, education, occupation, marital status and average family income of the members.

In the second part of the chapter, nature of the loan, average amount of loan, purposes of loan and the loan repayment performance of the members were analysed. Mean of the responses of the members on the loan repayment performances was taken and based on the mean, the repayment performance was assessed. Test was also conducted to check whether there was difference in the repayment performance of members under the three interventions and for different forms of loan.

In the third part of the chapter, level of satisfaction of the members about various aspects of loan and their satisfaction towards various other services

provided was assessed. Mean of the responses were taken and based on mean, level of satisfaction was found. Test was done to check whether there was difference in the satisfaction level among the members of the three micro finance interventions. Level of satisfaction of the members was also analysed based on age, education and occupation of the members.

In the last part of the chapter, impact of the micro finance on the members was analysed. Impact was assessed based on the change that happened in the economic impact factors and social impact factors, after availing the micro finance services. Mean of the responses on the change in economic impact factors was taken, and based on the mean, the extent of change was assessed. Test was done to check whether there was significant difference in change economic impact factors, among the members of the three micro finance interventions. Overall economic impact was assessed by taking the combined mean of the responses on change in all economic impact factors and based on combined mean, representing overall economic impact, micro finance interventions were ranked as first, second and third. Similarly, the mean of the responses on the change in social impact factors was taken, and based on the mean, the extent of change was assessed. Test was done to check whether the difference in mean was significant. Overall, social impact was measured by taking the combined mean of all social impact factors and based on the combined mean of social impact factors, the micro finance interventions were ranked. Lastly, the overall impact of micro finance was assessed by taking the combined mean of economic impact factors and social impact factors. Based on combined mean representing overall impact, micro finance interventions were ranked and test was done to check whether there was significant difference among the means.

6.3. Findings

This section lists out the major findings of the study. The findings of the study done at SHG level are presented under different heads as findings related to performance assessment parameters of SHGs, assessment of performance of SHGs, perceptions of leaders about the problems in self help groups. The findings of the study conducted at member level are presented under the heads reasons for joining self help groups, nature, amount and purpose of loan, loan repayment performance of members, level of satisfaction of members towards various aspects of loan, type of insurance policy, level of satisfaction towards various other services, perception about change in economic impact factors, change in social impact factors and overall impact of micro finance. Findings of the study are as follows.

6.3.1. Performance Assessment Parameters of Self Help Groups

Major findings of analysis on the 17 quality parameters of self help groups are listed below.

6.3.1.1. Level of homogeneity

➢ In the case of 16% of groups under Kudumbashree, 20% of groups under NGO and 40% of groups under NBFC category, the level of homogeneity calculated in terms of the economic status is above 90%.

6.3.1.2. Frequency of group meetings

➢ 98% of the groups under Kudumbashree, 92% of the groups under NGOs and 95% of the groups under NBFC-MFIs conduct group meetings once in a week.

6.3.1.3. Attendance of members in meeting

➢ In the case of 66% of the groups under Kudumbashree, 84% of the groups under NGOs and 72% of the groups under NBFC-MFIs, the level of attendance of members are above 75%. However, in the case of 34% groups under Kudumbashree, 16% of groups under NGO and 28% of the groups under NBFC-MFIs, the level of attendance is less than 75%. Number of groups with less than 75% attendance is high in the case of Kudumbashree and NBFC-MFI.

6.3.1.4. Participation of members in discussions in meeting

➢ In the case of the groups under Kudumbashree, in 16% of the groups, all members participate in discussions in meeting, in 72% of the groups, majority of members participate in discussions in meeting, in 10% of the groups, some members participate in discussions and in 2% of the groups, only few members participate in discussions. In the case of NGOs, in 72% of the cases, all members participate in discussions and in 28% of the cases majority of members participate in discussions. In the case of NBFC-MFIs, in 28% of the cases, all members participate in discussions, in 63% of the cases majority of members participate in discussions, in 5% of the cases some members participate in discussions and in 4% of the cases, only few members participate in discussions.

6.3.1.5. Maintenance of minutes of meeting

➢ In 98% of the cases in Kudumbashree, minutes of meeting are always maintained, while in 2% of the cases minutes are maintained only sometimes. In the case of SHGs under NGO, in 100% of the cases minutes are maintained always. In the case of NBFC-MFI, in 96% of the cases minutes are always maintained, while in 4% of the cases, minutes are often maintained.

6.3.1.6. Decision making in the groups

➢ In the case of Kudumbashree, in 22% of the cases, decisions are taken by all members. At the same time, NGOs show very positive result that, in 88% of the groups, decisions are taken by all members. In the case of NBFC-MFIs, in only 4% of the cases decisions are taken by all members.

6.3.1.7. Awareness of group norms

➢ In Kudumbashree, in 20% of the cases, all members are fully aware of the group norms, in 48% of the cases, majority of members are aware, in 24% of the cases, few members are aware and in 8% of the cases, very few members are aware. Here, again, NGOs show very positive result that, in 84% of the cases, all members are fully aware of group norms and in remaining 16% of the cases, majority of the members are aware of group norms. In NBFC-MFIs, in 40% of the cases, all members are fully aware of group norms, in 36% of the cases, majority of the members are aware, in 16% of the cases, few members are aware and in remaining 8% of the cases, very few members are aware.

6.3.1.8. Level of maintenance of records

➢ In the case of Kudumbashree, in 62% of the cases records are maintained with full accuracy, in 26% of the cases, records are maintained with moderate accuracy, in 10% of the cases, records are a little accurate and in remaining 2% of the cases records are not all accurate. In the case of maintenance of records, NGO gives cent percent positive result, that in all groups, records are maintained with full accuracy. In NBFC-MFIs, in 72% of the cases, records are fully accurate, in 20% of the cases, records are moderately accurate and in remaining 8% of the cases, records are only a little accurate.

6.3.1.9. Conduct of training to members

➢ In the case of Kudumbashree, 14% of the groups reported that training was conducted always, 36% reported that training was conducted often, 32% stated that training was conducted only sometimes, 10% reported that training was conducted rarely and remaining 8% groups did not get any training. In the case of NGO-MFIs, 40% of the groups got training always, for 52% of the groups training was conducted often, 4% stated that training was conducted only sometimes and remaining 4% of the groups did not get any training. In the case of NBFC-MFIs, 8% of the groups reported that training was conducted always, 16% reported that training was conducted rarely and remaining 76% of the groups did not get any training. It can be inferred that NGO-MFIs are more regular in conducting training to members. On the other hand, NBFC-MFIs are very poor in conducting training.

6.3.1.10. Mobilisation of savings

➢ All groups under Kudumbashree mobilise savings weekly. 92% of the groups under NGOs mobilise savings weekly, while the remaining 8% of the groups mobilise savings monthly.

6.3.1.11. Percentage of loan to total savings

➢ In 86% of the groups under Kudumbashree and 88% of the groups under NGOs, percentage of loan to total savings is above 90%. In 14% of the groups under Kudumbashree and 12% of the groups under NGOs, percentage of loan to total savings is between 75% and 90%. Percentage of loan to total savings is less than 75% in none of the groups.

6.3.1.12. Rate of interest charged

➢ In the case of Kudumbashree and NGOs, the rate of interest on internal lending is 12% p.a. However, in the case of NBFC-MFIs rate of interest is close to 24%. It is evident from this, that NBFCs are purely for-profit micro finance institutions.

6.3.1.13. Level of loan recovery in time

➢ In Kudumbashree, in 50% of the cases, there was 100% loan recovery within the scheduled time. In 48% of the cases, level of loan recovery within the scheduled time was between 90% and 99% of the loans. In 2% of the cases, loan recovery within scheduled time was between 80% and 89% of the loans. In the case of NGOs, 100% loan recovery within time was for 68% groups. For 28% of the groups, loan recovery in scheduled time is between 90% and 99% of the loans. For 8% of the groups, loan recovery within scheduled time was between 80-89% of the loans. Very interesting finding is that, in the case of NBFC-MFIs, in the case of all groups the loan recovery is within the scheduled time.

6.3.1.14. Micro enterprise development

➢ In the case of Kudumbashree, 30% of the groups have started micro enterprise and is running smoothly.10% of the groups have started recently, 10% of the groups are planning to start , 4% of the groups have started and failed and 46% of the groups have not started or have no plans to start a micro enterprise. In the case of NGOs, 52% of the groups have started micro enterprise and is running smoothly.24% of the groups have started recently, 4% of the groups are planning to start , 8% of the groups have started and failed and 12% of the groups have not started or have no plans to start a micro enterprise. In the case of NBFC-MFIs, 4% of the groups have started micro enterprise and are running smoothly. 4%

of the groups have started and failed and 92% of the groups have not started or have any plans to start a micro enterprise.

6.3.1.15. Community extension activities

➢ 94% of the SHGs under Kudumbashree, 92% of the SHGs under NGOs and only 8% of the SHGs under NBFC-MFIs are involved in community-based events.

6.3.1.16. Credit linkage

➢ 74% of the groups under Kudumbashree and 96% of the groups promoted by NGOs are credit linked. These groups were linked as they passed the quality rating of NABARD. It can be concluded that, 26% of the groups of Kudumbashree and 4% of the groups under NGOs have not passed NABARD quality rating. Therefore, they have to improve their performance for getting linked with banks.

6.3.1.17 Level of group cohesiveness

➢ The result of the analysis of data relating to group cohesiveness revealed that the self help groups under the three micro finance interventions were cohesive. However, the extent of cohesiveness was very high in the case of self help groups under NGOs. Based on the combined mean representing group cohesiveness, self help groups under NGOs can be ranked first, self help groups under Kudumbashree can be ranked second and those under NBFC-MFIs can be ranked third.

➢ Level of cohesiveness and level of awareness of group norms were positively correlated. It was found that the correlation was significant at 5% level. Thus, it can be inferred that, higher the level of cohesiveness, higher will be the level of awareness of group norms.

➤ Group performance parameters such as level of cohesiveness and level of homogeneity in the group were positively correlated but the degree of correlation was negligible. Thus, it can be inferred that, level of homogeneity in terms of the economic status is not much relevant in improving cohesiveness in groups.

6.3.2. Assessment of Performance of Self Help Groups

Analysis related to the assessment of performance of the self help groups under the three micro finance interventions gave the following results.

➤ In the case of Kudumbashree, variables with mean value of 1, such as frequency of meeting, frequency of savings and rate of interest charged are the parameters which give the best performance. In the case of NGO-MFIs the variables, level of maintenance of records, maintenance of minutes of meeting and rate of interest charged with mean value of 1 give best performance. In the case of NBFC-MFIs, level of repayment in time is the variable with, mean value of 1, which gives the best performance. Parameters, which gave low performance, in the case of Kudumbashree, were micro enterprise development, conduct of training and level of homogeneity. In the case of NGOs, level of homogeneity was the variable, which gave low performance. In the case of NBFC-MFIs, the parameters rate of interest charged, conduct of training, micro enterprise development and community extension activities were performing extremely poor.

➤ Result of the analysis of the data relating to the overall performance of self help groups reveal that, self help groups under the three micro finance interventions were performing well. Combined mean representing overall performance showed that the self help groups of NGOs were performing extremely well when compared to the performance of self help groups of

Kudumbashree and NBFC-MFIs. Based on the combined mean reflecting the overall performance of self help groups, micro finance interventions can be ranked as NGOs in the first place, Kudumbashree in the second place and NBFC-MFIs in the third place. Test of the hypothesis for checking variance between the performances of self help groups proved that the performances of self help groups under the three micro finance interventions were significantly different.

6.3.3. Perception of the leaders about the Problems in Self Help Groups

Analysis of the data regarding the perception of the leaders about the problems in self help groups gave the following results.

➢ There were not many problems in the self help groups of Kudumbashree, NGOs as well as NBFC-MFIs. However, it revealed that, in the groups promoted by NBFC-MFIs the problem of inadequacy of loan amount was there to some extent. Test of hypothesis for checking the variances in the problems in self help groups under the three interventions revealed that, there was no difference among the micro finance interventions with regard to the problems of conflict among members, drop out of members and difficulty to generate income. However, there was significant difference among the micro finance interventions in the presence of problems such as lack of cooperation between the members, inadequacy of loan amount, delay in getting loan, low repayment period, and lack of prompt repayment. That means all the three micro finance interventions experienced these problems in varied degrees.

6.3.4. Reasons for Joining Self Help Groups by members

Findings of the analysis related to the reasons for joining SHGs by members are as follows:

➢ Analysis of the data regarding the micro finance intervention wise classification of reasons for joining self help groups showed that, under Kudumbashree, the most preferred reason was 'to associate with other women'. In case of NGO, the reasons 'to increase savings habit' and 'to associate with other women' were equally considered as the most preferred reasons. Under NBFC-MFIs, the most preferred reason by the members was 'to get loan'. The most contrasting finding was that 'to associate with other women' was the least preferred reason for the members of NBFC-MFI, which was the most preferred reason, by the members of Kudumbashree and NGO. Result of test of the hypothesis revealed that there was significant difference in the reasons for joining SHGs, among the members of the three microfinance interventions.

➢ It was found that for the members between the age group 21-30 years, the most preferred reason was 'to get loan'. Whereas for the members in the age groups 31-40, 41-50, and 51 and above, the most preferred reason was 'to associate with other women'. The most contrasting finding in the age wise classification was that the reason 'to associate with other women' which was preferred last by the members in age group 21-30 , was ranked as first by the members belonging to the age groups 31-40,41-50 and 51 years and above. Further, it was revealed that for the reasons 'to increase the habit of savings' and 'to involve in income generating activity' there was no significant difference among the members of different age groups in choosing these two variables. However, there was significant difference among the members of different age groups in ranking the reasons 'to get loan', 'to meet household expenses' and 'to associate with other women'.

➢ Analysis of the education wise classification of the reasons for joining SHGs showed that, the reason 'to associate with other women' was

ranked first by illiterate respondents and respondents with qualification SSLC, Plus two and Degree and above. While respondents under primary education category joined the SHGs with the prime motive of getting loan. There was no significant difference among the different educational groups in preferring the reasons 'to increase the habit of savings', 'to involve in income generating activity', and 'to meet household expenses'. However, it was found that there was significant difference among members of different educational groups in preferring the reasons 'to get loan' and 'to associate with other women'.

➢ Analysis of the data regarding the occupation wise classification of reason for joining SHGs showed that, as far as housewives are concerned, the most important reason for joining SHG was 'to associate with other women'.While participating in SHGs, housewives give maximum priority for the satisfaction they derive from associating with other women. On the other hand, they give least priority for involving in income generating activity. Respondents belonging to labourer category ranked the reason 'to get loan' as first whereas those respondents who were employed and those belonging to 'others' category ranked the reason 'to increase savings habit' as first. Respondents who were presently self-employed ranked two reasons as most important, namely 'to increase savings habit' and 'to associate with women'. Most importantly, it was found that, members belonging to all occupational categories, except 'others' category give least priority for the reason 'to involve in income generating activity'. This implies that the very purpose of the micro finance practices which is 'to involve women in economic activity to help to fight against poverty' is left unachieved. Further it was revealed that there was no significant difference in the reason for joining SHG, among the members of different occupational groups with regard to the reasons 'to increase the habit of savings', 'to get loan', 'to involve in income

generating activity' and 'to meet household expenses'. However, in the case of the reason 'to associate with other women' there was significant difference among the members of different occupational classes.

➢ Analysis of the marital status wise classification of the reasons for joining SHGs revealed that the reason 'to associate with other women' was ranked first by married and widow respondents while the reason 'to get loan' was ranked first by unmarried and divorcee respondents. However, there was no significant difference in the reason for joining SHG among the members with different marital status.

➢ Average income wise classification of reason for joining self help groups showed that, 'to associate with other women' was ranked first and the reason 'to involve in income generating activity' was ranked as last by all members belonging to different family incomes. In the case of reasons 'to increase the habit of savings', 'to meet household expenses' and 'to associate with other women' there was no significant difference in preference, among the members with different average incomes. In the case of reasons 'to get loan' and 'to involve in income generating activity' there was significant difference in preference, among the members with different average incomes.

6.3.5. Nature of Loan

Result of the analysis of the nature of loan revealed that 86% of the members of Kudumbashree and 93% of the members of NGO had availed loan from group common fund. Further, it was found that only 54.5% of the members of Kudumbashree and 57% of the members of NGO availed bank linkage loan. The third form of loan was applicable only to NGO and NBFC category. Only 27% of the members of NGO and all the members of NBFC –MFI had availed this loan.

6.3.6. Average Amount of Loan

Analysis of the average amount of loan showed that in the case of Kudumbashree members, the mean value of loan from group common fund availed was Rs.20294 and the mean value of the bank linkage loan was Rs.28608. In the case of NGO members, the mean value of loan from group common fund availed was Rs.21720, the mean value of the bank linkage loan was Rs.50383, and the mean value of MFI-loan was Rs.42074. In the case of NBFC-MFI members, the mean value of the MFI loan availed was Rs.16755.

6.3.7. Purpose of Loan Availed

In the case of Kudumbashree, maximum number of people availed loan for household ceremonies. In the case of NGOs and NBFC-MFIs, maximum number of people availed loan for construction/renovation of the house.

6.3.8. Loan Repayment Performance of Members

The analysis of the data regarding the loan repayment performance of the members belonging to different micro finance interventions revealed the following.

➢ Members of Kudumbashree repay the loan from group common fund 'mostly in time'. However, their repayment of bank linkage loan was 'always in time'. The result of the test of hypothesis proved that there was significant difference in the repayment performances of loan from group common fund and bank linkage loan by the members of Kudumbashree.

➢ In the case of members of NGO, repayment of loan from group common fund, bank linkage loan and micro finance institution loan were 'always in time'. It was found that there was significant difference in the repayment performance of loan from Common fund, Bank- Linkage loan and MFI-Loan by the members of NGO.

- All the members of NBFC-MFIs had availed loan and the mean value of loan repayment is exactly 1, which means that their repayment was perfectly 'always in time'. Factors contributing to perfect loan repayment is a matter, which is to be probed in, and can be subjected to further research.

- It was found that there was significant difference in the repayment performances of loan from group common fund between the members of Kudumbashree and NGO. Further there was no significant difference in the repayment performances of bank linkage loan between the members of Kudumbashree and NGO. It was also found that, there was significant difference between the repayment performances of MFI Loan between the members of NGO and NBFC-MFI.

6.3.9. Level of satisfaction towards various aspects of loan

Findings of the analysis on the level of satisfaction of members towards various aspects of loan were as follows:

- Analysis of the micro finance intervention wise classification of level of satisfaction of members towards different aspects of loan revealed that the members of Kudumbashree and NGOs were satisfied about all the aspects of loan. The level of satisfaction of NGO members was higher than that of Kudumbashree members. Members of NBFC-MFIs were satisfied with certain aspects related to loan. However, their level of satisfaction was much lesser than that of the members of Kudumbashree and NGOs. With regard to the aspects 'timely availability of loan' and 'interest rate and other charges', NBFC members had no opinion. When they stay in a neutral position, it can be inferred that, members are either ignorant or they are not bothered about interest rates and timely availability of loan. They are concerned only about getting loan, without giving any collateral. Test of the hypothesis revealed that there was

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significant difference in the satisfaction level with regard to the various aspects of loan, among the members of the three micro finance interventions.

➢ Analysis of data relating to the education qualification wise classification of level of satisfaction of members towards different aspects of loan revealed that the members belonging to all educational classes were satisfied with all the aspects of loan. It was found that there was no significant difference in the satisfaction level with regard to various factors of loan, among the members with different educational qualification.

➢ Occupation wise classification of the level of satisfaction of members towards different aspects of loan revealed that, irrespective of the occupation of the members, all members were 'satisfied' with the various aspects of loan. It was proved at 5% level of significance, that there was no significant difference in the satisfaction level with regard to various aspects of loan, among the members of different occupations.

6.3.10. Type of Insurance Policy Purchased by members

Analysis of data on insurance services revealed that 32.5% of the members Kudumbashree, 66% of the members of NGO and 85% of the members of NBFC-MFIs had availed micro insurance services. It can be inferred that, a great number of the beneficiaries of micro finance still do not access the insurance services provided.

6.3.11. Level of Satisfaction towards various other services provided to members

Findings of the analysis on the level of satisfaction towards various other services provided to the members are as follows.

- Micro finance intervention wise classification of data relating to the level of satisfaction towards various other services revealed that, the members of Kudumbashree were 'satisfied' with all the other services provided to them. Members of NGO-MFIs were 'highly satisfied' with all the other services except insurance service, while they were 'satisfied' with 'insurance services'. Members of NBFC-MFIs were satisfied with 'initial guidance and orientation', 'conduct of group meeting', 'interaction among the members' and 'insurance services'. However, in the case of 'training' and 'project identification', they have 'no opinion'. It was quite evident from this response that, NBFC-MFIs do not take deliberate attempt to provide training to members and also assistance in the form of project identification and development. Test of the hypothesis showed that there was significant difference in the satisfaction level with regard to the various other services, among the members of the three micro finance interventions.

- Education wise classification of data relating to the level of satisfaction towards various other services revealed that the members belonging to all educational classes were 'satisfied' with the various other services provided to them. It was found that, there was no significant difference in the satisfaction level with regard to various other services, among the members with different educational qualification.

- Occupation wise classification of data relating to the level of satisfaction towards various other services revealed that the members of all occupational classes were 'satisfied' with the various other services provided to them. In case of the variables 'initial guidance and orientation', 'conduct of group meeting', 'interaction with group members' and 'insurance services' there was no significant difference in satisfaction level, among the members belonging to different

occupational groups. But in case of variables 'training' and 'project identification and development', it was found that there was significant difference in the level of satisfaction, among the members belonging to different occupational classes.

6.3.12. Change in Economic Impact Factors

Analysis of the data on the perception about change in economic impact factors after participating in micro finance programmes, gave the following result.

- ➢ It was found that, for the impact variable 'increase in personal income', for the members of Kudumbashree, the change was 'very little ', for the members of NGOs, the change was 'much more' and for the members of NBFC-MFI, change was 'very little '.

- ➢ In the case of the impact variable 'increase in household income', for the members of Kudumbashree, the change was 'very little'; for NGO members the change was 'to some extent' and for the members of NBFC-MFI it was 'very little'.

- ➢ For the impact variable 'increase in household expenses', for Kudumbashree change was 'to some extent', for NGOs change was 'to some extent' and for NBFC-MFIs the change was 'very little'.

- ➢ For the impact variable 'increase in savings', for the members of Kudumbashree the change was 'to some extent', for NGOs it was 'much more' and for NBFC-MFIs the change was 'very little'.

- ➢ For the impact variable 'increase in the amount of loan availed', for the members of Kudumbashree, NGOs, and NBFC-MFIs the change was 'to some extent'.

- In the case of the impact variable 'increase in the amount of assets', for the members of Kudumbashree, NGOs and NBFCs the change was 'to some extent'.

- Test of the hypothesis showed that with respect to the variables increase in personal income, increase in household income, increase in savings, increase in household expenses, and increase in amount of fixed assets, there was significant difference in the change in economic impact factors, among the members of the three interventions. However, in the case of the variable 'increase in amount of loan availed' there was no significant difference in the perception of change, among the members of three micro finance interventions.

6.3.12.1. Overall Economic Impact

- Combined mean value representing overall economic impact was interpreted and found that the economic impact of Kudumbashree was 'to some extent', the economic impact of NGOs was 'much more' and the economic impact of NBFC-MFI was 'very little'. Based on the combined mean value representing overall economic impact, NGO-MFIs were ranked first, followed by Kudumbashree in the second position and NBFC-MFIs in the third position.

- Test of hypothesis showed that there was no significant difference between Kudumbashree and NBFC in economic impact of micro finance. There was significant difference between Kudumbashree and NGO in economic impact of micro finance. It was also found that, there was significant difference between NGO and NBFC in economic impact of micro finance.

6.3.13. Change in Social Impact Factors

Findings of the study related to the perception of members about change in social impact factors are given below.

6.3.13.1. Change in the level of self-confidence

➢ In the case of the variable, 'confidence to meet officials', for the members of Kudumbashree, the change was 'to some extent', for the members of NGO the change was 'much more' and for the members of NBFC-MFI, the change was 'to some extent'.

➢ In the case of the variable 'confidence to meet financial problems' for the members of Kudumbashree, NGO and for NBFC-MFIs, the change was 'to some extent'.

➢ In the case of the variable 'confidence to face domestic issues' for the members of Kudumbashree the change was 'to some extent'. For NGO, the change was 'much more' and for NBFC-MFIs, the change was 'to some extent'.

➢ In the case of the variable 'physical mobility', for the members of Kudumbashree and for NGO, the change was 'much more'. For the members of NBFC-MFIs, the change was 'to some extent'.

➢ Result of hypothesis showed that for the variable 'confidence to meet officials' there was no significant difference in the perception about the change, among the members of the three micro finance interventions. In case of the variable 'confidence to face financial problems', 'confidence to face domestic issues' and 'physical mobility' there was significant difference in the perception about the change , among the members of the three interventions.

6.3.13.2. Change in the level of skills

➢ In the case of the variable 'communication skills', for the members of Kudumbashree the change was 'to some extent', for the members of NGO, the change was 'much more'. In the case of the members of NBFC-MFIs, the change was 'very little'.

➢ In the case of the variable 'leadership skills', for the members of Kudumbashree and NGO, the change was 'to some extent'. In the case of the members of NBFC-MFI, the change was 'very little'.

➢ In the case of the variable 'business skills', for the members of Kudumbashree, the change was 'very little', for NGO, the change was 'to some extent'. In the case of the members of NBFC-MFI, the change was 'very little'.

➢ For all the variables, there was significant difference in the perception about the change, among the members of the three micro finance interventions.

6.3.13.3. Change in the level of participation in decision-making

➢ In the case of the variable 'children education', for the members of Kudumbashree, the change was 'to some extent', for the members of NGO, the change was 'much more'. In the case of NBFC-MFI, the change was 'very little'.

➢ In the case of the variable 'household expenses', for the members of Kudumbashree, the change was 'to some extent', for NGO the change was 'much more'. In the case of NBFC-MFI, the change was 'to some extent'.

- In the case of the variable 'taking loan', for the members of Kudumbashree the change was 'to some extent', for NGO, the change was 'much more'. In the case of NBFC-MFI, the change was 'to some extent'.

- In the case of the variable 'purchase of assets', for Kudumbashree, the change was 'to some extent', for NGO, the change was 'much more'. In the case of the members of NBFC-MFI, the change was 'very little'.

- In the case of the variable 'family ceremonies', for the members of Kudumbashree the change was 'to some extent', for NGO the change was 'much more'. In the case of NBFC-MFI, the change was 'to some extent'.

- It was found that there was significant difference in the perception about the change in the level of participation in decision making, among the members of the three micro finance interventions.

6.3.13.4. Change in the level of individual capacity

- In the case of the variable, 'capacity to take risk', for the members of Kudumbashree the change was 'very little'; for NGO the change was 'much more' and for the members of NBFC-MFIs the change was 'to some extent'.

- In the case of the variable, 'capacity to solve problems', for the members of Kudumbashree, NGO and for NBFC-MFIs, the change was 'to some extent'.

- In the case of the variable, 'capacity to face criticism', for the members of Kudumbashree, NGO and for NBFC-MFIs, the change was 'to some extent'.

➤ There was significant difference in the perception about the change in the level of individual capacity, among the members of the three micro finance interventions.

6.3.13.5. Change in the level of self-esteem

➤ In the case of the variable, 'self-image in the family', for the members of Kudumbashree, the change was 'to some extent', for NGO the change was 'much more' and for NBFC-MFIs the change was 'very little'.

➤ In the case of the variable, 'self-image in the society', for Kudumbashree , the change was 'to some extent', for the members of NGO, the change was 'much more' and NBFC-MFIs the change was 'very little'.

➤ For the variable, 'self-reliance', for the members of Kudumbashree, NGO and NBFC-MFIs, the change was 'to some extent'.

➤ It was proved that there was significant difference in the perception about the change in the level of self-esteem, among the members of the three micro finance interventions.

6.3.13.6. Change in level of the access to facilities

➤ In the case of the variable 'medical facility', for the members of Kudumbashree, the change was 'very little', for the members of NGOs, the change was 'much more' and for the members of NBFC-MFI, the change was 'very little'.

➤ In the case of the variable 'sanitation facility', for the members of Kudumbashree, the change was 'to some extent', for the members of NGO, the change was 'much more' and for the members of NBFC-MFIs the change was 'very little'.

- In the case of the variable 'children education facility', for the members of Kudumbashree the change was 'to some extent', for the members of NGO , the change was 'much more' and for the members of NBFC-MFIs, the change was 'very little'

- For the variable 'drinking water', for Kudumbashree the change was 'to some extent', for NGO the change was 'much more' and for NBFC-MFIs, the change was 'very little'.

- With respect to the variable banking facility, for Kudumbashree, the change was 'to some extent', for NGO the change was 'much more' and for NBFC-MFIs, the change was 'to some extent'.

- It was found that there was significant difference in the perception about the change in the access to facilities, among the members of the three micro finance interventions.

6.3.13.7. Overall Social Impact

- Combined mean value representing overall social impact was interpreted and found that the social impact of Kudumbashree was 'to some extent', the social impact of NGO was 'much more' and the social impact of NBFC-MFI was 'to some extent'. Based on the combined mean value representing overall social impact, NGOs were ranked first, followed by Kudumbashree in the second position and NBFC-MFIs in the third position.

- Result of hypothesis showed there was significant difference in the social impact among the members of Kudumbashree, NGO and NBFC-MFIs.

6.3.14. Overall Impact (Economic and Social)

Combined mean of economic and social impact factors gave the following result.

- The overall impact of Kudumbashree was to 'some extent'. In case of NGO, the overall impact was 'much more' and the overall impact of NBFC-MFI was 'very little'. Based on the combined mean representing overall impact, the micro finance interventions can be ranked as follows. NGOs stand in the first position in overall impact. Kudumbashree stands in the second position and NBFC-MFIs stands in the third position.

- Test of hypothesis showed that there was significant difference in the overall impact of micro finance, among Kudumbashree, NGO and NBFC-MFIs. It can be concluded that the overall impact of the three micro finance interventions were significantly different.

6.4. Result of the test of hypotheses

The result of the test of hypotheses is provided in table 6.1.

Table: 6.1

Result of Test of Hypotheses

No.	Hypothesis	Test used	Result of the test
$H_{1.1}$	There is no association between the level of cohesiveness and level of awareness of group norms.	Karl Pearson's Correlation test	The correlation coefficient is 0.592. There is positive correlation. The hypothesis is rejected.
$H_{1.2}$	There is no association between the level of cohesiveness and level of homogeneity in the groups.	Pearson Correlation test	The correlation coefficient is 0.245. There is positive correlation The hypothesis is rejected. The association between group cohesiveness and level of homogeneity in the group is significant
$H_{2.1}$	There is no significant difference between performances of SHGs of Kudumbashree and NGO.	**t-test**	The p value is less than 0.05. So the hypothesis is rejected. Therefore, there is significant difference between the performance of the SHGs under Kudumbashree and NGO.

No.	Hypothesis	Test used	Result of the test	
H$_{2.2}$	There is no significant difference in the performances of SHGs under the three micro finance interventions.	ANOVA	The p-value is less than the level of significance of 0.05, the hypothesis is rejected. Therefore, there is significant difference in the performances of SHGs under the three micro finance interventions	
H$_3$	There is no significant difference in the perception of leaders about the problems in the self help groups under the three micro finance interventions.	Kruskal Wallis Test	Conflict between the members	Accept
			Lack of cooperation between the members	Reject
			Inadequacy of loan amount	Reject
			Delay in getting loan	Reject
			Low repayment period	Reject
			Lack of prompt repayment	Reject
			Drop out of members	Accept
			Unable to generate income	Accept
H$_4$	There is no significant difference in the reason for joining SHG, among the members of the three micro finance interventions.	Kruskal Wallis Test	To Increase the Habit of Savings	Reject
			To get Loan	Reject
			To involve in income generating activity	Reject
			To meet household expenses	Reject
			To associate with other women	Reject
H$_{5.1}$	There is no significant difference in the repayment performances of loan from common fund and bank linkage loan by the members of Kudumbashree.	Paired t-test	The P- value is less than 0.05. Thus, the hypothesis is rejected indicating that, there is significant difference between the repayment performances of loan from group common fund and bank linkage loan by Kudumbashree members.	

No.	Hypothesis	Test used	Result of the test	
H5.2	There is no significant difference in the loan repayment performance of loan from group common fund, bank linkage loan and MFI-loan by the members of NGOs.	ANOVA	The P- value is less than 0.05, hypothesis is rejected. Hence, there is significant difference in the repayment performance of, loan from Common fund, Bank- Linkage loan and MFI-Loan by the SHG members of NGO	
H5.3	There is no significant difference in the repayment performance of loan from group common fund between the members of Kudumbashree and NGO	t-test for independent sample	The P-value is less than 0.05, so the hypothesis is rejected. Thus, there is significant difference in the repayment performances of loan from group common fund between the members of Kudumbashree and NGO.	
H5.4	There is no significant difference in the repayment performance of bank linkage loan between the members of Kudumbashree and NGO.	t-test for independent samples	The P-value is higher than 0.05, hypothesis is accepted, indicating that there is no significant difference in the repayment performances of bank linkage loan between the members of Kudumbashree and NGO.	
H5.5	There is no significant difference in the repayment performance of MFI loan between the members of NGO and NBFC.	t-test for independent samples	The p value is less than 0.05, hypothesis is rejected. Thus, there is significant difference between the members of NGO and NBFC-MFI in the repayment performances of MFI loan.	
H6:1	There is no significant difference in the satisfaction level with regard to various aspects of loan among the members of the three micro finance interventions.	ANOVA	Adequacy of Loan amount	Reject
			Timely availability of Loan	Reject
			Interest rate and other charges	Reject
			Number of Installments	Reject
			Repayment Period	Reject
H6.2	There is no significant difference in the level of satisfaction towards various other other	ANOVA	The P-Value is less than 0.05 in all the cases, hypotheses are rejected in all the cases. Thus it can be concluded that, there is	

No.	Hypothesis	Test used	Result of the test	
	services, among the members of the three micro finance interventions.		significant difference in the satisfaction towards various other services, among the members of the three micro finance interventions.	
$H_{7.1}$	There is no significant difference in the perception about change in economic impact factors, among the members of the three microfinance interventions.	ANOVA	Increase in personal income	reject
			Increase in Household income	reject
			Increase in Household expense	reject
			Increase in Savings	reject
			Increase in Total amount of loan Availed	Accept
			Increase in Household Assets	Reject
$H_{7.2}$	There is no significant difference in the economic impact of micro finance among the three micro finance interventions	ANOVA	The P-value is less than 0.05, hypothesis is rejected. Hence, there is significant difference in the economic impact among the members of the three micro finance interventions	
$H_{8.1}$	There is no significant difference in the perception about the change in the level of confidence, among the members of the three micro finance interventions.	ANOVA	Confidence to meet officials	accept
			Confidence to face financial problems	reject
			Confidence to face domestic issues	reject
			Physical mobility	reject
$H_{8.2}$	There is no significant difference in the perception about change in the level of skill, among the members of the three micro finance interventions.	ANOVA	Communication Skill	Reject
			Leadership Skill	Reject
			Business Skill	Reject
$H_{.8.3}$	There is no significant difference in the perception about the change in the level of	ANOVA	Children education	Reject
			Household expenses	Reject
			Taking loan	Reject

No.	Hypothesis	Test used	Result of the test	
	participation in decision making, among the members of the three micro finance interventions.		Purchase of assets	Reject
			Family functions	Reject
$H_{8.4}$	There is no significant difference in the perception about the change in the individual capacity among, the members of the three micro finance interventions.	ANOVA	Capacity to take risk	Reject
			Capacity to solve problems	Reject
			Capacity to face criticism	Reject
$H_{8.5}$	There is no significant difference in the perception about the change in the self-esteem, among the members of the three micro finance interventions.	ANOVA	Self image in the family	Reject
			Self image in society	Reject
			Self reliance	Reject
$H_{8.6}$	There is no significant difference in the perception about the change in access to facilities, among the members of the three micro finance interventions.	ANOVA	Medical facility	Reject
			Sanitation facility	Reject
			Children education facility	Reject
			Drinking water	Reject
			Banking facilities	Reject
$H_{8.7}$	There is no significant difference in the social impact, among the three micro finance interventions.	ANOVA	The P- value is less than 0.05; hypothesis is rejected, indicating that, there is significant difference in the social impact among the three micro finance interventions.	
$H_{8.8}$	There is no significant difference in the overall impact (economic & social) of micro finance, among the three micro finance interventions.	ANOVA	The P- value is less than 0.05 and the hypothesis is rejected; hence, there is significant difference in the overall impact of micro finance between the three micro finance interventions.	

6.5. Suggestions

Based on the experience gained out of research and result of analysis, the following suggestions are made.

➢ One of the major difficulties experienced during the course of research was the absence of a proper database about various micro finance interventions and their activities in Kerala. Identifying the need for a database for the micro finance sector in Kerala, an association of the major players in micro finance sector should be constituted with Kudumbashree, NGO-MFIs, NBFC-MFIs, etc. as parties to it. A virtual platform can be created, which provides a database for the micro finance sector in Kerala and to disseminate the facts to the interested parties.

➢ Homogeneity of the members in terms of economic and social status is a parameter used by NABARD while grading the SHGs to qualify for bank linkage. Considering this, 'level of homogeneity of the members' was used as a quality parameter in this study. Level of homogeneity was assessed as a percentage of APL or BPL members to the total number of members. Analysis on this variable revealed that level of homogeneity was only to some extent in the groups promoted by Kudumbashree and NGOs. A further analysis of 'level of homogenity' to know its association with 'group cohesiveness' it was found that there was very low positive correlation between the two. In fact the motive of making the groups homogeneous is to make the groups more cohesive. But, if homogeneity in economic status does not accelerate cohesiveness to a large extent , the relevance of using 'homogenity in economic and social status of members' as a prominent parameter in NABARD rating tool, must be subjected to analysis ,especially in the context of Kerala..

- Analysis of the performance parameters revealed that the performance of all the self help groups were poor with regard to the variable 'micro enterprise development'. Deliberate and earnest attempt must be taken by self help group promoting agencies to promote micro enterprises of women. A consortium of NGOs /NBFC-MFIs can be created for providing specialised training, project identification assistance, etc.

- As far as micro enterprise development is concerned, SHG members should conduct an analysis of market gap and then identify the areas that can be explored. The following services which can be considered by members who are searching for business avenues:

  - Creches and play schools
  - Fashion designing and garment making
  - DTP centres
  - Shops selling organic products
  - Marriage broking services
  - Nursing care agencies, particularly mid wifery services etc.

- Performance of NBFC-MFIs was extremely poor with regard to provision of training and involvement in community- based programmes. Every effort should be taken by NBFC-MFIs to provide adequate skill training and involve the SHGs in community extension programmes.

- The leaders of NBFC-MFIs perceived inadequate amount of loan as a problem. As far as possible, the amount of MFI-loan should be increased.

- Analysis of the reason for joining self help groups revealed that, women do not view self help groups as an avenue to involve in income generating activity. This shows that the purpose behind SHGs and micro finance was left unattained. The following suggestions are made on this ground.

- Before giving skill training, women members should be provided with proper orientation classes through successful women entrepreneurs, to motive them to involve in economic activity.

- In every SHG, best performing women must be identified and specialised motivation and skill training must be given to involve them in economic activities.

- Awards may be given to best performing women which will motivate others to come to the main stream of micro finance activities.

- Contests must be conducted in fairs and exhibitions to find the best SHGs. This will promote healthy competition among groups.

➢ Analysis of the purposes of taking loan shows that very few members take loan for productive purposes. Productive loans must be made a compulsory component of total loans a member takes. Effort should also be taken to monitor the utilisation of such productive loans.

➢ Members of NBFC-MFIs had no opinion about the rate of interest charged. At least some of them are staying silent because they were ignorant about the rate of interest. Financial literacy programmes must be implemented to provide awareness to women about the calculation of interest rate etc.

➢ Considering the need for better social performance, NBFC-MFIs should consider revision of the interest rates to reduce interest.

➢ Despite long years of active performance of Kudumbashree, the kind of economic impact created on the members of Kudumbashree in the study area is not significantly different from that of the NBFC-MFIs which entered Kerala industry, very late. This is a matter, which requires special attention. Government of Kerala should conduct an extensive evaluation

of Kudumbashree programme to assess the impact and take correctional measures if required.

➢ At the time of its inception, micro finance was considered as an act of philanthropy. Later with the intervention of banks and non-banking finance companies in the sector, element of philanthropy subsided. Especially with the proliferation of NBFC-MFIs, micro finance became a pure financial service for making profit. In this study it was revealed that, the impact created by NBFC-MFIs were very low. The for- profit micro finance institutions, while generating profit, should give due concern for the social and economic upliftment of the members. Though RBI had issued fair code of conduct for NBFC-MFIs, there is no standardised tool to measure the social performance of MFIs in India. Considering the need, the government and regulatory authorities should devise a **standardised tool for measuring the social performance** of the for-profit micro finance institutions in India.

6.6. Conclusion

'A Study on the Micro Finance Practices in Kerala' was an attempt to evaluate the micro finance practices of three major micro finance interventions in Kerala, namely, the micro finance practices of the State driven Kudumbashree mission, micro finance practices of non-governmental organisations(NGOs) and the micro finance practices of non banking finance companies (NBFCs). In the present Indian Micro finance sector, Commercial Banks, Regional Rural Banks, Cooperative Banks, Non Banking Financial Companies (NBFCs) and NGOs are involved in offering micro finance services to the poor. Besides this there are governmental interventions also. Diversity in micro finance delivery mechanisms poses a question, as to which is performing better. Besides this, the proliferation of micro finance institutions particularly, NBFC form of MFIs, made the sector competitive and an avenue for making profit. Thus today micro

finance, has become a vehicle to pursue diverse developmental agendas and even for the profit motive. All this made it essential to evaluate the micro finance practices of such varied forms of interventions.

A two tier study was conducted. In the first tier the evaluation of performance of the SHGs under the three selected micro finance interventions was done. In the second tier, analysis was done from the perspective of the beneficiaries, regarding the reasons for joining SHGs, loan repayment performance of members, level of satisfaction of members towards various aspects of loan and other services. Analysis of the economic and social impact of micro finance was also done in the study at the second level.

On the basis of the result of analysis on the performance of self help groups it can be concluded that, self help groups promoted by NGOs were performing better than those promoted by Kudumbashree and NBFC-MFIs. Based on the performance of SHGs, micro finance interventions of NGOs can be ranked first, followed by Kudumbashree and then NBFC-MFIs. There were not many problems in the self help groups of Kudumbashree, NGOs as well as NBFC-MFIs. However, it was revealed that, in the groups promoted by NBFC-MFIs, the problem of inadequacy of loan amount was there to some extent. Analysis of the reasons for joining self help groups by members showed that women do not view self help groups as an avenue to involve in income generating activity. This indicates that the very purpose behind the concept of micro finance is unattained. From the analysis of the loan repayment performance of members, it can be concluded that the repayment performance of the members were good under Kudumbashree and NGOs. However the repayment performance was extremely good for the members of NBFC-MFIs. Members under all the micro finance interventions were quite satisfied with various services provided to them except that the members of NBFC-MFIs expressed no opinion about certain services.

Analysis of the economic and social impact of micro finance on the members revealed that, NGOs were creating better impact than Kudumbashree and NBFC-MFIs based on the overall impact, NGOs can be ranked first, followed by Kudumbashree and then NBFC-MFIs. Thus, based on the performance of SHGs and the impact of micro finance on members, it can be concluded that NGOs are performing better than Kudumbashree and NBFC-MFIs. It is expected that by implementing the suggestions made, the state of the micro finance sector and the performance of the institutions can be improved.

6.7. Scope for Further Research

This section lists out, the scope for further research. They are as follows.

1. A study on the social performance of Micro Finance Institutions in Kerala can be initiated.

2. Financial sustainability of Micro Finance Institutions in Kerala is another area, which demands detailed study.

3. An extensive study can be carried out to evaluate the available quality assessment tools of SHGs and to develop a standardised tool applicable to the SHGs of all types of micro finance interventions.

4. Another area, which requires empirical study, is the service quality in the micro finance sector.

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INTERVIEW SCHEDULE TO SHG LEADERS
A STUDY ON THE MICRO FINANCE PRACTICES IN KERALA

I, Liya K, Assistant Professor, C.K.G. Memorial Govt. College, Perambra, Calicut, is conducting this survey as part of the doctoral research. Kindly cooperate by giving correct response. I assure you that the information furnished will be kept confidential and shall be used only for research purpose.

Thanking You

Liya.K

1. Name of the MFI : ☐ Kudumbashree ☐ SKS ☐ ESAF

☐ NGO (Please Specify)................................

2. Name of the Panchayath/Village :

3. Name of the SHG/JLG :

4. Name of the leader :

5. Date of formation of the SHG/JLG:

6. Age of the SHG/JLG: ☐ Below-2 year ☐ 2-5 years ☐ 5-10 years ☐ Above10 years

7. Number of members: Total ☐ No. of BPL Members ☐ No. of APL Members ☐

8. Frequency of meeting: ☐ Weekly Fortnightly ☐ monthly

9. Attendance in meeting: ☐ Above75% ☐ 50 to 75% ☐ 25 to 50% ☐ below 25%

10. Participation of members in discussions in meeting:

☐ All members take part

☐ Majority of members take part

☐ Some of the members take part

☐ Few members take part

☐ None of the members take part

11. Maintenance of minutes of meeting:

☐ Always ☐ Often ☐ Sometimes

☐ Rarely ☐ Not maintained

12. Decision making in the group:

☐ Taken by all members

☐ Taken by majority of the members

i

☐ Taken by some of the members

☐ Taken by few members

☐ Taken by Leader / MFI

14. Awareness of members regarding group norms:

☐ All members are fully aware

☐ Majority of Members are aware

☐ Some of the members are not aware

☐ Few members are aware

☐ None of the members are aware

16. Types of records maintained: ☐ Attendance register

(Put tick mark) ☐ Minutes book

☐ Savings register

☐ Loan register

☐ Cash book

☐ General ledger

☐ Bank pass book

17. Level of record Maintenance: ☐ Fully accurate

☐ Moderately accurate

☐ Little accurate

☐ Very little accurate

☐ Not at all accurate

18. Conduct of training programmes for members:

☐ Always conducted ☐ Often conducted ☐ Sometimes

☐ Rarely conducted ☐ Not conducted

19. If conducted specify the details about the training provided

Sl. No	Training Content	Put tick mark
1	Conduct of meeting	
2	Record maintenance	
3	Income generating activity	
4	Skill development	
5	Marketing	
6	Banking operation	
7	Others	

20. Do you mobilise savings in your group? ☐ Yes ☐ No

   If yes:

   a). Frequency of savings Mobilisation: ☐ Weekly ☐ Fortnightly ☐ Monthly

   b). Amount of savings: Rs._____ (please specify the amount)

   c). Percentage of Loan on savings: ☐ Above75% ☐ 50 to 75% ☐ 25to50% ☐ below25

21. Quantum of lending:
   - ☐ upto Rs10,000
   - ☐ Between Rs 10,001- 20,000
   - ☐ Between Rs20,001-30,000
   - ☐ Between Rs 30,001-40,000
   - ☐ Between Rs40,001-50,000
   - ☐ Above Rs.50,000

22. Rate of interest charged to members:
   - ☐ Up to 12%
   - ☐ 13% to 15%
   - ☐ 16% to 18%
   - ☐ 19% to 21%
   - ☐ 22% to 24%
   - ☐ 25% and above

23. Level of loan repayment/recovery:
   - ☐ 100%
   - ☐ 90% -99%
   - ☐ 80-89%
   - ☐ 70-79%
   - ☐ Less than 70%

24. Whether insurance products are offered by MFI to group members: ☐ Yes ☐ No

   If yes type of Insurance offered:
   - ☐ Non liability Insurance
   - ☐ Life Insurance
   - ☐ Health Insurance
   - ☐ Accident Insurance
   - ☐ Others...

25. Micro enterprise development: ☐ Started and running smoothly
☐ Newly started
☐ Planning to start
☐ Started and failed
☐ Not yet started

26. Organising community based events: ☐ yes ☐ No

27. Credit linkage with banks/ other agencies ☐ yes ☐ No

28. Group Cohesion: State your opinion about the following statements.

   (1). Group decisions are taken unanimously:

      ☐ Strongly agree ☐ Agree ☐ Neutral
      ☐ Disagree ☐ Strongly disagree

   (2). No conflicts in the group:

      ☐ Strongly agree ☐ Agree ☐ Neutral
      ☐ Disagree ☐ Strongly disagree

   (3). Members have strong affiliation for each other

      ☐ Strongly agree ☐ Agree ☐ Neutral
      ☐ Disagree ☐ Strongly disagree

   (4). All members work together with devotion:

      ☐ Strongly agree ☐ Agree ☐ Neutral
      ☐ Disagree ☐ Strongly disagree

   (5). Members are motivated to remain in the group:

      ☐ Strongly agree ☐ Agree ☐ Neutral
      ☐ Disagree ☐ Strongly disagree

29. Perception of leaders about problems in SHGs/JLGs

Problems	Very Low	Low	Some extent	High	Very High
Conflict among members					
Lack of co-operation among members					
Inadequate loan amount					
Delay in sanctioning loans					
Tight repayment schedule					
Non repayment of loan as per schedule					
Drop out of members					
Low income generation					

Thank you

INTERVIEW SCHEDULE FOR SHG MEMBERS
A STUDY ON THE MICRO FINANCE PRACTICES IN KERALA

I Liya.K, Assistant Professor, C.K.G. Memorial Govt. College, Perambra, Calicut , is conducting this survey as part of the doctoral research. Kindly cooperate by giving correct response. I assure you that the information furnished will be kept confidential and shall be used only for research purpose.

Thanking You

Liya.K

I.   Profile of members

1. Name of the member:

2. Name of the MFI   :   ☐ Kudumbashree   ☐ SKS   ☐ ESAF

☐ COD   ☐ GSGSK

3. Name of the SHG:

4. Panchayath / Village:

5. Gender   : ☐ Male   ☐ Female

6. Age: ☐ below 20 ☐ 20-30 ☐ 31-40   ☐ 41-50   ☐ above 50

7. Category: ☐ FC   ☐ OBC ☐ OEC   ☐ SC   ☐ ST

8. Education qualification: ☐ Illiterate

☐ Primary education

☐ SSLC

☐ Plus Two

☐ Degree and above

☐ Others ....

9. Marital status   :   ☐ Married ☐ Unmarried   ☐ Divorcee ☐ Widow

10. Occupation   :   ☐ housewife ☐ Labourer   ☐ Employed ☐ Self employed

11. Occupation of husband/father: ☐ Labourer

☐ Employed

☐ Self employed

☐ Others

12. Average monthly income of your family: Rs....................

II.   **Reason for Joining in SHG. Rank from 1 to 5**

Reason	Rank
To increase the habit of savings	
To get loan	
To involve in income generating activity	
To meet household expenses	
To associate with other women	

III.   **Type of loan, size and the purpose of the loan and level of repayment of loans**

1. State the purpose for which the loan is taken (put tick mark)

☐ Income generating activity   ☐ Education of children

☐ Medical treatment   ☐ Renovation of house

☐ Redemption of old loan   ☐ Purchase of assets

☐ Household ceremonies

2. Specify the details of loan taken by you through your group:

a. Have you availed loan from group common fund (not applicable for SKS/ESAF members) :   ☐ Yes   ☐ No

If yes:

i.   Specify the amount of last three loans :   1 st loan   ....

2 nd loan   ....

3 rd loan   ....

ii.   Could you repay these loans with in the scheduled time:

☐ Always in time

☐ Mostly in time

☐ Sometimes

☐ Rarely

☐ Not at all

b. Have you availed any bank linkage loan (not applicable for SKS / ESAF members) :   ☐ Yes   ☐ No

If yes:

    i.   Specify the amount of last three loans: 1 st loan   ....

                                               2 nd loan   ....

                                               3 rd loan   ....

    ii.   Could you repay this loan in the scheduled time:

☐ Always in time

☐ Mostly in time

☐ Sometimes

☐ Rarely

☐ Not at all

c.   Have you availed any loan from the micro finance institution(Not applicable for Kudumbashree members)   :   ☐ Yes   ☐ No

If yes:

    i.   Specify the amount of the last three loans :   1 st loan   ....

                                                 2 nd loan   ....

                                               3 rd loan   ....

    iii.   Could you repay this loan within the scheduled time :

☐ Always in time

☐ Mostly in time

☐ Sometimes

☐ Rarely

☐ Not at all

IV.   Micro Finance Services and Level of Satisfaction of members

1.   Do you mobilise savings in the group?

☐ Yes   ☐ No

If yes, please specify the amount of savings per week: Rs. ☐

2.   Have you had any initial guidance and orientation about the operation of MFI:

☐ Yes   ☐ No

If yes, State your level of satisfaction about the initial guidance and orientation provided by the MFI: ☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

3. Have you attended any training programme provided by the MFI:
☐ YES   ☐ NO

If yes, state your level of satisfaction about the training attended:

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

4. Did you get assistance from MFI in project identification and project development?
☐ Yes   ☐ No

If yes, state your level of satisfaction about assistance provided by MFI in project Identification and development:

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

5. State your level of satisfaction in the conduct of group meetings:

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

6. State your level of satisfaction about your interaction with group members:

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

7. State your level of satisfaction about the following aspects relating to loan taken :

   i.   Adequacy of loan amount:

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

   ii.   Timely availability of loan :

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

   iii.   Interest rate on loan and other charges :

☐ Highly Satisfied   ☐ Satisfied   ☐ No opinion
☐ Dissatisfied   ☐ Highly Dissatisfied

iv. Number of instalments:

☐ Highly Satisfied ☐ Satisfied ☐ No opinion

☐ Dissatisfied ☐ Highly Dissatisfied

v. Repayment period:

☐ Highly Satisfied ☐ Satisfied ☐ No opinion

☐ Dissatisfied ☐ Highly Dissatisfied

8. Have you taken the insurance policy provided by your MFI: ☐ Yes ☐ No

If yes,

i. Mention the type of insurance

☐ Life insurance ☐ Non liability insurance

☐ Accident insurance ☐ Health insurance

ii. State your level of satisfaction about the insurance product

☐ Highly Satisfied ☐ Satisfied ☐ No opinion

☐ Dissatisfied ☐ Highly Dissatisfied

V. ECONOMIC IMPACT.

Please give appropriate response regarding change in the following variables after joining in the group

Particulars	Very High	High	A little	Very little	No change
Increase in Average monthly personal income					
Increase in Average monthly household income					
Increase in Average monthly household expense					
Increase in Average monthly savings					
Increase in Total amount of loan availed					
Increase in Average amount of household assets					

VI. SOCIAL IMPACT

Please give appropriate response regarding change in the following variables after joining in the group

1. LEVEL OF CHANGE IN SELF CONFIDENCE

Variable	Great extent	Much more	Some extent	Very little	Not at all
Confidence to meet officials					
Confidence to face financial problems					
Confidence to face domestic issues					
Physical mobility					

2. LEVEL OF CHANGE IN SKILLS

Variable	Great extent	Much more	Some extent	Very little	Not at all
Communication Skill					
Leadership Skill					
Business Skill					

3. LEVEL OF CHANGE IN THE PARTICIPATION OF MEMBERS IN DECISION MAKING

Variable	Great extent	Much more	Some extent	Very little	Not at all
Children education					
Household expenses					
Taking loan					
Purchase of assets					
Family functions					

4. LEVEL OF CHANGE IN INDIVIDUAL CAPACITY

Variable	Great extent	Much more	Some extent	Very little	Not at all
Capacity to take risk					
Capacity to react against women abuse					
Capacity to face criticism					

5. LEVEL OF CHANGE IN SELF ESTEEM

Variable	Great extent	Much more	Some extent	Very little	Not at all
Self image in the family					
Self image in society					
Self reliance					

6. CHANGE IN THE LEVEL OF ACCESS TO THE FOLLOWING FACILITIES

Variable	Great extent	Much more	Some extent	Very little	Not at all
Medical facility					
Sanitation facility					
Children education facility					
Drinking water facility					
Banking facility					

Thank You